

Parramatta Social Enterprise Hub Project review

June 2010



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To coincide with the end of the pilot of the PSEH in June 2010 Parramatta City Council (PCC) and Social Ventures Australia (SVA) commissioned this internal evaluation of the Parramatta Social Enterprise Hub (PSEH). This document provides a summary of the lessons learned over the three years of developing and delivering the Parramatta Social Enterprise Hub, and synthesizes these with the insights which SVA has gained from both Parramatta and the other Hubs. The purpose of this report is to assist PCC in making recommendations for the future development of support services for social enterprises in the region.

Parramatta City Council would like to acknowledge the contribution of all the social enterprises that participated in the Parramatta Social Enterprise Hub project over the past three years and also to thank its partners Social Ventures Australia and the Allco Foundation.

The project played an important role during the establishment phase of Parramatta City Council's social enterprise development program, which is the first of its kind in local government in Australia. Much has been learnt by all involved. For Council the project has reinforced that social enterprise development is a specialist activity, and one that requires a continuous and flexible approach to service delivery. It has also emphasised the need for ongoing education and awareness raising within all levels of government about the social enterprise model and the opportunities it presents to public policy. Parramatta City Council looks forward to continuing to contribute to this process, through demonstrations of practice and through assisting the establishment of much needed social enterprise development infrastructure.

Dr Robert Lang
Chief Executive Officer
Parramatta City Council

Social Ventures Australia (SVA) invests in social change by helping increase the impact and build the sustainability of those in the social sector. SVA has been pleased to be a partner in the Parramatta Social Enterprise Hub. Based on the model and success of the Brisbane Social Enterprise Hub, the purpose of the Parramatta Hub has been to inspire, stimulate and accelerate social enterprise in the region. There has been significant learning for the partners in this new Hub model which explicitly experimented with the blending of knowledge, skills and resources across the business, social and government sectors. We deeply appreciate the extensive contributions of our many colleagues at the Parramatta Council and the Allco Foundation.

The impetus and work of the Parramatta Hub has also been leveraged, both nationally and internationally, with the participation of PSEH and the supported social enterprises in the Social Enterprise World Forum in 2009 co-hosted by Social Traders and SVA. SVA have also been able to complement the Hub and support further social enterprise development in the Parramatta region via the establishment of the School for Social Entrepreneurs (SSE) which supports entrepreneurs and their ideas. Operating out of the Parramatta CBD, SVA considers SSE a key participant in driving an agenda for social enterprise development in Australia.

Jan Owen AM
Executive Director
Social Ventures Australia

SECTION 1: OVERVIEW AND OBJECTIVES OF THE PSEH

Parramatta¹ Social Enterprise Hub (PSEH) is a partnership between Social Ventures Australia (SVA) and Parramatta City Council (PCC) to grow and develop social enterprises and improve social inclusion within the Parramatta region. The hub's core purpose is to increase employment opportunities for residents of Parramatta who are seriously disadvantaged in the labour market. The Parramatta Social Enterprise Hub was established in July 2007 as a three year pilot project. The original partners included SVA, PCC and the Allco Foundation².

Social Enterprise Hubs aim to accelerate the growth of social enterprises by providing them with networking opportunities and access to resources that would not otherwise be available or affordable. They involve an innovative approach to partnership working between government, philanthropists (corporate & individual) and the non-profit sector. SVA has acted as a catalyst organisation for the development of social enterprise hubs in Australia. The first social enterprise hub seeded by SVA was established in Brisbane in late 2006, Parramatta was established in July 2007, an indigenous social enterprise hub was established in Newcastle in July 2008, and a social enterprise hub was launched in the ACT in June 2009. SVA continue to receive enquiries about hub development, including most recently from organisations in Adelaide, Tasmania, Alice Springs, and Wollongong and the Central Coast in NSW, as awareness of the model becomes more widespread.

The PSEH was established to work with social entrepreneurs, community organisations, businesses and government to grow and develop social enterprises within the Parramatta region. Its vision is a locally managed self sustaining resource for the people and social entrepreneurs of the region. The PSEH developed a strategic plan in June 2009 to guide its work for the remaining period of the pilot. The plan identified its objectives, outcomes and targets for the period through to June 2010.

