

# **SOCIAL ENTERPRISE AOTEAROA**

## **INSIGHTS AND OPPORTUNITIES**

**December 2015**



**“Te kai a te rangaira, he kōrero.**

**What is the food of chiefs, it is dialogue, he kōrero.”**

**Paper prepared by Annette Culpan**

## BACKGROUND

Early last year, I visited India, to look at social enterprise organisations and intermediaries. The experience was inspiring and prompted reflection. How might I bring my unique experience, skills and networks to support social enterprise in Aotearoa? This questioning was the seed for this paper, which is an independent think piece exploring the potential of social enterprise in New Zealand.

I am interested in sustainable approaches to tackle the issues of our time - leveraging the wisdom and values of indigenous models and other newer vehicles. Social enterprises utilise business models and tools to deliver social or environmental impact. I think of social enterprise as 'business for good'. The vehicle is a more sustainable alternative to traditional charitable approaches, which are typically dependent on grant income.

We are facing some massive issues globally and in our beautiful home of Aotearoa. Issues such as child poverty, inequality and climate change. If we are to see a shift - and we must see a shift – then we must behave differently. More sustainable approaches to tackle our significant challenges must be considered, invested in and implemented. We need to be brave and take action. That means bringing in the best of what is currently working and trying some new approaches. Being okay with failing some of the time. Capturing learning along the way. Celebrating success. And most importantly pushing forward for systemic change.

I believe in the richness of bringing together diverse minds and seeing what weaves together. Between mid 2014 and early 2015, I interviewed 25 leaders nationally across philanthropy, social enterprise, intermediaries and government. I spoke with CEO's of social enterprises, change makers, leaders in philanthropy and intermediary organisations (capacity builders and financiers). These interviews explored the current state of social enterprise in Aotearoa; strengths; response from traditional business; acceptance of the Kiwi psyche; and what makes the context in Aotearoa unique. Further, the interviews explored the opportunities to strengthen social enterprise in this country; the untapped potential and realm of possibility; risks and threats; where support exists; gaps in support; and the investment opportunity.

The insights that emerged from these interviews are rich and reflect the individual and collective wisdom of those interviewed and the unique context here. I am grateful to every one of the leaders I spoke with. Everyone I interviewed was thoughtful and generous.

In each section of this paper, the most dominant themes with the highest number of mentions are presented first. Based on the insights from this paper, I have developed a series of recommendations. These recommendations are a starting point and may assist in positioning the social enterprise sector to more strongly thrive in our beautiful country of Aotearoa.

Ki te aroha me te whakawhetai,  
With love and thanks,

Annette Culpan

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## ACKNOWLEDGEMENTS



Thank you to the 25 leaders who gave their time generously through the interview process and shared their diverse perspectives, insights and wisdom.

Afra Abdeen, change maker

Alex Hannant, CEO [Ākina Foundation](#)

Alison Taylor, Head of the [Centre for Social Impact](#)

Amanda Judd, Director and Designer [Lovenotes](#)

Billy Matheson, Principle Advisor of Social Entrepreneurship, Auckland Council<sup>1</sup>

Debbie Davis and Ngahau Davis, Team Leaders, Te Mana O Ngapuhi Kowhao Rau

Elizabeth Goodwin, Manager [SKIP](#) and Director of [Lifehack](#), Ministry of Social Development

Glen Saunders, Executive Chair Prometheus<sup>2</sup>

Guy Ryan, CEO [Inspiring Stories Trust](#), [Festival for the Future](#), [the Future Fund](#)

Hannah Smith, MASTERS in Social Entrepreneurship

Jennifer Gill, CEO [Foundation North](#)<sup>3</sup>

John McCarthy, Manager [Tindall Foundation](#)

Joshua Vial, Founder of [Enspirai](#) Foundation

Juliet Arnott, Foundation and Director [Rekindle](#)

Kate Frykberg, Chair of [Philanthropy New Zealand](#)

Lani Evans, Chair of [Thank-you Charitable Trust](#) and Manager [Vodafone New Zealand Foundation](#)

Liz Gibbs, CEO [Philanthropy New Zealand](#)

Louise Marra, Director, [Spirited Leadership](#)

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<sup>1</sup> Billy Matheson has moved on from Auckland Council

<sup>2</sup> Between interviews and final drafting of this paper, Prometheus Finance has gone into receivership

<sup>3</sup> ASB Community Trust has rebranded as Foundation North

Malcolm Cameron, founder [Malcam Trust](#)

Mike Fiszer, Associate Pro Vice-Chancellor Executive Education and Enterprise, Massey University

Renea Mackie, Co-Creator of the [Kohknowco Innovation Framework](#) and and Facilitator [Ao Tawhiti Unlimited Discovery School](#)

Ricky Houghton, CEO [He Korowai Trust](#)

Silvia Zuur, CEO of [Chalkle](#) and Director of [Enspiral](#) Foundation

Trevor Gray, Special Projects Manager [Tindall Foundation](#)

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Acknowledgement to the [Vodafone New Zealand Foundation](#), who contributed paid volunteer leave for the preparation of aspects of this paper (how cool is that, that an organisation values volunteering so much, they pay you for it!). Thank you to Rosie Walford and Richard Alderson who led my [Journey](#) to India which inadvertently seeded the concept for this paper and to Steve Fergusson my encouraging Kiwi journey buddy (and inspiring business mind). Thank you to my family and everyone who has encouraged me along the way - especially my mum and dad – for your steadfast encouragement and being my first teachers on social justice.

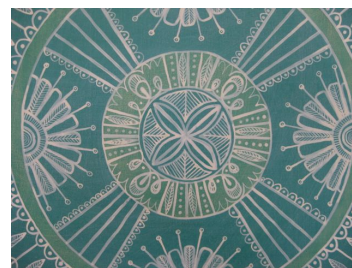
Finally, acknowledgement to all of the social enterprise pioneers in this country, who have led the way and carved a unique path for Aotearoa.

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## DEFINITIONS AND LANGUAGE

I've included a few definitions below that may be helpful as you read this paper (note there are lots of definitions for these terms, I've just included some that I feel are clear and simple).



### **Social enterprise**

[Social Enterprise UK](#) describe social enterprise as, 'businesses that are changing the world for the better'. And explain, 'Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. And so when they profit, society profits'.

See the Social Enterprise UK [website](#) for more. I like that this site keeps things simple.

### **Social Impact Investing**

David Carrington (UK based social impact investment leader) described Social Impact Investing (SII) on his recent trip to Aotearoa, 'What do I mean when I use the term Social Impact Investing? ... For me, it's what it says on the tin: the investment of funds in an enterprise with the deliberate intention that those funds will help to secure a clear, positive and measurable social outcome, a public benefit, while also generating a financial return to the investor, enabling the funds to be recycled and used again to support further activities.'

Kate Frykberg in her 2012 paper, 'Social Enterprise & Social Finance in Aotearoa New Zealand' talks about a spectrum of financial tools including responsible investment, mission related equities and bonds, social loans, grants to social enterprises and traditional grants.

### **Social procurement**

[Social Traders](#) (Australia) explain social procurement on their [website](#), 'Buying from a social enterprise is one of the easiest and most effective ways of generating social value that can help break the cycle of disadvantage and strengthens ... communities. The strategic power of social procurement means that every time goods and services are bought from a social enterprise the potential for positive social change is also created.' They also 'connect buyers from corporate, government and consumers to social enterprises'.

## **Ecosystem**

Ecosystem is a term used throughout this paper. The [Stanford Social Innovation Review](#) explain the importance of ecosystem approaches and understanding the broad environment for social entrepreneurs in this article [‘Cultivate Your Ecosystem’](#).



## EXECUTIVE SUMMARY

The current state of social enterprise in Aotearoa was described as a time of increasing interest; early stage and lacking infrastructure; government having a key role to play in setting the conditions; there was seen to be an 'old guard' and 'new guard'; and awareness of social enterprise is limited.

Strengths of the sector were described as Māori social enterprise (seen as aligned to Māori values and the critical role of kaitiaki/ guardians); Kiwi ingenuity; small size enabling connection and Aotearoa having various examples of successful social enterprises.

Those interviewed were asked how responsive / understanding traditional New Zealand business was to social enterprise. There was a sense from many that understanding and support of social enterprise from local business (including corporates and SME's) was minimal, some felt that shifts were beginning and others gave examples where a supportive relationship existed. Interviewees talked about the dichotomous relationship between being seen as 'either' charity 'or' business - with little understanding of the spaces in between such as cooperatives (a strength in NZ), social purpose enterprises and socially responsible businesses.

Interviewees were asked if the New Zealand culture and psyche is accepting of social enterprise. Māori values and enterprise was seen as aligned to social enterprise and Kiwi's generally were described as naturally entrepreneurial. Some respondents commented on a culture of tall poppies that is unhelpful and can detract from success. Further, old models and mindsets were seen as holding social enterprise back in this country.

Unique aspects of social enterprise in Aotearoa were described as the sector being undeveloped and having high potential; many interviewees cited Māori culture and the Māori economy as a unique aspect as was the small size and connectedness of Aotearoa.

Opportunities to strengthen social enterprise in Aotearoa included access to funding and social impact investing, capacity building and investing long term in the ecosystem, celebrating local success stories to increase awareness and the importance of building business knowledge and capability if social enterprises are to be successful. A further opportunity with significant potential was social procurement.

The untapped potential for greatest impact was described as the potential of community owned assets and supporting local initiatives; youth as a significant force to tackle issues; the potential in the world of Te Ao Māori; potential for increased impact on key issues facing Aotearoa; cross disciplinary approaches and collaboration with business.

Risks and threats facing social enterprise in Aotearoa identified were the lack of an ecosystem and long term thinking; lack of investment; risk adversity and low failure tolerance; a perception that social enterprise is 'easy'; and a lack of business skills.

Past support for social enterprise in Aotearoa was described as coming from philanthropy ([Tindall Foundation](#) receive most mentions), some support coming from individuals, intermediary organisations (such as [Enspiral](#) and [Ākina](#)) and via government. Current supports were described as primarily through intermediary organisations; with some support through government and philanthropy.

Support gaps identified were funding and access to capital; capability and support to grow this; limited supportive infrastructure; lack of awareness; and business procurement. In support of social enterprise, funders were encouraged towards increasingly innovative and flexible styles of working; looking at social impact investment approaches (such as social loans) and supporting capability and sector development.

Investing in the supportive infrastructure was identified as a priority area and significant opportunity was seen in investing in local projects, community development and youth.

Finally, a series of insights and recommendations are documented based on the themes documented in this paper. Opportunity exists across a range of areas.

## 1. The current state of social enterprise in Aotearoa



Those interviewed were asked to describe the current state of social enterprise in Aotearoa. Interviewees described the current state as a time of increasing interest and investment; being early stage in development (lagging behind other markets was highlighted as risking New Zealand's competitiveness) and lacking infrastructure support; government were seen as having an important role in setting the conditions to enable social enterprise to thrive; there was seen to be an 'old guard' and 'new guard'; definitions regarding social enterprise varied and awareness of what social enterprise is was low.

### **Interest, legitimacy and investment is on the rise but still a 'way to go'**

There was acknowledgement from many interviewed that it is a time of potency and increasing interest in social enterprise; a time of reorganisation; and while investment is on the rise there is a 'way to go.'

'The interest is much higher now than it has been over the last couple of years.'

'Kind of potent. An unrealised potency ... it's like we are on a cusp that could give way. It's building up ... I see the system talking about it a lot. By the system I mean the government system ...'

'Now we have [Ākina](#), Prometheus and others like the Guy Ryan's and it feels like we are at a point of re-organisation which is good.'

'There are lots of really good conversation about it happening at the moment. It is slowly being recognised as a real form of business. Those conversations are lending legitimacy to the work that people are doing.'

'... re-emergence is the main thing that comes to mind. It feels similar to the time in the 90's when I was involved in a social enterprise in the far north, setting it up, there was a global movement, people coming from overseas ... Now it feels like a cohort of young people coming through who just want to do good ...'

'We seem to have a climate that is growing amongst the entrepreneurial world, the climate is right.'

'I'd say that it was an emergent sector ...'

'In the last 18 months there has been a significant increase in investment but we have a way to go.'

### **Early stage and infrastructure development**

Interviewees described the social enterprise sector here as early stage and lacking an ecosystem, national body, infrastructure, investment and academic support. Further, it was highlighted that if New Zealand lags behind other countries that will reduce competitiveness.

'We are early stage and we don't have all the pieces of the eco-system in place.'

'In New Zealand we are missing a coherent national body or a go to place. Also a belief in the social enterprise sector for funding to be flowing in.'

'There is an absence of structured support or infrastructure ... a lot could change quite quickly with the right kind of inputs and supports.'

'... there isn't really the infrastructure and the investment infrastructure ...'

'There are a lot of people coming up with social enterprise ideas, but they are finding it difficult to monetise things. Finding it difficult to make them financially sustainable.'

'.... there is a lot of ground level activity. Lots of interesting people doing interesting things, but struggling to get past those early prototyping phases.'

'We are missing some critical elements; a lack of academic development in this space ...'

'If our social enterprise lacks behind everyone else, it reduces our competitiveness. If we don't have world leading social enterprises then we won't have world leading businesses. That would put our economic future in jeopardy.'

### **The role of government**

Interviewees saw government as having an important role in setting the conditions to enable social enterprise to thrive in Aotearoa. Opportunities include reviewing the legal form of social

enterprise; provision of incentives including tax breaks (looking to international markets for guidance); and increasing investment. One interviewee commented that the Ministry of Business, Innovation and Employment should have a lead role.

‘If government is serious about social enterprise they should be putting things in place to help it, along the lines of Scotland, Canada and the United Kingdom. Specialist legal structures for example. The current government looks like it wants social enterprise to flourish so it can pass services on to them, but it needs to allow those enterprises to fit into a space that best suits them rather than squeeze them into a structure that doesn’t work. I reckon the current legal structures here do not support social enterprise. There are better structures overseas that we could and should have in New Zealand.’

‘Scotland has a lot more of an amenable policy framework from government, we have a way to go here. In Scotland there are incentives.’

‘There is no legal structure for social enterprise here in New Zealand, that is an opportunity to strengthen. There are a bunch of us who all identify as social enterprises but we are set up legally as businesses.’

‘From a government perspective we are pretty far behind the rest of the world. The structural understanding and support in New Zealand is very limited, for example there is no legal form for social enterprise. There are people on the ground who are doing stuff, but if the structures were there, that would make their lives so much easier.’

‘... a lack of government investment (we’ve seen change recently) ... ‘

‘There are no tax breaks.’

‘It was the Minister for the Community who came out in support of social enterprise; it should have really been the Ministry of Business (MB).’

### **A tale of two perspectives**

Social enterprise in Aotearoa was described as having an 'old guard' (long standing well established social enterprises and sector champions) and 'new guard' (new start ups and more recently established supporting intermediary organisations). While some social enterprises in New Zealand have been operating successfully for decades, there is a new wave of social enterprises (in particular tech focused) and the sector as a whole is at an early phase in its development. Further, one interviewee commented that there were three communities not necessarily seeing each other – the start up community, enterprising arms of not for profits and Māori social enterprise.

'... there are lots of layers right, social enterprises that have been going for 50 or 100 years and are well established. Then there are those in the start-up phase particularly in tech related fields (like us).'

'There is the old guard ... new guard thing ([Enspiral](#) etc).'

'...in this social enterprise space, we are talking about it as if it is a new discovery. There are people out there who have been doing this for years and years and years, and they've never called it that ... '

'It feels in some ways like we are quite near the beginning, in terms of the potential impact being nurtured and grown to its full potential. But on the other hand there are some existing social enterprises that have been around a long time, that are doing wonderful things. ... Something like [Kilmarnock Enterprises](#) in Christchurch or [Cargill Enterprises](#) in Dunedin - that support mainly people with intellectual impairment to work in rewarding and high quality work experiences.'

'There are three different communities that are not necessarily seeing each other. There is the start up community ([Enspiral](#), [Ākina](#), etc) most of those are entrepreneurial and have a good social conscience. There are ... not for profits such as the Salvation Army op shops ... coming at it from another way. Then there is the third lens which is Māori enterprise. You could probably say Māori enterprise is usually social enterprise as it usually has the good of the iwi - current generations and future generations - at its heart. What you can see in something like [Whale Watch](#) is a very smart enterprise which has entirely turned the community of Kaikoura around.'



[Cargill Enterprises](#) is the trading arm of the Disabled Citizens Society in Otago

‘...we are a very early stage, that mainly ties to the lack of significant investment in creating the sector, which has happened in most other western developed nations. The problem with that story is we also have quite a long and rich history of social entrepreneurs ... Those are the two stories to tell and they are a little bit contradictory.’

#### **Awareness and understanding of social enterprise is limited**

A number of people interviewed commented on the low awareness and lack of visibility of social enterprise within Aotearoa (one person felt Aotearoa may be on a cusp of understanding). In addition, there are differing views regarding definition and some social enterprises do not refer to themselves as such. Raising awareness was identified as a priority.

‘There is a lot of stuff happening on the ground that is not seen. How do we make it more visible?’

‘We are at the cusp of a robust understanding of social enterprise here and that it is different to traditional charity and traditional business.’

‘There are many things that call themselves social enterprises that are not. If you want to know if something is a social enterprise, talk to a business person and they will think it is a charity, talk to a charity and they will think it is a business.’

‘Social enterprise depends on who you talk to. It has a lot of different strands, people’s views on it vary a lot. If you were to ask me what it means, essentially it means our solutions aren’t going to come out of Wellington or through benefits.’

'I sometimes question if charities developing a revenue stream and businesses donating for social good is social enterprise. For me the answer is more deep-rooted. Why was the business founded? [Chalkle](#) was founded due to social impact. For me a social enterprise is founded upon social impact values.'



Fire - all classes using [chalkle.com](#)

'There is a continuum. There is a difference between a social enterprise and a business that does corporate social responsibility (and a business that doesn't). I see some debate between social enterprise and social business. Maybe there is room to move all businesses, to where they all have social good as part of their aims and objectives.'

'Northland is one of those areas that is high deprivation. The whole idea of social enterprise isn't necessarily the language, it's difficult to work with if you use that term. A lot of things we did were around generosity, to survive, and that's cultural, mahi tahi. We come from the perspective not just of where we live in our location. It's been around working with who we know, creating the networks, creating the relationships. We wouldn't use the term social entrepreneurs, that is the korero, but we work from a base of community based need ...'

'If I was to set a priority, I would make it that everyone knew what social entrepreneurship was. Then everyone would have a starting point. You would see the real potential and what can be achieved here in Aotearoa.'

'The idea has to be socialised through education and awareness raising.'



### **Less developed than overseas**

Social enterprise here was described as less developed than other countries such as Scotland and Ireland.

‘Social enterprise here is not as well developed as in many places overseas ... in terms of what you see say in the UK, we are about 15 years behind.’

‘... compared to where it might be in Scotland probably ten or fifteen years ago, Ireland ten years ago ... In Scotland you’ve also got the Social Enterprise Academy which supports high end leadership and management and infrastructure ... this sector is now the largest employer ... it gets quite a lot of space in the Scottish parliament.’

### **The current system is not working**

There were views that the current system is not working and social enterprise is an opportunity to connect the umbilical cord back to community and whānau.

‘... at the government level, payment for services isn’t making much change. These people are looking at a business enterprise approach to solve some of these problems. Those things are combining to a new appetite for social enterprise ...’

‘Social enterprise is really connecting the umbilical cord back to community and back to whānau ... What has happened is the State has taken the place of family. When I grew up, if my mum and dad were in trouble (I didn’t know they were in trouble of course), my cousins and aunties and uncles would come over and help out. What happened is WINZ took the place of family. Today when a family gets in trouble, instead of going to family, they go to WINZ. What social enterprise does is it reconnects the umbilical cord back to whānau.’

## 2. Strengths of social enterprise in Aotearoa

Those interviewed were asked to describe the strengths of social enterprise in Aotearoa. Strengths included Māori social enterprise (seen as aligned to Māori values and the important role of kaitiaki/ guardians); Kiwi ingenuity and innovation; the small size of the sector enabling connection and; numerous existing examples of successful social enterprises in this country. Further strengths include New Zealand's vast natural resource base, having access to international expertise and a community of people who are just 'getting on and doing it'.

### **Māori social enterprise**

Māori social enterprise was described as having a strong and long history that aligned naturally to Māori values, culture, the role of kaitiakitanga/ guardianship and taking a long term perspective. Close relationship between Māori and non- Māori and access to culture was cited as a strength, as was the collective nature of Pacifica. One participant commented on the enormity of social issues facing Māori and the importance of social enterprise for this community.

*One of my reviewers, who comes from a Māori perspective, commented that 'while Māori values are better aligned with social enterprise, there are still core business values that are in conflict with Māori values. The key for Māori is to try and work out where the balance is and how do you not compromise on the key Māori values or work it so they can go together. This is hard because Māori identity within people can vary greatly'.*

'... we were doing social enterprise before it was called that. Naturally it's how we think about things in terms of being anyway. Everyone is trying to figure out how we can develop this and get a living from it and support all the things in our community. It's how we are built. It comes naturally to us as . This stuff is old.'

'Māori social enterprise is a real strength here in Aotearoa and a lot of Māori have connectedness to the social needs. They have experienced it firsthand ...'

'I think there is something unique about the values embodied in Māori culture. Around kaitiakitanga and intergenerational responsibility. A triple (quadruple) bottom line business proposition aligns well with these values.'

'Māori have always had an enterprising component to what they do.'

‘My impression is that Māori culture and the influence in New Zealand is a real strength in terms of the impact that has, in terms of businesses that are more integrated. That natural long term perspective and what is happening in the community is a real strength.’

‘I think that we are closer to our indigenous people here in New Zealand and because we are closer we have access to it and that is a huge strength.’

‘Because of the nature of the New Zealand population and our relationship with iwi and the collective nature of Pacifica, the idea of collectivity is deeply ingrained ... Something like [Whale Watch](#), which linked beautifully into the Ngai Tahu settlement, the ground is fertile for enterprises which come up out of community ...’

### **Kiwi ingenuity and innovation**

Other strengths were described as Kiwis ‘give it a go’ mojo; being good at innovation; having a small business mind set; just getting on with it and having a ‘do it yourself culture here in New Zealand.’



Bike maintenance - all classes using [chalkle.com](http://chalkle.com)

‘There is a ‘give it a go’ mojo here in New Zealand.’

‘I think culturally we are good at innovation and that is a big strength.’

‘In New Zealand, the strengths are the fact that it is emergent, Kiwis have a real can do attitude, that there are some useful early stage examples to check out.’

‘I think innovation ... Good old Kiwi ingenuity is quite strong with things like [Loomio](#) ... People thinking outside of the box.’

‘Our strengths are our small business mindset. Just getting on and doing it ... and we have networks and communities of people who are just getting on with it - that is really powerful for the sector to grab some inspiration from.’

‘There is a do it yourself culture here in New Zealand.’

### **The context here is small and in some ways connected**

The social enterprise community in New Zealand was described as small; supportive; and in some ways connected. Although the opportunity exists for stronger connections, especially in the overlapping of networks.

‘The strengths are we are a smaller nation so we are connected ... a lot of people know each other.’

‘...we are a relatively small community. Starting a movement for social enterprise is probably reasonably easy to do across small networks.’

‘I also think strength is something around the supportiveness, the ability to easily adopt stuff. I feel that in my experience anyway, people are so, ‘that’s great that you are doing what you are doing, of course we’ll sign up’. People are willing to give stuff a try.’

‘... I think the tech sector is really well connected to each other, the social services sector has some good connections (as well as some strong barriers), and there are lots of very strong networks within the country. Those networks don’t always overlap enough.’

### **Aotearoa has some great examples of local success**

A further strength was that Aotearoa has some great examples of successful social enterprises, some of those mentioned included [the New Zealand Housing Foundation](#); [Loomio](#); [CBEC](#) (Community Business and Environment Centre); [People’s Coffee](#); [Hospice](#); [4Trades](#); and the Colville Store Coromandel.

### [The New Zealand Housing Foundation](#)

‘So [the New Zealand Housing Foundation](#) they are trying to build good houses efficiently in a way that will make them affordable and get people into quality housing, and actually building communities. One of the pitfalls of affordable housing is you build instant slums. New Zealand Housing doesn’t do that. That is their business and it pays for itself. They do get some funding from the New Zealand government but fundamentally they are building houses and selling them, but they are doing it in a different way to a commercial property developer.’

### [Loomio](#)

‘[Loomio](#) is doing well, they have managed to get to market, they are growing really quickly and internationally.’

### [CBEC \(Community Business and Environment Centre\)](#)

‘... in the environmental space. [CBEC](#) is a good example’.

### [People’s Coffee](#)

‘There are also a lot of enterprises that have been always operating in a social enterprise way, but haven’t ever used that language before, such as [People’s Coffee](#) ... they are Wellington based, who have gone beyond [Fair Trade](#) and have World Fair Trade Status. They run training and development workshops for their partners. It is genuinely working to have the biggest social impact through the supply chain ...’

### [Hospice](#)

‘The other really interesting example is the [Hospice](#) shops here. The [Mercy Hospice shops](#) have taken that old idea of an op shop and turned it into a high market product. They have a pool of volunteers, a pool of people who are dying and leaving things. They employ professional window dresses. That is an example of a social enterprise. People die and what do you think when you are cleaning out grannies house, you think [Hospice](#).’

### [4Trades](#)

‘In 2001 we started an employment programme down here in Dunedin called [4Trades](#). At [Malcam Trust](#) we were looking at those young people who were disconnected but had the ability to complete a trade, but didn’t necessarily have the skills to do it. We set it up with the [Mayor’s Taskforce](#) (supported by [Tindall](#)) and we grew it with 89 apprentices and we still do employ them and we hire them out. Our goal was to employ those at risk ... We wanted to create employment opportunities across 20 different trades and support them, we used our

social enterprise model to deal with all the issues they had, it could be anger; dealing with the court; it could be owing money; alcohol and drugs; literacy and numeracy; it could be an ability to complete the assignments; get to the job on time ... We are still running at about a 90% success rate ... we are self-sustaining ... Today we have about 60 full time apprentices ... We run a partnership with the Otago Polytechnic.'

#### Colville Store Coromandel

'The other social enterprise I like to think about is the Colville Store in the Coromandel. It was started by a bunch of hippies ... Colville is a thriving town, partly because of the communes there; it's a really interesting town. They have a traditional general store, that sells goat's cheese and quinoa, and there is now a café next door. It's an interesting case study, again it goes back 40 years and it operates in a way that a mum and pop business would have fallen over long ago. The profits go back into a collective'.

#### **Other strengths**

Other strengths of social enterprise in Aotearoa include the countries natural resource base; access to international expertise locally; and a movement of younger people who are just getting on and doing it.

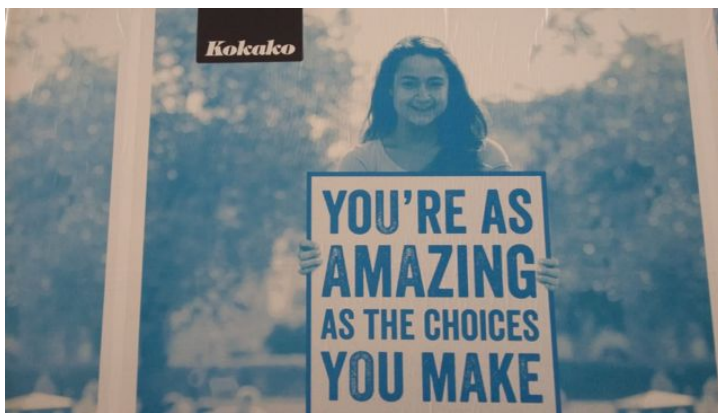
'We also have a huge amount of distributed natural assets that create a good resource base to create social enterprises.'

'I think there are some people now in the sector who have experience doing it in other parts of the world, we are fortunate to have those people to help us develop the sector.'

'There is a movement of younger people, many of whom we know and love, who are just doing it themselves; using technology and different ways of working to create social businesses and that is really exciting.'

### 3. Responsiveness of traditional New Zealand business

Those interviewed were asked how responsive / understanding traditional New Zealand business (such as corporates and SME's) were to social enterprise. Responses to this question were mixed. There was a sense from many that understanding and support was minimal, some felt that shifts were beginning and others gave examples where a supportive relationship existed. Interviewees talked about the dichotomous relationship in Aotearoa between being seen as 'either' charity 'or' business - with little understanding of the spaces in between. Some respondents talked about traditional businesses perceiving social enterprise as competition. Social procurement was seen as an area of significant opportunity.



Social procurement is a significant opportunity

#### **Business understanding and responsiveness is diverse**

There was a sense from many of those interviewed that there was limited understanding and support of social enterprise from New Zealand business, including banks. Some felt that shifts were beginning to be felt and others gave examples where SME's and corporates were supportive. One respondent saw business struggling with understanding social enterprise and a non-mainstream system of economics that encompassed social and financial outcomes.

'I think it would radically accept it, if it knew really what it was, it's that unrealised potency. The business sector once it realises would go 'wow that is fantastic taking a business model and using that to make a difference' ... New Zealand business would accept it if it understood what social enterprise was - it would intuitively make sense.'

'I don't think they really know about it. If you stopped ten people on Queen Street and ten on Lambton Quay right now, most would not have heard of it ... Talking to other stakeholders like government, some are a little bit familiar, pockets in the Ministry of Business, pockets in

Treasury. Once you do explain it to people, people generally get it quite quickly and are generally quite supportive.'

'They don't get it. Whenever I go to traditional businesses, they say, 'why are you doing that'. There is a demarcation. There is the black and white market approach of traditional businesses. There is not much understanding ... our commercial deals at [Enspiral](#) are just that, commercial deals.'

'I don't think businesses inherently understand social enterprise models and yet we are a country of SME's.'