The **objectives** of the PSEH project are:

1. Develop a social enterprise hub within the Parramatta region
2. Secure and maintain a partnership approach to developing the social enterprise hub
3. Secure investment into both the social enterprise hub and social enterprises supported through the hub
4. Evaluate the impact of the development of the social enterprise hub

The **outcomes** the PSEH sought to achieve are:

1. Increase employment opportunities for people with serious disadvantage in the labour market
2. Increase the sustainability of new or existing social enterprises.
3. Increase the capacity of social entrepreneurs to run their social enterprises.
4. Increase understanding of the barriers to social enterprise development within Australia.
5. Increase a sense of a social enterprise network within the region.

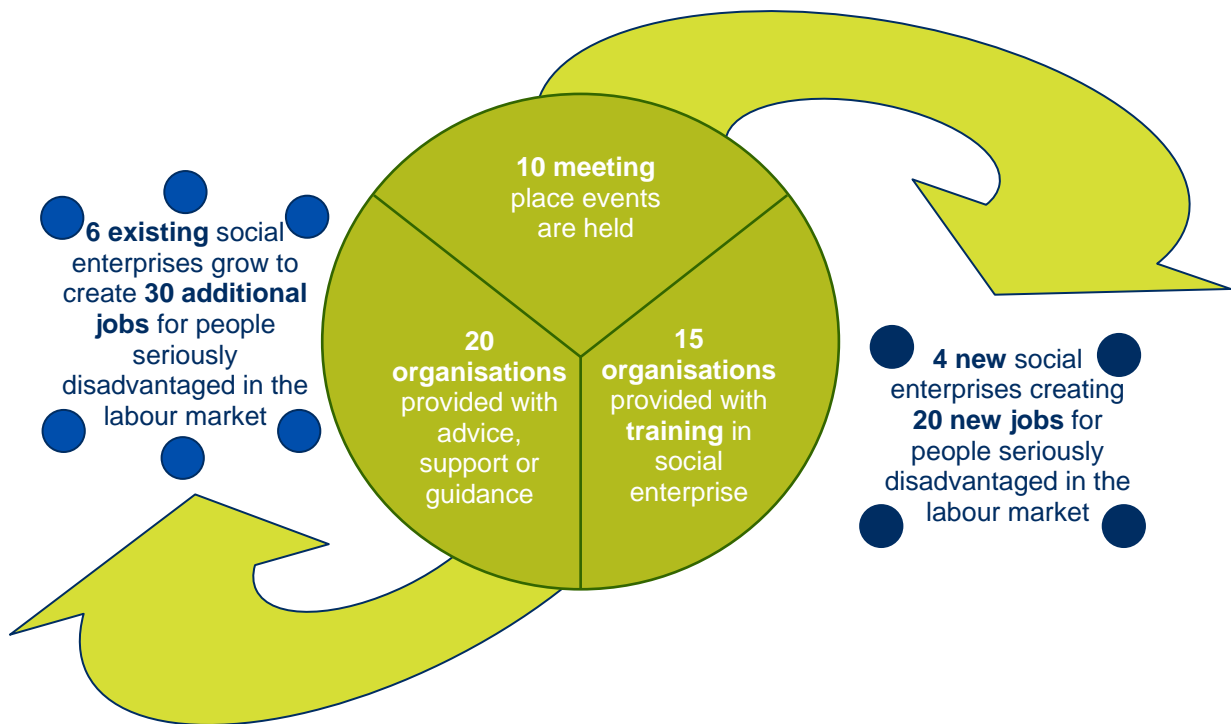
The PSEH strategy developed in 2009 outlined the following objectives for the Hub: To support the development of 4 new social enterprises (creating 20 new jobs) and 6 existing social enterprises (creating 30 additional jobs). To achieve these targets the PSEH committed to hold 10 meeting events, provide 15 organisations with training in social enterprise development, and provide 20 organisations

¹ The City of Parramatta is 24km west of Sydney's CBD at the heart of the Greater Sydney Metropolitan Region. The city is recognized as Sydney's second CBD and the economic capital of western Sydney.