'The NGO and government sector is really starting to get it, the corporate sector less so. It's still too 'what's in it for me' - corporates haven't internalised shared value. Some are but it's not widespread.'

'I think that is very, very mixed. My experience of it has been very little in the middle ground. It's been either very receptive and enthusiastic or incredibly disinterested. Both of those experiences are very powerful. It is quite polarised. There are a lot of traditional business owners who don't see the value or understand what we are doing or why we would choose to do this. And then there are people who get it immediately.'

'As the owner of a small social enterprise, from my experience SME's are a mixed bag. If the values are there it is super easy. They are lower hanging fruit. They are small, nimble and quick. If they like the idea and have the values then they will respond ... I often find, people will support me and [Lovenotes](#), because ... they want to support their local young people.'

'We had some earlier discussions when the [ASB Community Trust](#) and [Tindall](#) commissioned the piece Glenn Saunders did on social lending. Glenn talked to the main trading banks about social lending and they were really difficult to engage, as a potential funding stream. I do wonder if that isn't shifting in the last 6 to 12 months ... if we had those same conversations perhaps they would fall on slightly more fertile ground.'

'Some do, obviously [Contact Energy](#) are sponsoring [Ākina](#) and [KPMG](#) has been involved with [Ākina](#) for a long time. But I would argue that is down to individuals. It's not institutionally embedded in most corporates. Most would struggle to comprehend social enterprise.'



'... in general local businesses are supportive, they are good, really neat people. Not only do they support our organisation, they support the families. They see the families trying to help themselves. We had ten condemned houses, the local businesses gave us product, the real estate agent gave us jib, and the paint shop gave us paint. Oprah Winfrey sent me 75 tradesmen cops from around the world to repair homes. We have had local support, regional and international support. That's good ay.'

'Generally businesses and big corporates are setting up social enterprise incubators, and looking at mentoring opportunities for their staff to work alongside social entrepreneurs, because they realise it's good for job satisfaction if anything else.'

'There are a few little glimmers on the horizon. It is still a very immature model and it is not yet well understood ... there is some translation work to do into the corporate world, to see that there is a market that is worth investing in. There is not much action, much concrete that has come out of it. However, I know at least one bank that believes there is a market for social enterprise – again led largely by those younger, emergent entrepreneurs.'

'When you have an economic structure it's around an individual, or corporation doing really well, getting wealthy, get more, have more, more assets and then the higher I am in the ladder. When you start talking about it from social, being generous, it's built on generosity. We all do well, we all feel the good of this. We are brought up from school age, this mainstream economic view, a lot of people struggle getting their head around creating a sustainable process of economics.'

#### **Charity versus business - being seen as 'either, or'**

Interviewees talked about the dichotomous relationship in Aotearoa between being seen as 'either' charity 'or' business (with little understanding of the places in between such as cooperatives and social enterprise), as well as a lack of connection across sectors.

'I find myself in this start up community, hanging out with starts up. They see us as two things either more on the charitable 'do good' side of things (that don't really have robust business models), or they see us as actually like all business with an extra focus on the social. We have to be careful of polarising it - between charity and business - as there is a whole lot of stuff in between. Everyone needs to come into the middle space. Charities need to become more business-like and business needs to become more socially minded.'

'I don't think it's clear to people what social enterprise is. People tend to get stuck in this not for profit mindset and we should be looking more at how do we make things more sustainable and how do we monetise them. There are ways to make things sustainable and profitable. I don't think monetisation should be looked at in a bad way.'

'We don't connect well in New Zealand across different sectors - across business, not for profit, public sector - there are divides. It doesn't happen naturally or easily.'

### **Moving beyond corporate responsibility**

Some interviewees saw scope in business moving beyond corporate social responsibility into areas such as social procurement - which could have 'game changing' impact.

'... in the United Kingdom and other parts of the world, where it is a much more established sector, there is a stronger value proposition around the procurement stuff. Markets choose to buy from social enterprises rather than others. There is a lot of scope here.'

'The big opportunities ahead of us are when we go beyond corporate social responsibility and skilled volunteering - when we think about markets, investment, social procurement - those things are the real game changers.'

### **Competitive view**

Respondents talked about some traditional businesses perceiving social enterprise as competition and not being seen as 'real business'. One respondent talked about the importance of building complementary rather than competitive relationships with local businesses.

'I think business from my perspective anyways, they see us as competition ... Businesses feel they need to compete quite ruthlessly with social enterprise.'

'On one level they are supportive, partly because there is a belief if you can bring more business ways of working into the social sector you will get better results ... on other levels there are concerns, is there a level playing field. Social enterprises that are charitable ... There is tax relief. Competitors don't think it is fair. They can see that very robust social enterprises can compete more effectively.'

'They are responsive because we spend time talking with them so when we look to do the gardens stuff, we talked to the main contractors here, and said we are not trying to do your job we are training people and we will give you the first choice of the trainees ... you have to communicate with them. It takes time but it's worth the effort and it's really important. Otherwise you are seen as a straight out business competitor ...'

### **The investment opportunity**

An opportunity exists in New Zealand for philanthropy, government and others to think beyond traditional grant making and towards social impact investment (investing for positive environmental or social benefit alongside possible returns for investors).

'A social enterprise might need some grant funding early on, which comes in as a form of capital. What social enterprise fundamentally needs is investment. What corporates are doing, mainly, (and it's done in good faith) there is a marketing or reputational aspect to it. They are looking at how they can give money away, which is much easier than investing in social enterprises ... The solution is you find intermediaries who can bridge the gap between the corporate and social enterprise. That will develop here.'

'We are also a country of huge investment in not for profit organisations and that could be reframed around social enterprise.'

## 4. New Zealand culture and psyche

Those interviewed were asked if the New Zealand culture and psyche is accepting of social enterprise. Responses to this question varied. Māori values and enterprise was seen as aligned to social enterprise and Kiwi's generally were described as entrepreneurial. Some respondents commented on a culture of tall poppies that detracts from success. Further, old models and mindsets were seen as holding social enterprise back in this country. This includes a lack of diversity on boards limiting knowledge of social enterprise at governance level.

### **Māori enterprise**

Māori values, community mindedness and long term thinking was seen as aligned to social enterprise and a 'rich opportunity'.

'... If you start talking about social context in terms of enterprise, that is where we come from, that is our roots. That is one of the biggest challenges, when I am with Council, with politicians. This region in Northland ... we have something to add, to balance things out, thinking around whānau, and how we do it cooperatively that is our stuff ... There are values we can bring to this that bring value to enterprise.'

'... if you look at a lot of the Māori enterprises, they are social enterprises fundamentally; they are built out of community wellbeing. With the Treaty settlements, Māori are coming up with social enterprises. We have those social enterprises all around us ...'

'... if you look at Māori and the way they usually think long term and how they think about their people, that is a rich opportunity.'

### **Kiwis are naturally entrepreneurial and aligned**

Kiwis were described as naturally entrepreneurial, having a number eight wire mentality and a country of small businesses and with high volunteerism rates.

'I think Kiwi's are naturally entrepreneurial and innovative. We don't get too tied up with traditional models unnecessarily ... I think there is a younger group of people coming through, seeing the world in a different way.'

'... The number eight wire mentality, people just get on and do stuff. That is a strong attribute within New Zealand.'

'... New Zealand culture is very socially aware of issues in the country specifically, such as domestic violence, child poverty. There is Kiwi ingenuity in the New Zealand psyche. Social enterprise is basically people getting on and fixing stuff, not waiting for more important people to come and do it, 'yeah we can do that'.'

'Yes because I think in the main New Zealanders do care about their neighbours and they are interested in different and sometimes quirky ways of doing things.'

'Yeah I do. I say that from the perspective that I am constantly surrounded by people who totally buzz on this stuff. But I have memories, I have experiences where I run into people completely conventional and they fully get into it. I think in general, it might not be everyone's norm, but certainly people warm to it. I also think facts like that we have the highest number of charities per capita in the world and massive numbers of volunteering kind of reflect that as well.'

#### **Old models and mind-sets**

Tall poppy syndrome was seen as an issue, as was a suspicion in New Zealand around making profit out of social issues and taking an 'either, or' view (either charity or business). One person commented on the 'practical men problem' and a lack of diversity and understanding of social enterprise at governance level, which was a barrier.

'... yes and no. The whole tall poppy thing is definitely an issue ... in traditional enterprise in New Zealand, people don't want to get too big or too successful. It stifles massive success.'

'... we have a mental model that business is very good at getting things done but that it essentially exists to maximise benefits for its owners, and there is a view that charity is the way that we 'do good' ... There is a reservation that you can point a business model at something that is in service to the community - that you can generate profit and be purpose driven.'

'My view has always been Kiwis are practical people who are socially minded, so they should be suckers for social enterprise, which leads me to the question why has it not developed here as it has overseas. I think we have a problem which I would call the practical men problem, who believe they know everything, and they don't believe in this. I think that is a major impediment here. There is a cohort of people who all sit on different boards and all know each other, and they don't really have the experience of having seen what has developed overseas. That is a block ...'

## 5. What is unique about social enterprise in Aotearoa

Interviewees were asked what is unique about the social enterprise landscape in Aotearoa. This was described as undeveloped and having high potential; many interviewees cited Māori culture and the Māori economy as a unique aspect; as was the small size and connectedness of Aotearoa.



### **Social enterprise in New Zealand is undeveloped and there is huge potential**

The social enterprise landscape was described as early stage, undeveloped and emergent; led by a small number of people; fragile; led out of community rather than by government (differing to other markets such as Australia and the UK); requiring investment (beyond grants and donations); and representing huge opportunity.

‘It’s quite emerging and it’s not formed. It’s individually driven. Down to literally a handful of individuals who have a huge amount of passion and commitment. But that is often typical of new movements isn’t it?’

‘It is very small and undeveloped. One of the things, if I look at how it developed in Europe and the US, there were two parallel developments going on. One was the social enterprise. The other side was the social investment entities, raising funds and investing in social enterprises. You almost have to have both in parallel.’

‘The size of it. There are advantages and disadvantages in our smallness. Perhaps the other thing that is unique is the sector is led by a very small number of people. It’s coming out of the community as it should, and the small business area, it’s not led by government, and I know that is different to how it has been in the UK and Australia where the government has been a big player. We are still very much emergent in that sense. Our size and our scale really, and our reliance on half a dozen individuals ...’

‘I think just how few genuine social enterprises there are that have managed to set up and sustain and grow to any size. That is definitely the case compared to other countries. How few they are and fragile they are. And the policy framework is not completely amenable. Access to appropriate capital has not really taken off in New Zealand, we don’t have a social bank like [Triodos](#) in the UK and others. There seems to be a reluctance for mainstream investment and

philanthropy to invest. Capital is what social enterprises really need, not just grants and donations. They are businesses.'

'There are massive opportunities. Also we forget to look at infrastructure, social infrastructure as well. We've seen it happen in Mumbai. There are huge entrepreneurial opportunities in the mass urbanisation of Auckland ...'

### **Māori culture and economy**

Māori culture, initiatives and enterprise were described as unique aspects of social enterprise in Aotearoa. Further, one person interviewed commented on the reconciliation and the linking of capital to 'core Māori values'. Further one interviewee described the overlap between social enterprise and Māori and Pacifica cultural norms.

'Māori culture and indigenous enterprise would be the most unique thing.'

'... iwi initiatives which obviously make us unique worldwide.'

'Māori social enterprise. In general what makes Aotearoa New Zealand unique here is our heritage and outlook.'

'The obvious one is Māori culture and the Māori economy. Particularly in terms of a large part of our society who have been to a degree oppressed and underserved, are now getting to a point of reconciliation which is bringing capital and when that is aligned to core values ... that creates a unique opportunity for Māoridom and New Zealand.'

'That potential for overlap with Māori and Pacific Island cultural norms. Caring for the environment and future generations ... There are huge things there. Doing things for us, not for me.'

### **Aotearoa is small, a great place to 'try stuff' and connected**

Other unique aspects include the small size of the country (and ease of connection due to small size), Kiwis desire to help, New Zealand is an excellent country to trial things and there is an empathic culture towards 'good for all'.

'I reckon that what is unique is that social enterprise here, right at the bottom of the world, nothing is impossible ... what is unique about the average Kiwi on the street is they are keen to

help, they want to help. It is something we can all be very proud of. They just want to know how.'

'It's that connectedness. I think New Zealand is an excellent place to trial things. We are small enough that if you've got a good idea it can take off pretty quickly.'

'I think that connectivity is a big thing, we are a small country. Between Auckland and Wellington you are able to enhance that connectivity. There are less universities here than internationally, it's a smaller landscape.'

'There is a real empathy there towards what is good for all; there is a strong feeling of empathy in New Zealand compared to some other cultures, some other countries. It's connectivity, to people. In a lot of countries they just don't have that access, where in New Zealand if something has a great idea and really want to do it, it's easy to connect high up in organisations, nothing is impossible here. In the US it's much harder to create diverse professional networks. We don't really have those barriers here in New Zealand.'

### **History of the welfare State**

One interviewee commented on the history of the welfare State and how this has created a culture of dependence.

'The history of the welfare State ... As much as the government has rolled back the State, there is a sense that we need to be looked after and social enterprise I think is a third century version of the welfare State, but it is market based ... a lot of Kiwis have issue with it, they want to feel that the State has got their back.'



## 6. Learning areas and opportunities to strengthen

Those interviewed were asked what the learning areas/ opportunities to strengthen social enterprise are in Aotearoa. The strongest theme here was access to funding including social impact investment (investing for positive environmental or social benefit alongside possible returns for investors). Further opportunities to strengthen included capacity building and investing long term in the social enterprise ecosystem. This could include creating a national network/ body and investing in leadership, capability and intermediaries. Celebrating local success stories was identified as an opportunity. A further theme was the importance of commercial knowledge and capability for social enterprises to be successful. Other opportunities included social procurement; support for young people; and one participant cited an opportunity for collaboration with New Zealand business.

### **Social Impact Investing**

The strongest area for learning and opportunity to strengthen social enterprise in New Zealand was identified as social impact investment. This is required in an area described as ‘under financed’; access to capital is required at various stages of development (start up phase and beyond); and philanthropy and government have an opportunity to implement more diverse and fit for purpose investment models and build a social ‘impact investment community’. Philanthropy was described as ‘ill equipped to consider the investment’.

‘...there is still heaps of potential with engaging potential investors, in that concept of impact investment.’

‘We have to invest in social enterprise. That is the thing, we are just looking at starting up a business at the moment, this guy has developed a model of wood fires and setting up a factory. The bank would not give us a loan, our bottom line was no different, but because you get grants and contracts from all over the place, the bank was saying no we want to watch you for another year before we give you a loan to purchase a \$60,000 building. We have close to half a million dollars worth of assets ... they have come from a fear driven place, nothing ever happens unless there are risk elements. We are under financed.’

‘There are big learnings across local government ... through how it distributes its funding. The terms it puts around that.’

‘... increase the source of the finance looking at this type of investment.’

‘The missing piece of the puzzle is what is the role of funders.’

‘... I think funding is a big issue. In a research paper I did three years ago, one organisation [CBEC](#) told us they were considered too commercial for a grant and too social for a bank. Working out how we can better fund social enterprise is still definitely on the table.’

‘...make more funding available for social enterprises that are in their second or third year, that have validated their market and now need support to solidify. [Chalkle](#) is looking at going for some funding at the moment, but there is no check box for social impact funding within government grant opportunities.’

‘In the UK there is funding to enable investment into innovation in the social sector. We need an independent stand-alone social innovation fund, not administered by any one organisation with a vested interest. It should be partisan, independently run, that could enable leveraged funding from private, government, philanthropic and business investors.’

‘I think access to capital is something that is on my mind at the moment. There is the early stage no strings attached start up grant type piece. Lots of small \$5,000 grants to try stuff out, experiment and then at the other end of the continuum the early stage loan based finance. Maybe interest free loans or even negative interest loans where you have to pay most of it back.’

‘There is big learning around the social finance stuff. At different stages. Where does money come from, who from, what level is needed at different stages. What are the types of investments at different stages? I think government has been trying to figure out their role and where they sit.’

‘My experience is that there is a really critical period, after a year or two years, there may be a couple of paid staff, but it’s not at that point of being self sustaining. That is where a lot of social enterprises falter ... ‘

‘The philanthropic sector could make a huge difference in the way they act and fund.’

‘We all need that funding element sorted. A stable way to get funding, a better investment model. Not so much ‘give me a grant’, more, ‘invest in my business, it has potential’.’

‘Philanthropy likes the idea of social enterprise, but is ill equipped to consider the investment. There is no active impact investment community.’

### **Long term leadership and capacity building of the sector**

Long term leadership and capacity building of the sector was seen as a significant area of learning. Supporting leaders, investing in long term approaches, growing the ecosystem, supporting a national network, creation of more physical environments to nurture social enterprises and training.

‘What it requires is more leadership and more investment in long-term development. The biggest risk is short-termism.’

‘It’s a bit like eating an elephant. Do it in little bites. What [Vodafone](#) is doing with World of Difference that was one of the best things that ever happened to me, in terms of getting me out of the starting blocks. I haven’t got any school qualifications. I was able to use that award on my organisation and personally and it opened doors and did things for me.’

‘There are some passionate and innovative thinkers. But those people need to be supported too and that is hard when it is a not only starting a new organisation but a whole different way of operating. The infrastructure is needed to support those individuals.’

‘Remember there is enterprise in social. You can get enraptured in the social part, let’s make a difference. There is a risk of losing the enterprise part and you need the infrastructure around it.’

‘How you put the whole ecosystem together. It’s such an immature model yet, that there are a few people who are beginning to get organised but I’m not sure the coordination between the various parts are quite connected up yet.’

‘I think maybe building even more a national network ... a national body that could support some marketing around the concept. It would need to capture everyone.’

‘One of the things we have struggled with, it is not clear who has the voice of social enterprise and who provides the hub. [Ākina](#) are an incubator and accelerator and that is not the equivalent of say [Philanthropy New Zealand](#) for funders. There is more work to do regarding

who speaks for the sector. There is also the [Community Economic Development lens and the work of Di Jennings.](#)'

'The other opportunity I think a lot about is the physical space - the social equivalent of the [Icehouse.](#)'

'I think creating a community ... Spreading the message, spreading the inspiration, sharing the message, mentoring people, communicating, that gives us huge opportunity.'

'Social enterprise success depends on a fundamentally entrepreneurial attitude. They can get capacity building, but if you are not fundamentally entrepreneurial it won't work. You can go to 101 courses, be mentored and all the rest of it.'

### **Raising awareness and sharing success**

Understanding of social enterprise in New Zealand is limited – an opportunity exists to raise awareness and share tangible stories of local success. This would help increase understanding, learning, knowledge and pride.

'There needs to be marketing to get awareness out there.'

'There is work to be done, definitely, around simplifying the language and helping people understand it and have tangible examples. There is a big piece of work that needs to be done around that. Whilst not everyone gets it at the moment, there are some key influencers who are starting to get it across different sectors ...'

'... create examples and publish them, share success stories, and then people see them in the concrete. Then people early on in their career can see it and say 'that is what I want to do'. Concrete examples speak to entrepreneurs ...'

'...we could learn a lot by looking at stuff that is already going well. Like there is a camping ground on the West Coast that has been using funds generated for 50 years to reinvest profits back into community projects. A community member brought that land, it's community asset based ... '

'There are examples here that have done well for 15 or 20 years. People have not gone back in and looked at the success factors. For example there is a group in the Waikato called the [Wise](#)

[Group](#) which is often quoted as a successful example of a social enterprise. There is the [CBEC](#) in the north, it's been going for about 20 years, it does a lot of enterprise things. Community recycling groups that have hung in and done well like [Wanaka Waste Busters](#).'

'We need to learn how to plagiarise others experience, we don't have to invent it all ourselves ... Recognition. Get them on the television, be proud. We need some good news socially.'

### **Business skills require development**

Business ideas, knowledge and skills were seen as a key learning area - particularly for individuals coming from a charitable paradigm which requires a different set of skills. A further learning area was collaborative dialogue and having access to skills where gaps exist and evidence of what works. One person cautioned that while in this country we can learn from business models that have worked internationally, the local environment is unique.

'Fundamentally social enterprise is about running a business and there is quite a bit of business knowledge that I think needs to be learnt first of all.'

'It is going to grow where there are valid business ideas ...they have to stand on their own as business ideas.'

'The learning opportunity would be about sharing business models, sharing learning about what works and what doesn't, creating opportunities for social enterprise and entrepreneurs to come together ...'

'... when it comes to executing and running a social enterprise, there are a lot of people in that space that have come from a charitable paradigm. There is a whole lot of relearning around money, social, psychological, how we access money, conversations with philanthropic organisations, figuring out social financing, that is a big space we have to learn lots in. I feel we are a great place to do that ... New Zealand is somewhat a blank canvas.'

'You also have to change the capacity. Manage the balance sheet, manage the cash flow and you need to be more of a business person than old school charity.'

'In social enterprises you get people with a passion and drive to do something that can create an income as well as change the world. But they are not necessarily the best people for systems, and they don't know about developing contracts (the nuts and bolts stuff). They can

spend a lot of time doing stuff they don't actually do naturally. Getting the right kind of support around this ... the guy who invented the wood burner we are looking to manufacture. It's taken him four years to get through the bureaucracy to get a brand approved. Even the brand people said he has a great product, he is a brilliant inventor, he is not good at working with bureaucracy. That is why the whole collaborative dialogue having others in there who can bring the nuts and bolts to it.'

'Learning areas are around proven and effective business models that are viable, that are scalable. I think we can learn a lot from international examples ... There is a danger to think we can take those exact frameworks and roll them out here when we have quite a unique landscape.'

### **The social procurement opportunity**

Social procurement and leveraging purchasing power for good was identified as a 'big opportunity.'

'...we have a lot of work to do in New Zealand in terms of that filtering through, in terms of changes of procurement policies and how people think about their purchasing decisions. So creating markets for the products of social enterprises ...'

'When I think about large organisations I think their interest can be purchasing from social enterprises, partnerships, campaigns, projects ...'

'There is a big opportunity around procurement contracts around government and city councils in particular. Any organisation that has a social mandate should have a clear procurement policy. This would make a big difference.'

### **Youth**

Targeting and supporting youth into social enterprise (including real experience going towards qualifications) was seen as a learning opportunity. This would ready the next generation of leaders and reduce unemployment down the track.

'I think that getting in young, getting high school kids or even younger involved.'

'I wonder if it's about increasing the pipeline for social entrepreneurship? If I had money and structure I would increase the pipeline for young people ...'

‘The things we have done some work on is looking at a second hand store café where we use the staff, students, give them the opportunity to run it on a short term basis as part of their qualifications. Train them before they become unemployed and do it in a very real sense. They can look at food certificates, marketing, the full monty. My goal is to say let’s do it younger, while they are still in the school system, never let them on the dole.’

*One of my reviewers noted that there is some good stuff happening within tertiary institutions, including the University of Auckland which has ‘embedded social enterprise development as part of the [Spark Challenge](#), have a few professors researching on indigenous social enterprises and several student clubs focusing on social enterprise and innovation.’*

### **Other**

Other learning areas referenced included the opportunity to collaborate with the business sector; development of training and accreditation; utilising social enterprise as a tool to resolve key issues facing Māori and Pacifica; and researching the efficacy of local social enterprise.

‘There needs to be a lot more collaboration with the business sector .. events with the Chamber of Commerce and social entrepreneurs, some sort of platform ... for those groups to come together and discuss ideas ... sometimes the business sector isn’t particularly clear on what social enterprise is and what social enterprise is trying to achieve and they see it as some sort of do-gooder idea that is not going to generate any money. Those two groups need to come together, collaborate; there could be a lot of partnerships that come out of that.’

‘With social enterprise, putting some sort of accreditation around it ... Build the units. Build the qualification. Build the components that make up that qualification.’

‘Definitely Māori and Pacific, I’ve spent two years developing the Māori Development Strategy, really looking at post settlement era and Māori getting their mojo back and enterprise, really focusing on enterprise. I think there could be huge things out of that. Because we have some real issues in New Zealand we have to resolve ...’

‘... we haven’t quite caught up with other places in terms of our research around efficacy of social enterprise.’

## 7. Untapped potential for greatest impact

Those interviewed were asked where the untapped potential for greatest impact sits for social enterprise in Aotearoa. Key themes from respondents included the potential of community owned assets and local models; youth as a significant force to tackle issues; the potential in the world of Te Ao Māori and the Māori economy; potential for increased impact on key issues facing New Zealand; cross disciplinary approaches and collaboration with business; taking successful local examples overseas; investment in social enterprise; and academic development. Other possibilities exist in a range of areas - such as celebrating 'people doing awesome things in the social enterprise space' and the opportunity for New Zealand to showcase to the world what a sustainable society could look like.

### **Community owned assets and local service delivery**

Community owned assets, community development, local service delivery and empowerment of local communities was seen as a prime area of untapped potential in the social enterprise space - including leveraging of local talent. There were benefits cited in the areas of local employment, environmental impact, community development, tackling local issues, supporting indigenous communities and retaining money in communities locally.



Kilmarnock Enterprises (Christchurch)

'Community owned assets'.

'... looking at community and social development. A good example is [Whale Watch](#) in Kaikoura, which has a Trust above it that is specifically focused on Māoridom, employment and creating a richer social context and generating funds for social programmes ... investing in educational achievement that sort of thing ...'



'It is certainly in the environmental space because you can do it in a community based way ... if you take the [CBEC](#) example they have a contract for waste management from the Far North District Council, and one to manage the Council pools in places like Kaitaia and Kawakawa. They do it for a margin of \$15,000 per year. It's not a margin that if you or I set up a business, that we could deliver it for. There is a lot of potential for say service delivery with local Council. Because a social enterprise has the ability to take a lower margin.'

'... it's in every community, there are huge social enterprise opportunities ... we can revitalise a lot of our small communities through social enterprise activities and partnerships with farmers and communities ... The land can be used for all sorts of wonderful reasons.'

'I think there is room for setting up in communities or bigger areas as a beginner, a bit of an advisory, gifted advisers to work with smaller trusts and help them resolve their issues.'

'Another opportunity are the regions, which are under served in New Zealand despite having much need and often huge amounts of natural assets.'

'In indigenous communities there is potential there for them to own some of the things, develop businesses, it's crazy that we are letting some our rubbish contracts to multinationals with the Council and things like that ... If you have one company delivering that nationally, that will never grow local ownership and communities ... People holding their head up high, developing their communities, the money staying in their communities ... '

### **Youth and the aging population**

Youth was cited as an area of 'massive' potential and described as a 'significant force'; youth could be involved 'through a learning process where they contribute'; young entrepreneurs were seen as already 'getting on and doing it'; youth were seen as having the potential to tackle key issues (such as keeping the planet 'fit for purpose') through innovative approaches; and higher education was seen as 'low hanging fruit'. Two people interviewed in addition to youth, also saw untapped potential in the aging population.

'...there is a massive opportunity in young people. We have a million young New Zealanders - that is a significant force to be reckoned with.'

'It sits particularly in young people, particularly those that are going to stay here. Young technologists and innovators ... It belongs to the new millennial generation to realise that the planet needs to be kept fit for purpose.'

'For us it's in our young people. For our region, when they look at Māori and youth, it's an issue. For me they are our future. If you don't know how to create a learning process where they contribute, they will be the deficit. They have potential and you need to harness that ... Working with young people, that is our focus, that is my background working with young people. Finding their passion, taking it and giving it an outlet.'

'I think the greatest potential just lies in that group of young entrepreneurs who are just getting on doing it anyway. There is an organic nature to that which I really like. There are some clever and smart people involved in that.'

'No innovation comes if people are not let loose in the area of their passion. Creating the new world that is what we are talking about. We need to sustain what we have and push people into their own passion ... Our needs become our answers going forward. Young people with innovation will create opportunities to deal with the problems that we have ... Our needs can be our opportunities in the future and we need to make sure our young people are up to it.'

'Obvious ones include youth ... Higher education is a low-hanging opportunity – an accessible place where huge volumes of people are keen to learn, enthusiastic to experiment, they have their whole lives ahead of them.'

'There is untapped potential in young people and in people of retirement age. We mustn't forget we have an aging population, and their experience. Serial entrepreneurs who are in their 60's and 70's. We have some people who are fairly well off and retiring and are thinking, 'what am I going to do in the next 30 years of my life?' Maybe it's that intergenerational entrepreneurial thing.'

'That is like the holy grail question isn't it ... When I think about impact area, the easy answer is to say work with young people as they have their own lives ahead of them. I see some interesting stuff happening with aging populations. That is a huge time bomb.'

### **Potential within Te Ao Māori**

Potential for great impact was described as existing within Te Ao Māori, the Māori economy, creation of employment and connecting Māori to their resource base. This potential would manifest in increased employment for Māori and positive flow on effects across various areas.

‘There is a lot of untapped potential in Te Ao Māori, the whole Māori economy is really beginning to get traction. Scaling up some of the really promising things that are happening and showing how successful things can be.’

‘... Establishing Māori businesses. Giving work where it is needed.’

‘Māoridom has the resources. There are over 1100 marae in this country; we have a language that is recognised. We have a kohanga reo movement, kura kaupapa, our way of praying. Everything is there. If I was really going to be a social enterprise ambassador and a Māori entrepreneur, I would be connecting to their resources and say, ‘all you have to do is start using them’.’

### **Tackling key issues**

Those interviewed saw untapped potential for social enterprise to tackle key issues facing Aotearoa such as affordable housing, child poverty, the prison population, issues of inequality, challenges facing Pacifica communities, health and education.

‘... affordable housing and social housing is one area. For example you have in the UK thriving Housing Associations. In Europe as well. We have virtually nothing like that here, not of that scale and type. Some of the chronic social issues where a bit of innovation might be helpful.’