² Allco Foundation's involvement ended in June 2009 when the company was wound up.

with advice, support or guidance. In addition, from within this cohort of social enterprises, it was hoped Parramatta Council would award 4 contracts to social enterprises receiving support from the hub. The activities and outputs goals of the PSEH are captured in diagram 1.1.

Diagram 1.1: Target Activities and Outputs for the PSEH



SECTION 2: ACTIVITIES UNDERTAKEN BY THE PSEH

The type of support services made available for Parramatta social enterprises were originally based on the experience and practices being provided to the enterprises that were part of the Brisbane Social Enterprise Hub. As such the original service model for PSEH was structured to provide two levels of assistance to social enterprises (see Table 1.1). The first was a called the Hub Accelerator and was a 12 month program for selected enterprises who were eligible for entry via the Commerce Panel. The second was called General Hub Services and was available to all social enterprises.

The more intensive Hub Accelerator provided support to selected social enterprises based on the criteria:

1. The enterprise must have a key aim of employment outcomes for people disadvantaged in the labour market
2. The enterprise must have primary social goals
3. The workforce must be integrated with non-marginalised employees
4. Preference is given to businesses that have procurement opportunities

Table 1.1: Original Service Model

Hub Accelerator	General Hub Services
<p>High touch support for selected enterprises</p> <ul style="list-style-type: none"> • Selection based on a business review <p>Services include:</p> <ul style="list-style-type: none"> • Probono legal and accounting services • Mentors for business planning and strategy • Procurement opportunities • SVA training • Performance monitoring including SROI 	<p>All local enterprises will have access to:</p> <ul style="list-style-type: none"> • Hub Meeting Place – monthly meetings for networking and training • Hub Market – procurement opportunities and to facilitate tendering and networking • Hub Connect – Web resource to allow connectivity between social enterprises • Hub Commerce – Quarterly business plan review by a panel of business experts

The original service model operated in Parramatta during 2007 and 2008. By 2009 it had become apparent that the social enterprise context in the Parramatta region was quite distinct to that of Brisbane.

- Most social enterprises in Parramatta were much earlier in their evolution than those in Brisbane. In Parramatta social enterprises were primarily at the concept or start-up stage of development whereas the Brisbane Hub had launched with a range of established enterprises already in place.
- As a result of their stage of development, Parramatta enterprises tended to have no or basic business plans, and had significant skill gaps in areas such as business development, financial management, HR and marketing.
- Like many social enterprises in the emerging sector generally, many of the Parramatta social enterprises tended to see themselves as reliant on grant funding and had not sought to achieve greater financial sustainability through investment, and sound business planning.
- There was a general lack of understanding and awareness about what it meant to be a social enterprise and the various business models that were available to social enterprises.
- In contrast to Brisbane, there was a lower level of startup funding for social enterprises, and Western Sydney as a whole lacked the same kind of networks of partnerships and support that was enabling social enterprises to develop in the Queensland capital.

In light of their experience on the ground in Parramatta, the partners concluded that:

- The entry level to PSEH needed to be lowered to enable the earlier stage social enterprises to enter the Hub for support.
- Higher levels of capacity building needed to be made available for the individuals and organisations. Specifically there needed to be a sharp and sustained focus on financial and business planning and assistance provided to enable enterprises to identify and develop financially sustainable business models for their organisations.
- The marketing strategy needed to be adapted from one of a 'shop-front' approach to more proactive meeting-and-greeting, building relationships and networks, in order to stimulate interest in, and understanding of social enterprise generally and to communicate the purpose and value of the Hub.
- The messaging for PSEH needed to be simplified in order to attract enterprises trying to set themselves up in Parramatta. For those in the Hub, messaging needed explain the rationale for a focus on business planning.
- PSEH needed greater resources to enable it to deliver on the outcomes and outputs identified in the strategic plan.
- There would be value in supporting networking across Western Sydney by expanding entry to those beyond the Parramatta LGA, in particular by allowing entry to the Hub from individuals across Western Sydney.
- Social procurement as an objective for PSEH needed to be postponed until the social enterprise market was more developed.