‘New Zealand should focus on child poverty and the prison population. Issues of inequality.’

‘I think in terms of types of issues ... there is a Pacifica childcare group up in Auckland and it has a very good guy who stands behind it. He is financially very savvy and entrepreneurial ... That has developed really well. Developing really good quality childcare that is comfortable for the Pacifica community. That was an unmet need. There are many examples of that type of thing. Where ever there is something not working, you will find opportunities.’

‘I would have thought health, education, justice. The big spend areas. I don’t know how we deal with superannuation ...’

## **Collaboration**

Various interviewees saw untapped potential in collaboration, including cross-sectoral approaches that build capability.

‘... making connections between disciplines so that social need is listened to by those with creative genius and financial nous, to be able to problem solve. I think there is untapped potential for social enterprise to come out of collaborative projects between say design and business ... It’s around collaboration and interdisciplinary connection.’

‘There is such important work to be done around building cohesion in an emergent sector in quite a scattered sector. Building a coherent cross-sectoral approach, to build social enterprise capability.’

‘It’s in the coming together, the collaboration between social enterprise and business.’

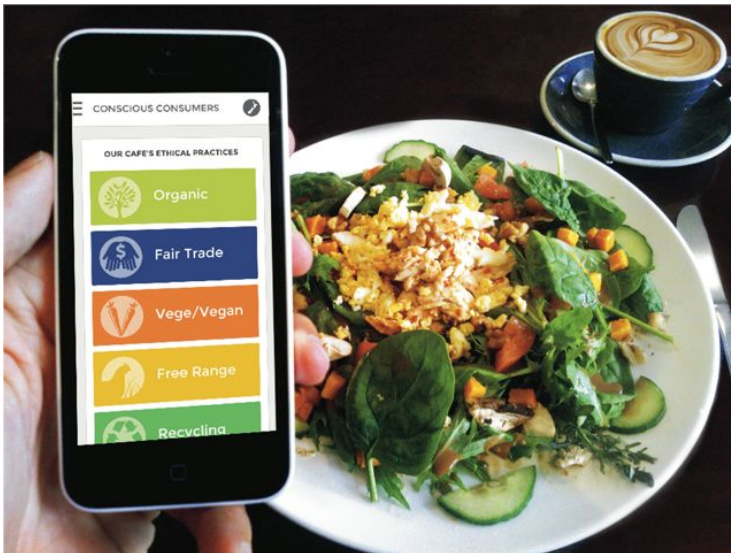
‘Collaboration between corporates and social enterprise. We are not doing that well enough ... It has been interesting learning about [Unilever](#), they flipped their strategy to have sustainability at their core, and everything is built around it. Their Chief Executive is part of the founding group of the B Team.’

## **Take successful local models overseas**

Two of those interviewed saw opportunities in taking local examples of what has worked overseas. This would place New Zealand on the international stage, access new markets, drive up revenue coming into the country and strengthen international connections.

‘We could be leveraging some technology based stuff internationally.’

‘There is potential to take some of the smart stuff we do overseas. For example [Conscious Consumers](#) we have been asked by seven different cities, who want to use the model. It takes a lot of money and time to help set something up in another country. That is untapped potential too.’



[Conscious Consumers](#) find and support local businesses doing good

### **Academic leadership**

Untapped potential was seen in the area of academic leadership to support social entrepreneurship and in thinking strategically about what skills are needed.

‘... there is still a bunch of work to do in terms of how our Universities teach business. It’s happening slowly. There are heaps of areas. I’d love to see innovation schools. I’d love to see something happening where you give students say \$1000 and say ‘do what you like, but come back with \$2,000.’

‘There is potential to grow stronger, to have some proper academic programmes to support people who want to develop social enterprise. We are really lacking that. Where do you go? That will require strong leadership from some academic institutes. It’s no good turning out all these lawyers and psychologists ... there are no jobs for them! We don’t think strategically about what we need.’

### **Celebrating awesomeness**

Untapped potential was seen in the area of celebrating awesome humans doing awesome things in social enterprise.

‘I also think celebration. There is untapped potential in terms of culture setting. How do we celebrate people doing awesome things in the social enterprise space, and promote them as being successful humans.’

## Other areas of potential

Potential was seen in other areas such as New Zealand modeling what a sustainable society could look like; potential within government and business; in the utilisation of design thinking; in New Zealand being a test bed for new ideas; and growing the talent pool.

‘Other areas are for New Zealand to model what a sustainable society looks like. When you look at global civilisations it’s completely broken. New Zealand is not that big, the idea of figuring out what a sustainable society looks like. How do we get a whole vehicle fleet running off electricity? That is more of a possibility here in New Zealand. We could show case how a country could organise sustainability.’

‘Māori, Pacifica, NGO sector, philanthropy sector. And the whole diversity of Auckland has real potential to ignite that differently.’

‘I am interested in the intrapreneurs and government and business. People like Elizabeth Goodwin who initiated the [Lifehack](#) project, she is brilliant. What would more initiatives like [Lifehack](#) look like, championed by people like Elizabeth ...’

‘Everywhere! For me when I look at the world, everything could be social enterprise, every business, product, service. ... I do feel particularly strong around the potential in design ...I think we can take design thinking and apply it to everything to redesign everything in the way we show up in the world ... Everything could be redesigned, to be environmentally and socially awesome. ... Within [Lovenotes](#) we have had lots of conversations around this and we have redesigned the business around it.’

‘In a tiny little country like New Zealand, we have a unique opportunity to make New Zealand a test bed for a lot of this. I am a fan of the idea that because of the size and geography of our beautiful little country, we have an amazing network to connect up, collaborate, try stuff, while still being able to learn from some of the best examples in the world.’

‘Embedding and getting more talent - There is great talent but amongst few individuals ... Some of the things that are critically missing include talent and mentoring support. Capacity and infrastructure support into organisations and individuals that have that talent.’

## 8. Risks and threats

Those interviewed were asked what risks and threats face social enterprise in Aotearoa. The risks and threats identified include having no ecosystem or long term thinking; lack of investment; risk adversity and low tolerance for failure (and given most businesses fail this tolerance must shift); and a perception that social enterprise is 'easy' while many lack the business skills to make it work. Other risks include lack of an appropriate legal structure for social enterprise; old 'one-dimensional' thinking focusing on problem management rather than systemic change; the risk of 'all talk and no action'; predatory competitive reaction by established business; and not developing the next generation of young people adequately.

### **Early stage and lacking collective ownership**

Risks identified include social enterprise in Aotearoa being less mature than other parts of the world; operating with isolated activity and lacking collective ownership; having a short term focus and requiring 'sustainable leadership' and long term thinking; reliant on a small number of individuals; and 'if it becomes too insular'.

'New Zealand not moving as fast as the rest of the world. We are much more immature. If our social enterprise lags behind everyone else, it reduces our competitiveness.'

'If we don't have a system that works really well. I feel like the wheels are not turning together, things are happening in isolation. Something needs to happen to bring it all together.'

'Who is holding the whole thing?'

'How do you get some consciousness to the movement so the energy can be harnessed?'

Communities of practice, so people don't feel alone. I think there is something that has to shift in the corporate sector and in government. The risk is that we end up with unrealised potential as we don't create enough energy and support and collective ownership.'

'I think short-termism. It becomes yesterday's shiny new thing. If we don't grow some sustainable leadership and champions all these things can fall over.'

'Developing the social enterprise sector / ecosystem should be framed as a ten year project. Funding and investment needs to reflect this ... What has happened in the UK is far from

perfect but they have achieved a critical mass because they took a long-term approach ...  
Strong leadership is required to say, 'we trust this enough to take a long term approach.'

'If we are going to invest in building a social enterprise culture in New Zealand, we need to build this long term. It's not going to sustain itself in longevity in two years. We need to invest in long term thinking around it and appropriate scaffolding.'

'... there are maybe half a dozen key individuals involved in this area, if they go off and find something else to do with their lives that would be pretty devastating ...'

'There are significant risks at the moment, because it is so early stage and all those things (infrastructure, individuals and capability) aren't in place. The risk lies in that none of that exists. Or if it does exist it's down to one individual or organisation ...'

'If it becomes too insular, if you do only have those certain groups of people coming together all the time, reflecting on their own views.'

#### **Lack of investment and lack of the right type of investment at the right time**

Another theme was the risk and threat of lack of investment in social enterprise; lack of the right type of investment (thinking beyond traditional grants), 'whether it is loans or start up grants or whatever'; and lack of investment at the right time including urgent start up capital and looking at what is required at each different stage of development.

'... the urgent requirement of social enterprises for start-up capital, not just grants'

'There is a risk that we don't invest in it properly ... What happens when you get to the stage that you need investors. When those tested models are ready for investment. Who is going to invest – is it government, business, philanthropy? There is a risk of no investment.'

'There is all this talk but very little resource going in. The threat is we talk about it, we don't invest in it, and then when it doesn't work, we rationalize failure by saying 'it was a fad' when really it was the result of under investment.'

'The danger is we say, 'there must be another group looking after that.'



'I think a risk and threat is not being able to secure the capital to support these enterprises. The risk is we have lots of good ideas and expectant entrepreneurs but no one who is willing or able to invest in them and the thing will just wither and die.'

'One of the threats will be the lack of an appropriate funding mechanism, whether it is loans or start up grants or whatever. That is not well enough thought through yet.'

'There is a threat around not having access to the right level of investment at the right stages – the development of the sector itself and the development of ventures that have potential.'

'It not being taken seriously enough and not being invested in at a level that shows its impact. If people keep teetering around the edge it will remain a nice idea. But I think that is changing. It's that stuff around getting funding at the right time ... The risk is people not understanding that when you invest in social enterprise you are investing in a more robust, longer term solution and that takes longer to achieve. The guy from [Social Traders](#) talk about it taking five years to get something off the ground, and it's important people understand that.'

'For something like [Chalkle](#), funding it is really hard. We don't sit in the charitable space. We don't have a big return that angel investors are looking for. I don't believe money should always be the biggest barrier. We have [Chalkle](#) two years down the track now with no external investment and only now are we looking for external investment.'

'I think risk is money factor. As a person who has come from a charitable perspective that has learned how to create a business ... we need to look at financing to take a quantum leap, where do we get the capital. The conventional return on investment is not high enough, but from a social and environmental return it is good. We are too old for philanthropy - they are too interested in new ideas, getting them off the ground. It's almost like we are five years too early ... If financing cannot be met, then these organisations might work their butts off for five years, and not be able to continue ...'

### **Risk aversion and failure fear**

Another theme was the threat of risk aversion when 'business is a risk' and most new businesses fail. Various interviewees mentioned the importance of accepting that there will be failure, the importance of being 'okay' with this. Further, that risk averse funder culture needs to shift.

'I think social enterprise is only any good if you take a risk. That is half the battle. If you want it wrapped in cotton wool then don't go there. Business is a risk. Social enterprise is a risk.'

'If it's going to work, it's like setting up a small business, three out of four fail. The challenge is there is no pipeline for growth. There is little investment to get beyond start up stage.'

'I think there is a risk of it failing. Obviously. But the risk or consequence of it failing is that everybody gets a bad name. Not every social enterprise is going to work, in the same way that not every business is going to work. We need some tolerance for that.'

'The secondary risk is they fail, and particularly if it's public money, they will fail publicly. People need to get their heads around that social enterprises are likely to have a similar fail rate to other businesses ... We have to get to a place where that is okay.'

'There is a threat of how things that don't work, get shot down. If money is put into some stuff (and let's face it 80% of new businesses fail), we are going to have to learn to live with failure and not give up because failure feels too hard.'

'I don't want to hear about your first year, I always say, I want to hear about your second year, where is the money going to come from? You have to plan your risks and take your risks.'

'A huge proportion of small and medium businesses fail, and one assume that social enterprises will face exactly the same business risks, as they try and start up. Success is no more guaranteed in this sector than if you were setting up a regular small business.'

'The risk averse culture in funding needs to be stirred up.'

### **The risk of thinking social enterprise is 'easy'**

Further risks include perception by some that social enterprise is easy, when it is 'bloody hard work'. Further, commercial skills are critical to success and 'often people driven by social motives, don't have the business expertise and tenacity to pull it off.'

'One of the big risks is that people think this is a really easy thing, but it's a bloody tough game and demands new types of skills and expertise.'

‘The challenge of just making it work. It is not easy. You are asking people to do something that is really difficult.’

‘... is people who come from an older culture of fundraise and spend, think this is easy and it’s not easy, then they get out of their depth quickly. Then they say, ‘this doesn’t work’. It does work. There is the issue of overreaching. The cultural shift is not too easy to do. You need new people coming forward who want to do things in a different way.’

‘From personal experience it is bloody hard work ... you work your guts out to set something up as a business person would - but you walk away with no equity personally. All that sacrifice is not rewarded in the traditional sense ... Often people driven by social motives, don’t have the business expertise and tenacity to pull it off.’

### **No place for social enterprise**

There was a perception from many that in New Zealand you are positioned either as a business or a charity - with no middle space for other approaches. Whether you structure as a charity or business was identified as carrying ‘massive’ risk. Further, there was a perception that there is no suitable legal model here to support social enterprise. One person interviewed commented on the risk of the charitable model fostering dependence.

*One of my reviewers noted ‘the US is also miles ahead in the institutional support for social enterprise including on the legal incorporation side. This website has just been launched to track the adoption of social enterprise legislation across the US <http://socentlawtracker.org>’*

‘It’s really hard work and you are not a business and you are not a charity and you are always trying to validate yourself. Everyone is looking to us trying to figure out what we are. We are trying to make a sustainable business, and prioritise social impact over everything else. It gets tiring.’

‘We don’t have a legal model here that works for social enterprise, there are issues around tax. There isn’t actually a social business legal model. That needs to be thought about. In other countries there are models for the fourth sector.’

‘How you structure is a risk. It is a massive problem, do you set up as a charity or a business.’

'The danger is also giving people fish rather than teaching them to fish. You get co-dependency. If you end up with the wrong model. Charity. You can grow a culture of rights to that, an inappropriate co-dependence.'

### **Old approaches are not dealing with the issue at a system level or enabling innovation**

One interviewee noted the risk of managing issues rather than dealing with root causes. A second interviewee saw risk in the traditional paradigm of funding and felt a shift was needed towards greater flexibility.

'The risk is when people are managing the problems thinking they are actually changing things. We live there with our prison system. A lot of money is going to waste and not actually dealing with the problems. That for me is the huge risk. When we can't deal with the problem, we manage them ... Asking the hard questions, what do we really need to do. When people say to us let's talk about poverty I would say, 'let's talk about greed' ... No one is dealing with what is causing it.'

'The old way of funding social change is determining overarching needs and preferred outcomes (this is from government and philanthropy), and then funding the organisations, communities, and activities that are compatible. That is the paradigm of the way social change is funded - those who have resource determine what is important and what gets funded. When you want social innovation and provide a truly enabling environment, you have to take a leap of faith and allow people to determine what they believe to be important – this requires a capability building approach and working with complexity, of discovery where resource is in service to talent rather than vice versa. This is very challenging for funders who hold resource and power, and who are used to working in a more static universe where you work from the outcomes backward. It's symbolic of a whole shift we have to make ...'

### **The risk of noise**

Some of those interviewed cited the risk of the sector not developing here as it could, due to inaction and a lack of business skills.

'The first threat is noise. The minute the bus is leaving an awful lot of people trying to get on it and all trying to claim to be experts in social enterprise or social finance.'

'I think the biggest risk is it stays all talk and no action ...'

'I think over-expectations is one. The excitement that this is an exciting new thing to do without the deeper understanding of what will make it work. Lack of solid, substantial business plans and understanding of what they are ... '

### **Predatory competitive reaction by established business**

'... the risk of predatory competitive reaction by established business when social enterprise becomes too successful and challenges their dominance.'

*One of my paper reviewers, shared a recent example where CBEC lost it's waste contract in the Far North because a for-profit company put in a price 1/3 of what CBEC could (who had done this work for 7 years and seek minimal profit, so their tendered price was very sharp). The local Council didn't price the social benefits of the CBEC bid to cover that difference so they gave it to private enterprise.*

### **Not adequately preparing our young people**

A final risk identified was not adequately developing and growing the next generation of enterprising youth.

'Are we teaching our young people about courage? These are systemic. Yes you need maths, yes you need literacy, but the values based stuff, that drives how you use for good ... One of the biggest risks for us as an organisation, and we're getting to it now kind of late, is developing the next generation of enterprising young people. They are different to us ... Bring young people through, let go. And let them walk in and let them figure out stuff, make mistakes. Keep that in a safe environment, but not so safe that they don't risk ... For me that risk is that we don't let go and let them grow beside us.'

## 9. Past support for social enterprise

Those interviewed were asked what support there has been in the past to support social enterprise in Aotearoa. Past support was described as coming from philanthropy (the [Tindall Foundation](#) receive most mentions); some support coming from individuals and intermediaries; and some through government.

### Philanthropic support (past)

Philanthropy was repeatedly described as having supported social enterprise in the past - in particular the [Tindall Foundation](#) who received the greatest number of mentions and were described as 'leaders'. Other philanthropic organisations mentioned included [ASB Community Trust](#) (now [Foundation North](#)), the [Vodafone New Zealand Foundation](#), the [Todd Foundation](#) and the community trusts.



The [Tindall Foundation](#) has supported various social enterprises including the NZ Housing Foundation

‘The [Tindall Foundation](#) has been a leader in this and they have done a lot of really good work.’

‘[Tindall](#) probably talked about their social entrepreneur thing and there were some good learnings there. It was a pretty cool thing that they did.’

‘At the [Tindall Foundation](#) we supported the Social Entrepreneur Fellowship, many worked in social enterprises, we supported 15 people for five years. In the end I reckon that only about three or four were genuinely involved in social enterprises of scale. The learning’s were that it is hard work, it is a unique position to take, it takes special people to make it work, they must

be very entrepreneurial and there are not many of them. We have a specific strategy to social enterprise and we have always been open to them ...'

'[Tindall](#) were the initial supporters of our [4Trades](#) Apprenticeship Programme. We really appreciated that. That was truly valuable. The only other support was the Social Enterprise Fellowship. [Tindall](#), [Todd](#) and [ASB](#) were involved in that. We met two or three times a year, that was invaluable.'

'[ASB Community Trust](#) has been amazing. For philanthropy, we have developed, [Tindall](#) will always talk about 'hand up not hand out'. But I think the next generation for philanthropy is about relationships. Real strong community relationships. Not coming in from the outside saying 'hey we got the money'. Forming relationships and partnerships.'

'[ASB Community Trust](#) and [Todd Foundation](#) has supported. Not many invest in social enterprise.'

'There have been groups like the Social Entrepreneurs Fellowship, that was an opportunity for a whole range of people to come together over a four year period to talk about issues related to their community and even on a wider scale.'

'Some philanthropists have supported it ... Some of the community trusts have supported social enterprise.'

'Some of the philanthropics have invested over the years. The [Tindall Foundation](#) and [Vodafone Foundation](#) have been significant. [Canterbury Community Trust](#)<sup>4</sup>. Auckland City Council now has a pod there, but what they have done in terms of actively investing I am not aware.'

'What [Vodafone](#) is doing with World of Difference that was one of the best things that ever happened to me, in terms of getting me out of the starting blocks. I haven't got any school qualifications. I was able to use that award ... it opened doors ...'

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<sup>4</sup> Canterbury Community Trust has rebranded as Rātā Foundation

### Individuals and intermediary support (past)

Various individuals such as Vivienne Hutchinson, Di Jennings, Lindsay Jeffs, Guy Ryan and Diana Suggate were mentioned as having supported social enterprise in the past. Intermediaries [Enspiral](#) and [Ākina](#) received multiple mentions.

‘The earliest supports that I know of what Vivienne Hutchinson doing some work with the Social Entrepreneurs Fellowship to try and build a community ... That is how I came across Malcolm Cameron. We are absolutely ready for the next generation of that now.’

‘Definitely again [Enspiral](#), having a collective of like minded social enterprise type people hanging out in the space, helped amplify the interest in the space.’

‘...Di Jennings, the work she was doing, on the edges of social enterprise certainly. And it was super interesting at the end of the social enterprise conference in Wellington in 2013, run by [Ākina](#) and [Enspiral](#).’



‘I had some contact with Lindsay Jeffs. He has been a quiet, strong and knowledgeable. Out of everybody, by far, I have found he has been the one with the most knowledge and experience in social enterprise ... He is very modest, quietly in the background. There is a new wave which is awesome but the language of the older people in the space is a bit different.’

‘The strength of social enterprise is probably going to come from individuals, and small groups, not big organisations. It’s the Guy Ryan’s and the [Ignites](#). All those sort of people.’



'I don't think there has been a lot of concerted or continuous support. People have been brought out from Scotland and Australia in the 90's. We've had a few conferences recently, Di Jennings put one on ... There seems to be more now with [Ākina](#) receiving some government funding, we'll just see how that goes. I think that people like Diana Suggate who was with the Office of the Community and voluntary Sector (now DIA) worked hard to give it visibility and validity within government. Of course you've had visiting Fellows come out as well, Laura Benedict and MJ Kaplan. They have come and done studies of what is possible here.'

'There hasn't been that much support in a consistent coherent sort of way. There are a number of people who worked pretty hard to get a social enterprise framework set up in New Zealand five or six years ago, the support other than from grassroots, it wasn't really there. And it kind of petered out, but they did lay the groundwork for the next lot of people to come through ... '

'It's slowly growing. At [Enspiral](#) we've done everything on our own, we've had a little bit of support from the Council in Wellington.'

'There is [Ākina](#) (who weren't set up to do social enterprise but that is what they are doing now). There is [Enspiral](#). The work that MJ Kaplan did. Di Jennings ... Massey University. There have been all sorts of initiatives and no one has quite had the traction they needed. It has been somewhat fragmented.'

'The support has been pretty skeletal. It's only in the last 18 months. [Ākina](#) have only just become a national social intermediary. It's very early days ... It's pretty emergent. What has happened is more informal.'

### **Government support (past)**

A small number of those interviewed cited past government support for social enterprise such as through the Department of Labour, the Community Economic Development competitions and more recently the Department of Internal Affairs (DIA). A number of those interviewed perceived the government had not invested much in the past.

'You can go right back to the Department of Labour and the GELS (Group Employment Liaison) Scheme and then there was another scheme that got cancelled on the basis of the so-called hip hop trip. That government 'easy to get grant' piece is missing.'

'I guess there is the Community Economic Development competitions that had a social enterprise Dragon's Den as part of that in 2011. That played a really important role, in terms of community initiatives being seen as enterprises. I think a lot of conversations grew out of that.'

'Clearly the DIA and the funding commitment to [Ākina](#) ... That was the first time government had invested.'

'The government has not been into it up until this point.'

'I don't think the government has done much.'

## 10. Current support

Interviewees were asked what support currently exists for social enterprise in Aotearoa. This was described as primarily through intermediary organisations such as [Ākina](#) and [Enspiral](#); through government (in particular Auckland Council and the Department of Internal Affairs); and through philanthropy. Other supports includes via educational institutes as well as organisations and individuals who receive a single mention.

### Support from intermediaries (current)

The primary current support for social enterprise in Aotearoa was seen as coming through intermediary organisations such as [Ākina](#), [Enspiral](#) and [Inspiring Stories Trust](#) (which seeded the [Live the Dream](#) accelerator). In addition Prometheus Finance received two mentions as an intermediary social lender<sup>5</sup>.



Aspiring young social entrepreneurs from Inspiring Stories' accelerator, Live the Dream

[‘Ākina](#) are doing some great work.’

‘The other type of support which I saw richly, is [Enspiral](#), the in kind support, the place, the opportunity to have a physical location and meet other people who are trying things. I am part of their Google plus network and the conversations going on are phenomenal. They have cracked support in the digital environment for the millennial generation. What do people who want to do something positive with their lives, how do they meet, what do they do. I have never encountered such an extraordinary community ...’

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<sup>5</sup> Prometheus Finance has gone into receivership

‘...the work that [Ākina](#) is doing, [Inspiring Stories](#) and [Festival for the Future](#), [Enspiral](#). There are these entities and organisations saying we’d like to support social enterprise and they are doing it off their own bat.’

‘Mainly investment into [Ākina](#) and Guy has had some funding for the incubator things ... Individuals who have taken on and nurtured their peers (the [Enspiral](#) model) ...’

‘Well I suppose we have some organisations that are starting to develop to provide a bit of a pathway into and through the development of social enterprises. As an example, people like Guy Ryan working at a pretty grassroots level, creating places for people to come and present, develop their initial ideas and incubate to a certain level ... Now [Ākina](#) are developed to support more of an incubation process, capability building and so on. For some they will be a key part of the support structure. Then there are some social lenders such as Prometheus ...’



The [Ākina](#) Team (photo care of social impact photographer Bev Meldrum)

‘You have [Ākina](#) coming through, I think the [Centre for Social Impact](#) ... Prometheus Social Lending services can provide finance advice and access to capital. There seems to be a bit more support of social enterprise ... ’

### **Support from government (current)**

Perception regarding current support of social enterprise from government was mixed. Some interviewees cited examples of where central and local government were supporting - Auckland Council received multiple mentions and their social procurement practice was highlighted. The Department of Internal Affairs (DIA) grant to intermediary [Ākina](#) received mention. Some of those interviewed saw minimal financial support coming from government and it was suggested government had an opportunity to invest differently.

‘Auckland Council’s social enterprise strategy is also encouraging people to come forward into this way of operating.’

‘I think the work that Billy Matheson is doing in Auckland is awesome, he is playing an awesome support role.’

‘In Auckland I feel local government support. And for us that has been in the best way possible, adopting our services, like Auckland Council and they were so easy to work with. That is how supportive they were, they were like ‘yes we need to do this, we need to get social enterprises on our vendors list’. I couldn’t believe it. I was expecting it to be a hard process and it was the complete opposite.’

‘There are pods. A little out MB (Ministry of Business, Innovation and Employment), out of DIA (Department of Internal Affairs), out of Auckland City Council ...’

‘I just know about the [Ākina](#) stuff that we’ve managed to get the DIA moving on. There is just not enough of it.’

‘There was the government funding for [Ākina](#). The vision for [Lifehack](#) is that it becomes a social enterprise long term. We didn’t fund it to become that but it became apparent that it could be one.’

‘... the Ministry of the Environment, they like to fund social enterprises but don’t have a deliberate approach to doing so.’

‘Fairly recently it has been started to be recognised by government, there has not been much in the past ... The government is trying to find a way to contract with service providers differently, they believe the way they do it now is part of the problem, and they believe they should free that up but they are not sure how to do it. If government could contract differently with entrepreneurial social enterprises, that would be very useful.’

### **Current support from philanthropy and the investment opportunity**

Some of those interviewed cited examples of current philanthropic support including from [Canterbury Community Trust](#), [Tindall Foundation](#), [Todd Foundation](#) and [ASB Community Trust](#).

The stronger theme was that of the investment opportunity and the importance of philanthropy (and government) becoming more intentionally focused here.

'There is the Social Enterprise Fund that the [Canterbury Community Trust](#) introduced.'

'There are odd funders, like [Tindall](#), us [ASB Community Trust](#).'

[ASB](#), [Todd](#), [Tindall](#).'

'I think the philanthropic thing as well, there is money around but I am not clear on who that is for, how accessible it is and what that looks like.'

'So the [Todd Foundation](#) will fund social enterprises but not through a named 'social enterprise' fund ... There is some support there but in terms of intentional programmes to get people engaged and improve performance, to scale, improve access to the right capital at the right time, it doesn't exist yet.'

'I have always found it hard to get support for social enterprise ... There is a fear, when you talk to some of the funders, it's like they are taking the risk, but it's the organisation or the individual taking the risk. The big risk is we say, 'I'm going to do it anyway'. There is no pipe of investment.'

#### **Support from education (current)**

Some support was identified as coming from educators and tertiary institutes.

'AUT .... have a club that is specifically for starting up social enterprises.'

'Some Universities have some courses, some papers ... Some of the student clubs and groups.'

'... there is the course that Lindsay Jeffs teaches ...'

#### **Other supports (current)**

Other supports mentioned included Malcolm Cameron from Dunedin and the Ministry of Awesome based out of Christchurch.

'... people like Malcolm Cameron who have helped others ...'

'... in Christchurch there is Ministry of Awesome.'

## 11. Support gaps

Those interviewed were asked where the support gaps exist for social enterprise in Aotearoa. The strongest themes identified here were the gaps in access to funding; capability and support to grow this; no national network and limited supportive infrastructure; lack of awareness and storytelling; and business procurement.

### **Investment and readiness of investors**

Availability of funding and access to affordable capital was identified as a dominant gap. Further, banks need to understand and cater to social enterprise; and social impact investment knowledge/ training is a gap for possible investors.

‘There is a funding gap.’

‘One of the gaps is the availability of funding, I still think that is the big challenge. How is the sector going to be able to raise the capital to support these fledgling enterprises. It’s the big challenge among a host of challenges. The big gap is in money, where are the funders.’

‘Social enterprises struggle to get off the ground because they don’t have any capital.’

‘... the availability of affordable capital, on terms that suit social enterprise. Affordable and/or accessible capital (especially start-up capital) is a real issue.’

‘At [Rekindle](#) we don’t have the capital we need and we probably didn’t have enough support early on ... We have been functioning beyond our capability for some time. We have come from such an under-capitalised space.’

‘Funding is massive it’s like the banks in that area as well. Actually finding a consideration for models that could work. Traditional banks need to cater to the needs of social enterprise. Social enterprises are a good market opportunity but the banks don’t see it and someone needs to get their attention and speak the language of the banks.’

‘Definitely training and support of impact investors. We need someone to put their hand up and put together an investment network. Support for investment.’

### **Gaps in capability and support to grow capability**

Gaps in capacity building support were identified. This included the need for more supporting intermediary organisations; building business knowledge and capability; knowledge of what initiatives are suited to social enterprise; developing leaders and networks (using the Social Entrepreneurs Fellowship as an example); taking ideas to the next stage; and mentoring.

‘There are gaps in terms of the accelerator programme, there is [Live the Dream](#) and [Ākina](#) but there needs to be much more.’

‘There are far more gaps than not gaps ... we have to ask what supports currently exist for each stage. There are different supports available, but they are very fragmented and possibly not great quality ... We have to think about developing a consistent, coherent and joined-up infrastructure – and provide the appropriate supports at each phase, from ideation right up to investment. These must be high quality and consistently accessible whether you are in Invercargill or Auckland.’

‘It’s people ... growing the knowledge. You can read a million good books but the real experience comes from the doing. It’s the simple things. So many people are out there with good ideas who don’t have any idea how to get them started. I help them but you get tired eventually.’

‘... a more acute understanding of what sort of initiatives suit social enterprises and what don’t. It is not just a cure-all, a panacea for everything, another income stream for an already struggling charitable organisation. I think that is how quite a few of charities see it, and don’t fully understand the risks they take on, or the changes in how they must work.’

‘... maybe they need more training around how businesses get off the ground. If they looked at their business model and focused on how it could actually make money that could solve some of those problems. There can be a lot of naivety ... There could be a bit more training around how businesses work.’

‘The [Tindall Foundation](#) did really well in the social entrepreneur funding that they did and we really benefited from that ... What was I disappointed with was it petered out at the end and there wasn’t a model to carry it on ... It would be of huge potential for the country.’

‘... I would imagine the gaps are about enough support to develop ideas, take them to the next stage ...’



‘... I suspect around mentoring.’

### **The gap in connectedness**

Those interviewed identified further gaps with regards to connectedness including the gap of a national network body; and gaps in ‘joined togetherness’ and ‘intentional thinking’.

‘I am interested in what a nationwide network would look like and at the same time you don’t want it to be top down.’

‘Having that one network that could represent us.’

‘Joining the dots and particularly bringing together the different communities, that are isolated from each other.’

‘Joined-upness, joined togetherness.’

‘There are gaps around intentional thinking ...’

### **Gaps in understanding, awareness and storytelling**

Understanding and awareness of social enterprise was seen as a gap, as was the sharing of stories of success.

‘... there is still a gap in understanding, underlying a lot of the reason why there might not be full support ... ‘

‘The market is not familiar enough with the concept and benefits of social enterprise to be market ready.’

‘There are lot of people new to the sector. We should talk to people like the founders of [Whale Watch](#), Wally Stone and Cliff Colhoun from [CBEC](#).’

‘The gap is that sort of rich well-defined set of examples of successful social enterprises. There are some good ones and those stories should be told, they should be propagated. For example the [New Zealand Housing Foundation](#) (their fundamental purpose is to develop high quality affordable housing) ... They have migrated from being a grant-based organisation to being a

social finance based organisation. Their projects are highly successful and if you look at them as a property developer, they are very good. They also work for affordable housing. Another example is [Little Bird Organics](#). They have a very good entrepreneur. The business is organic food in a way that is fundamentally commercial. A third example would be [Enspirai](#) in Wellington ... they have been able to be able to be a foundation for a number of other interesting initiatives.'

### **The procurement gap**

Procurement and purchasing from social enterprises was identified as a gap.

'Big business. When it comes to corporates and big business, there are parts of our business that scares corporates. In my area big business is a gap. I know Auckland Council are trying to change their procurement policies to include social enterprise.'

'The other one is the procurement stuff.'

### **Government support**

It was suggested government has an opportunity to look at the framework for social enterprise in Aotearoa, to make it more friendly and encourage growth. Further government has an opportunity to support social enterprise as a 'legitimate sector worthy of support'<sup>6</sup>.

'Changing policy settings, that is a big gap. It is good that government supports [Ākina](#), but if they grow within an unfriendly or less friendly policy framework then what is the use? It's hardly worth it. Those changes in policy - intentionally looking at changes in policy would be one gap.'

'The other gap is where is government in this – is social enterprise seen as a legitimate sector worthy of support and scaling.'

### **Gaps in support of young people**

Supporting young people through an action learning process was identified as a gap.

'Massive gaps for support of young people at high school, tertiary, those who have an interest in this stuff who don't have the level of business nous that mature organisations might have.'

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<sup>6</sup> In September 2015 the Department of Internal Affairs put together a 'strategic group' to look at support for social enterprise in New Zealand and report by March 2016

There is such a big need to support young people through an action learning process. Learning from the best in the game to develop and grow their ideas. ... MJ Kaplan's work over at Brown University, they give out summer Fellowships and six month funding for runway to really crank it.'

## 12. The funding and investment opportunity

Those interviewed were asked what the opportunity is for funders, to support social enterprise within Aotearoa. Funders were encouraged towards increasingly innovative and flexible styles of working; new ways of investing; and supporting capability and sector development.

### **New ways of working and enabling**

Funding style was seen as an important opportunity for funders. There was an opportunity for funders to become increasingly flexible, relaxing criteria, experimental, innovative, collaborative, thinking long term, expansive in thinking and approaches, creative, embracing of risk and able to spot opportunities to transform lives. This shift in funding style would enable innovation and transformation.

‘I think that criteria and rules really need to be relaxed a bit. There might be some random idea out there that might not necessarily fit the criteria. I’d like to see more freedom for people to get in there and try something different. Freedom to get right outside the system and see what is possible.’

‘I think it’s to get better outcomes, to get better and quicker innovation and reduce dependency. And to work more in a partnership across funders, that is what I see there is real potential for. To be more conscious about this movement and how we’re going to support it ... Social enterprise has so much more potential for longevity in it.’

‘If you are interested in funding youth projects, fund \$1000 to individuals to come back with \$2000 ... Maybe some experiments. Look at five different models of social enterprise and fund one of each of those. Try a bunch of different things. Experiment, take a risk ... The social enterprises and community sector paradigm that is functioning at the moment is not working ... Here is another way to try.’

‘The opportunity is significant but it needs to be one of coordination and collaboration. The philanthropic sector is not that big ... There is potential for more specialised funding. ... the pipeline needs to be well developed and supported ... There needs to be a longer term strategy in philanthropy about this. There needs to be a shared understanding.’

‘...linking people in and getting people together. Sharing information, seeing if there are some joint funding initiatives, there are opportunities for collaboration ...’

'I love what you guys at the [Vodafone Foundation](#) do with World of Difference. I think there is an opportunity there to work closer in partnerships.'

'The opportunities for funders is to make sure we don't get bogged down in rules. One of the things that has had perverse consequences in the UK is the hard constraints around social enterprises having to reinvest specific percentages back into core operations ... it may be better to expand our thinking and approaches and have a greater diversity of funds that recognise that impact is the main goal and it's not one size fits all. The [Rudolf Steiner](#) Foundation is a good example of this. They have an investment fund for not for profit social enterprise and one for for-profit social enterprises.'

'I think the opportunity is to be innovative ... I've been in the social and health services for about 30 years. The models we were using 30 years ago haven't progressed enormously, in many cases they've failed. They haven't made the big difference in the areas of big social challenge. How does a funder really have impact? Perhaps funding another bunch of social service interventions is not the right way forward. What I like about social enterprise is it brings together that business thinking and social thinking – there is a creativity that comes with that. That leads to a different way of looking at the world. There is an opportunity to be innovative about the way in which we try and achieve our outcomes as funders, with a social purpose.'

'For philanthropy it's about innovation, so many organisations get comfortable with long term funding from philanthropy. We need to be much more innovative. In New Zealand we compare where we fit in the world and where we sit on the OECD list. I don't care where we are at on the list, I just want us to be number one and we can be.'

'We need philanthropists who are opportunity spotters. Philanthropy could spot the one thing that could transform the lives of more than one person.'

### **A shift to Social Impact Investing**

Funders across philanthropy and government were encouraged to move beyond traditional 'hand out' approaches and consider new ways of social impact investing (such as loans) and working (such as becoming more commercial) which strengthen social enterprise. One person commented 'the opportunity is to design some awesome funding that optimally supports social enterprise.' In addition, funding at different stages of development was seen as important. One interviewee commented on the importance of relationship, citing the

[Vodafone Foundation](#) World of Difference Programme as a unique response to growth challenges.

‘That paper I did ... it looked at the social enterprise spectrum and the social investment spectrum. For investments, you have a grant at one end and a traditional maximised sustainable return on the other ... What is the role of philanthropy in supporting social enterprise? There is a role for grants (particularly in set up and expansion phases), there is a role for social loans, there are roles for social investments in equity (although assuming the social enterprise is structured as a charity you can’t really take an equity stake)... What we did at [Todd Foundation](#), we didn’t want to do social loans but we did see grants as appropriate in the right circumstances.’

‘ ... there is the potential for investment rather than funding. They may want to lend money rather than grant money. There is an opportunity to explore different ways of financing the effort that is going into addressing some of our big social concerns. For people to move out of a grant making and into more of an investment mentality is one of the next steps.’

‘The important thing is philanthropists should stop thinking purely in terms of giving money away and start thinking about investment which strengthens social enterprises. Grant donation can weaken organisations. You can see overseas, organisations have moved into venture philanthropy, because there was enough evidence that it made stronger initiatives.’

‘There are factors within the way that funders and philanthropy currently works that are not welcoming or don’t suit the needs of social enterprise, such as a lot of the community trusts will not give social enterprise capital or social loans, they will only give grants. They only see them as charitable recipients. I think that is wrong because you immediately turn them into a social recipient, and you don’t put financial rigour on both parties, to be able to pay back a loan ...’

‘There is an opportunity for seed funding, to fund business models, that don’t have that reliance mentality. There is an opportunity with social impact investment. Looking at impact funding and not charitable donations. For funders looking at grants, to fulfill social good, use the grant to make a sustainable business model. Putting in a business model from the very beginning.’

'I think the opportunity is to figure out, to design some new forms of funding. It might not be the traditional grant, or cash injection, it could be a combination of interest free loans, I don't know. The opportunity is to design some awesome funding that optimally supports social enterprises.'

'To realise there are different types of money. There needs to be different pots of money that are accessible at those different stages of support and that by working together is a way to get bigger impact.'

'... creating salaries for people in the start up phase, funding for ad hoc support, like people who can come in and cover or help grow things. There is such a worry about security. Get into the meat of that a bit more. Don't just ask about balance sheets. Get to know people, which I expect is really, really difficult. The [Vodafone Foundation](#) World of Difference is a really unique response to growth challenges for social impact organisations.'

### **Grow sector capability and support intermediaries**

Opportunities were described in growing the capability of the sector (including social impact investment training for funders and becoming more commercially minded), looking at the supportive infrastructure (this would help prevent burnout) and supporting intermediary organisations ('there need to be more intermediaries') and trusting them in delivery.

'I feel like the path line for developing projects is moving ahead the ability of investors to resource. There needs to be impact investment training.'

'I mean the big one, is the same one for government in a way, it's the challenge of becoming more commercial. How can philanthropy start investing in social ventures that provide a financial return?'

'For me there is something around looking beyond the individual social enterprises, looking at teams, networks, the supportive infrastructure that helps stuff grow, helps people not burn out. The difference between social enterprise and regular entrepreneurs, is the social imperative you are trying to fix, is so massive people will sacrifice themselves in order to get there.'

'There are opportunities here, there need to be more intermediaries ... to provide the bridge.'

‘ ... trust intermediaries in delivery.’

**Invest in research and draw on international evidence**

Opportunities were identified to invest in research (to promote learning and ‘what works’ and also explore how success may be measured). Further, to investigate if an articulated business case for social impact investment exists, by looking at international markets such as Scotland and the UK.

‘There is an opportunity to fund some research, that would be great; it would look at what we can learn from other people.’

‘The other space is about learning. How do we invest in learning and how do we measure the difference it might make? Seeing that is important.’

‘The problem is there is not much demonstrated success at scale here. Philanthropic organisations generally have a higher appetite for risk. But for commercial investors, that is a tough one. Is there an articulated business case for investment that articulates the opportunity. Looking at Scotland and the UK, clearly this works in other markets.’



### 13. Particular areas or projects to consider for funding

Those interviewed were asked if there were any particular areas or projects that should be looked at for funding. The most dominant theme here was the opportunity to invest in the supportive infrastructure - supporting networks, collaboration, building capability and leadership. The second theme was that of investing in regional and local social enterprise projects and community development. The third was the opportunity to invest in young people including those of school age and within tertiary institutes and supporting student networks. With regards to funding style it was noted funders need to be increasingly flexible, innovative and action oriented. Various issues, organisations and projects were identified for possible investment.

#### **Invest in growing sector capacity**

Investing in growing sector capacity such as developing a network infrastructure, supporting collaborative approaches and growing sector leadership were identified as areas for possible investment.

‘How do we develop a network infrastructure? We don’t want to just proliferate a few big organisations that will then provide a one-size fits all solution for the whole country. It needs to be more fluid than that. [Ākina](#) will be far more effective at working dynamically and supporting other versions of ourselves that are concerned with their own communities, or on specific issues, and, critically, connecting them together, than just trying to grow into some sort of social enterprise behemoth.’

‘Social enterprise here is missing this thing where we can do something together you know, we are operating in so many silos even though we know each other, and that just makes it really difficult.’

‘[Leadership New Zealand](#) their alumnae meet all the time. We have had seven or eight generations. We need to be generating that conversation around the nation. Urban, rural. Across cultures. The reality is making sure we have diversity of thinking in the room ... we have got to figure out how to do this, not just Māori, not just non Māori, everybody, we have to work out how to do this together. And when we get together, we will change the world ... The whakatau we use a lot, ‘Te kai a te rangaira, he kōrero. What is the food of chiefs, it is dialogue, he kōrero.’’

‘ ... how do we get this to be a more conscious movement, with all the funders and government? I don’t have an answer. But it would be worth putting some of the sector and philanthropists to do a design thinking on it.’

‘There is always this debate what comes first, supply of capital or the development of capability. Of course the truth is they both are mutually reinforcing.’

### **Regional and community initiatives**

Supporting local community initiatives was identified as an opportunity for investment.

‘Community led initiatives.’

‘ ... some of the services in regional centres that might be struggling to have a for-profit return. But as a social enterprise they can be made to work, through a cooperative or something like that. It might be the local store that is going to shut down.’

‘Give me lots of money to buy my local supermarket!’

### **Developing youth**

Investment opportunity was seen in developing young people – providing hands on experience in social enterprise; creating learning environments ‘right through’; support at tertiary; growing learning communities; and reframing failure as learning opportunity.



The Developster Team at [Ao Tawhiti Unlimited Discovery School](#)

'We need to start doing this earlier. Working with kids in school or Polytech, engage early so they never end up on the benefit. The whole community has to help in that process and I think the schools are ready to accept that now (they weren't a few years ago). A classic example of that, is our work in high schools. Social enterprise is one of the best ways to build on that. That model the restaurant second hand thing, involve young people as part of their schooling. If they are doing economics, marketing, there are projects that self sustain. Then suddenly you have people getting NZQA results that are really practical.'

'Projects around learning ... it's difficult for philanthropists to get involved because the Ministry of Education should be doing it, but they are not. Creating learning environments right through ... that actually create skills, develop ideas, innovation. How do we set up these learning spaces? They should be in Polytech's but they are pretty scripted. Places to help develop innovation and recognise the need of the students they are working with.'

'There is massive low hanging fruit in the tertiary sector / higher education. There is precedent for this. What [UnLtd](#) have done in the UK, they created a common awards pot, common capability building resources and toolkits, then worked with institutions to set up their own programmes and then the network them all together ...'

'Definitely the student networks ... The students have gone on to create Social Innovation Aotearoa.'

'Learning communities, investing in entrepreneurs, take these young people, take them to places where people can connect, like the New Zealand Fellowship, creating more Fellowships where you can bring people together over a long period. Expose them to a whole range of other thinking.'

'Young people are looking for meaning more than ever. The social enterprise space is ripe for young people developing stuff. [Enspiral](#) is amazing; the young people have a whole different set of values. They want to do something meaningful. They collaborate in that space. Our 22 year old daughter has said 'I don't want to work anymore, I want to volunteer. But I can't live without money'. More and more young people are in that space ... it's about encouraging them. It's about trying things ... The education system is centred on 'you can't fail'. Learning is about making mistakes.'

## **Funding style**

Interviewees commented on the importance of funding style – for philanthropy to be action oriented; strategic; able to think within a context; and flexible.

‘Just all of it. I guess, for me social enterprise is an area philanthropy should look to. They are looking but it’s just looking, let’s do some doing.’

‘Have an overall strategic trust and then see the opportunities, don’t make it too programmatic.’

‘... the funding environment is very specific ... On the ground I think what we have to do is try and seduce the funder into thinking within a context. That is not always easy. When you think within a context ... you think collaboration, you think a win-win for everybody. A lot of things are intangible, and you can’t measure them. An example is you can count how many times a child has been to a doctor, but if you fix sanitation in a house; you will never be able to determine if you have been able to stop hepatitis and other long term diseases.’

‘A social business could lose its independence through funding. With [Ākina](#), they have different funders who expect different things. And they have to choose based on those deliverables and that brings in limitations in itself.’

## **Issues**

A range of issues for possible investment were identified including support for employment; conservation, recycling and energy; housing; early childhood; and the aging population.

‘There is unemployment in the country. Creating businesses that employ young people.’

‘... looking at employment differently and opportunities for employment. Secondly there seems to be a natural emergence of businesses for good that are looking to do good things in the conservation and environment area. There are opportunities there. Maybe in education ... There have also been some great successes in the housing area, for example the [New Zealand Housing Foundation](#)’s work with low-income families.’

‘I think the whole area of recycling, waste disposal is a logical area to look at. Partly because you have a strong values alignment. You couldn’t have a social enterprise in an area where there wasn’t a value proposition.’

‘The other one I would say that would be worth investing in developing regional, local energy projects. Especially where you have places where it costs more to deliver power to small communities. They could develop their own energy supply network. Even places that are on the grid, that could set up solar farms or wind farms. Power smaller communities.’

‘Anything that would help to increase the standard of living and wellbeing of people in general.’

‘Investing in health or early childhood education. If you invest in the first three years, there is seventeen fold return on investment. Early interventions have a really strong return.’

‘There are increasing numbers of old people ... the way we are supporting them is becoming more and more institutionalised and we are putting them in these great big retirement villages. I believe there is a way to support them that is a lot more community based, and does good for a lot more people, not just them.’

### **Organisations and projects**

Specific organisations and projects mentioned for possible investment included [Loomio](#), [Enspiral](#), [Ākina](#), [Lifehack](#), [Wiki House](#), [OOOBY](#), [Conscious Consumers](#), [CBEC](#) (Community Business and Environment Centre) and [CYDP \(Canterbury Youth Development Programme\)](#).

‘I feel this new way of social enterprises is great, but there are massive existing social enterprises that really warrant attention and should be considered first. Things like [Wiki House](#), social housing, youth employment related initiatives like [Canterbury Youth Development Programme ...](#)’

‘I think the stuff coming out of [Enspiral](#) is really exciting. There are some people in that organisation, a core bunch, of all whom I totally rate ... The stuff they are doing with [Lifehack](#) is very cool. And [Loomio](#), that is genuinely a world-class innovation coming out of a little room in Wellington. There was a massive crowd funding round, and they got over \$100,000 but they still find they can’t do what they want to do. People from around the world are saying, ‘we really need this product’. People are calling for it. Again an unbelievable team of people. An opportunity for New Zealand to be on the world stage ...’

## 14. Benefits of social enterprise

Many of those interviewed commented on the benefits of social enterprise throughout the interview process. Benefits include money being retained in local communities; social outcomes having benefit for business; everyone can share in the benefits; being a sound and more sustainable economic model; and being a model that teaches independence.

‘Joe Public needs to see the benefits, the fruits of what social enterprise can do ... For Northland it is the way of the future ... Northland doesn’t fit within the normal economic model, but if you start to use social enterprise thinking, there are heaps of opportunities. The key value is not about me becoming a millionaire, it’s about how we share, we as a community all share in the good. It’s about reframing the thinking about what is sustainable, what is long term. What we treasure most. Not having the big flash car. It’s about families, young people being able to follow their passions, not assets ... Money going around two or three times in one community, where before it would just leave the community, go to another country.’

‘The funny thing about social enterprise, it is not necessarily as competitive as businesses within a community and you can get together with a range of not for profits, where people aren’t seeing competition they are seeing collaboration and they are seeing how we can make good changes in the community. A lot of the companies want to do social good ... they can come out looking really good as well. And achieve their financial outcomes as well.’

‘Where everybody can share in this, everyone is part of this, change the psyche of only a few benefiting. Where it’s about everybody being able to share, play their part, everybody being valued. We have a hierarchical structure around business, if you are on the lower scale you are treated differently.’

‘With social enterprise every piece is dependent on each other, how you grow and develop, it’s not about ‘what can I get from that employee’. It’s a whole new way of thinking. Businesses outsource and go overseas, chasing the profit margins, the social element was lost. How do we do this together, create enterprise, keep it local, and keep it at home. But also be part of the global market, the global movement? A lot of countries have to rethink, America being one of them, they outsourced everything and now they are facing all these problems.’

‘... the economic model of social enterprise stands up where ever you go in the world. There are different indigenous flavours, I mean Māori, I mean African American. Indigenous

communities will have a different flavour. The model is sound and it takes on a different flavour depending on who uses it.'

'We will reinvest profits back into the community that is a good model where ever you go. The models we use here are around reinvesting back into the community. We don't have big Chief Executives on huge wages. It's done more cooperatively than corporately.'

'We had one enterprise that we did that had a lot of benefit on the health side, benefits across the board - you can bring different groups together. We cover the whole of Northland from the tip to Dargaville. For that to happen it brought a whole lot of groups together - health, philanthropy, business – with a vision for warmer healthier homes, cut down hospitalisation of young children. All of us bought into it. One, we all live in Northland. We all share in this. This way of doing things where we have our own ownership as citizens, getting better bang for buck, it's done amazing work, what we call our governance group – PHP, iwi, businesses, we came together to develop this, get houses refitted in the region. [ASB Community Trust](#) comes in with philanthropy. We can get way above what one government department would have ever done. As well as employment for local people. Huge benefits. That should be the way going forward. In Northland we need to do more of this. It's about developing relationships through the different silos – commercial, government, iwi. Huge opportunities for the crossing of information.'

'It's not good to give a fish away, but if you give a net and show them how to fish, they can feed their family. Social enterprise is like that ...'

## INSIGHTS AND RECOMMENDATIONS

### 1. Government has a role in setting the conditions

**Insight:** Government has a key role in setting the conditions for social enterprise to thrive (I liken it to preparing the soil to ensure it's nutrient rich before planting).

#### **Recommendation**

Government - in a collaborative partnership with the sector - has an opportunity to review and refine the conditions in Aotearoa for social enterprise to optimally thrive (the Department of Internal Affairs has already initiated work looking at how government might support). Looking to countries such as the UK, Scotland and Canada for inspiration and ideas. This may include reviewing the legal structure (making it easier to invest in social enterprise), provision of incentives (including start up funding and tax breaks), incentives for financial intermediaries to support the sector and doing anything else to make the social enterprise environment here truly enabling. Aim to make the conditions here so strong that other countries look to the New Zealand context as an example of best practice and innovation. Investment is also a priority area for government (refer Investment section below)

### 2. Leverage the strength of Māori social enterprise

**Insight:** Māori social enterprise is a key strength and unique aspect of social enterprise in Aotearoa. There is an opportunity to play to this strength and magnify this for greater good.

#### **Recommendations**

1. Funders specifically look to Māori social enterprise as a priority area for investment (and ensure that Māori are included in funder governance structures and selection processes)
2. Bring together a network of leaders from within Māori social enterprise to explore further opportunities for greater good. These may include sharing stories of success and learning; documenting and sharing these stories locally and internationally including with indigenous communities; further exploring how social enterprise could benefit Māori and impact on issues specific to Māori; and exploring how iwi and hapu<sup>7</sup> governance structures could support social enterprise initiatives
3. Māori social enterprise to feature in the [Social Enterprise World Forum](#) being hosted in Christchurch in 2017

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<sup>7</sup> Tribe and sub-tribe



### 3. Create a national network body

**Insight:** New Zealand is a small country enabling ease of connection, yet no network body exists for social enterprise and this is a gap.

#### **Recommendation**

Bring together a diverse network of leaders from within social enterprise to explore and create a national network body. Again looking to models of what has worked internationally to leverage. This would require funding to cover travel, facilitation, event and other development costs.

### 4. Storytelling and celebrating

**Insight:** Awareness of social enterprise in Aotearoa is limited (including within NZ business) and there is an opportunity to share stories of success and learning.

#### **Recommendation**

Let's leverage the great mahi/ work happening in the social enterprise space and share MORE stories of local success and learnings – including intentionally sharing stories of successful Māori social entrepreneurs and young social entrepreneurs. We can all play a proactive role in this (philanthropy, government, other investors, intermediary organisations, social enterprises themselves, NZ business and generous champions who just like sharing good stuff). All of us can proactively use the communications channels we already have in place (such as social media and print)... and maybe fund some additional stuff to, to really get the message out (particularly targeting NZ business who could support social enterprise through for example sharing of business skills, as partners and in social procurement etc). A good starting point would be to proactively share some of the stories of social enterprises referenced throughout this paper.

### 5. Social Impact Investment Training

**Insight:** NZ funders (philanthropy, government and others) require training in the area of social impact investment, to become equipped to invest in social enterprise.

#### **Recommendations**

1. Capacity building/ training is required for funders, specifically in the area of social impact investing. [Philanthropy New Zealand](#) has already begun work in this area and would be well placed to lead this.<sup>8</sup>
2. Create a funder Social Impact Investment Network nationally (again [Philanthropy New Zealand](#) has other funder networks operating and would be well positioned to lead this).

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<sup>8</sup> I'm a current Board member of Philanthropy New Zealand, so have a conflict of interest here

## 6. Investment

**Insights:** Access to funding is a key opportunity if social enterprise is to thrive. Funders (across philanthropy, government and others) need to focus investment on areas identified as a priority (including the supportive infrastructure) and untapped potential and be prepared to invest long term. Banks and financial intermediaries are a support gap that needs addressing.

### **Recommendations**

1. It is recommended that all funders review their funding to social enterprise and specific funding is made available in support of social enterprise (including grants and utilising other social impact investment tools); and this funding be accessible and flexible and embracing of risk (and reframing failure as an opportunity for learning).
2. Focus investment long term on identified priority areas and untapped potential including the supportive infrastructure/ capacity building of the sector (see section below), supporting local social enterprise initiatives, community owned assets, Māori social enterprise (refer section above) and developing youth as a significant force to tackle key issues.
3. Explore the needs of social enterprises as they mature to better understand investment requirements and position these organisations for long term sustainability. Start up capital is crucial, as is funding at different stages of development
4. Government to review the level of government investment into social enterprise made in other markets where it is thriving (such as the UK and Scotland) at different stages of development and invest at similar levels (adjusting for population differences)
5. Invest in a piece of research exploring the role of financial intermediaries and banks internationally in support of social enterprise and what is needed here. This could include incentives from government for financial intermediaries to invest in social enterprise (as suggested in the Government section above).

## 7. Capacity building of the sector

**Insight:** Strengthening and capacity building of the sector is a gap and opportunity. The intermediary organisations we do have are pioneers, but they are few and fragile and require support. New intermediary organisations will require investment too. The social enterprise eco-system here requires strengthening.

### **Recommendation**

Funders increasingly invest in social enterprise including in existing intermediaries (such as [Enspiral](#), [Ākina](#) and Social Enterprise Auckland) and new intermediaries, development of regional and national networks, connecting the sector/ collaboration (ensuring there are

diverse voices in the room), supporting education and knowledge growth, growing commercial knowledge (including support with business case development), research (local and international) and supporting leadership development and communities of practice.

## 8. Social Procurement

**Insight** - There is significant opportunity to support social enterprise and positive outcomes through social procurement

### **Recommendation**

Auckland Council and others are innovating in this space already and using their buying power for good. What can be learned from them? Government and business could draw on this experience and take action. Social Traders in Australia ‘connect buyers from corporate, government and consumers to social enterprises’ – who might lead this piece of work for New Zealand? How might you as a consumer make amazing buying choices and promote ‘good’ organisations? We all have a role to play.

## 9. Learn from overseas

**Insight:** Other markets are further along this social enterprise journey than us and there’s an opportunity to learn from those who are leading the way

### **Recommendation**

Leverage international knowledge and experience. Bring out international leaders in social enterprise, intentionally form strategic relationships and partnerships, support study tours and learning sabbaticals, invest in research (what’s working, what are the learnings, where does New Zealand sit relative to other countries), training, mentoring ... try some stuff (and also make it two way, we have some wonderful experiences to share as well). The [Social Enterprise World Forum](#) being hosted in Christchurch in 2017 represents a significant leverage opportunity.

## 10. Articulate the position

**Insight:** No sector position statement exists

### **Recommendation:**

Develop a sector position statement on social enterprise and its place in New Zealand society. This would be well led out of the newly created national network body.

## ABOUT THE AUTHOR

Annette Culpan has a background in philanthropy, business and not for profit. She managed the [Vodafone New Zealand Foundation](#) for nine years, sits on the Board of Directors for [Philanthropy New Zealand](#) and the [Grief Centre Auckland](#) and co- leads an advisory group for the [Vodafone New Zealand Foundation](#). Annette is passionate about business for good and community led collaborative approaches to drive social change. Annette believes in the ability of ordinary people to achieve extraordinary outcomes through generosity and action. In 2014 Annette visited India to look at social enterprise models and incubators, and sees huge opportunity in social enterprise within the context of Aotearoa.



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