With this richer understanding of the unique context of Parramatta LGA, a decision was made in 2009 to offer a revised suite of services and make them available to all social enterprises. The revised service model is titled the Generator and Social Enterprise Development Program and is described below.

Table 1.2 Revised Service Model

Generator and Social Enterprise Development Program:

1. **Hub Meeting Places** (networking events); a series of bi-monthly 2 hour forums to inspire, motivate and network social entrepreneurs with social enterprise practitioners and case study examples
2. **Social Enterprise Development Program** (training and workshop series); designed to build capacity in identified skill gap areas such as business management, financial management, market research and marketing and social enterprise development
3. **Mentoring**; offered on an 'as needed' basis
4. **Pro Bono Services**; offered on an 'as needed' basis
5. **Commerce Panels**; held quarterly, a panel of business experts who provide constructive feedback on social enterprise ideas and business plans
6. **Monitoring and evaluation**; collection of data for baseline reports and impact measurement
7. **One-on-one business meetings or coaching** as requested with the coordinator

Together the revised services set out to transform enterprises from 'piece meal' organisations, to robust, sustainable trading entities delivering social benefits and employment. The benefits were intended to include access to expertise and relevant business knowledge from both the corporate and social sectors, and learning and networking opportunities. The new arrangements generated a marked increase in activity and engagement levels from enterprises. Within 3 months there was:

- Increased attendance at Hub meeting places, training and at Commerce Panels
- Increased level of engagement demonstrated by improved business plans being submitted and a higher volume of enquiries and referrals to the Hub
- An increase in the level of awareness, evidenced by requests from the community and social sector for the Hub, SVA and PCC to present at conferences and forums on social enterprise

SECTION 3: IMPACT OF THE PSEH

The PSEH has in three years, achieved much for individual social entrepreneurs in Parramatta, as well as generated a depth of understanding, backing and profile for Social Enterprise as a business model. Just having a working Hub operating in the region has been profound in terms of raising awareness of the opportunity which social enterprise presents for social change and community development. At the micro level, those who engaged with the hub, whilst they may still struggle to secure sufficient funding and capacity, are members of a growing cohort of entrepreneurs who are moving forward, attracting investment, and planning for growth.

The following pages look at each of the initial output and outcome criteria which the PSEH set for itself and tracks impact to date.

1. Increased number of employment opportunities

As a result of receiving the Jobs Fund and involvement with the PSEH the Parramatta region now has an additional 21 employment opportunities for people with serious disadvantage in the labour market. These have included 14 positions at Food Connect Sydney and 7 positions at Mars Hill Café. In addition to the jobs directly created, the PSEH is influencing other agencies in the region, contributing to a market development ripple effect. ICE is an excellent example of this. Lena Nahlous, Executive Director, ICE comments:

“Our participation in the Hub has allowed and generated a slow and steady shift in the organisational orientation of ICE towards social enterprise. Our participation in had a huge impact on the aspiration and broader strategic direction of the organisation, It helped us consolidate and restructure the organisation so that now an emphasis on creative enterprise is a strong component of our overall operation and business plan.”

It may be some time before the full effect of the PSEH is seen in the region in terms of job creation, but there is no question that the seeds planted by the Hub will continue to pollinate social enterprise development in the region for years to come, particularly with the continued support of PCC. It is also worth noting, that at the time of this document going to print three other organisations are working with the Hub on their due diligence for the SVA Jobs Fund with the potential to create over 25 jobs.

2. Increased the sustainability of new or existing social enterprises

Five social enterprises, when interviewed, remarked on the way in which the PSEH had increased the sustainability of their enterprises. Four social enterprises noted that had it not been for the Hub they probably would not now be in existence, or well on the way to launch. One enterprise, ICE increased their commercial income by over \$300,000 through government contracts.

In their own words:

“We have made decisions from input gathered from SVA that have helped get us above break even point and begin paying off significant debt to suppliers... If we hadn't been involved in PSEH there would be the possibility that Mars Hill cafe would have closed due to an unsustainable financial position”. Kevin Crouse

“I have been successful in securing \$2million from DEEWR through the Jobs Fund initiative to create a social enterprise from start up position. SVA support has positively impacted this tremendous outcome.” Cath James

“The Hub has allowed me to gain financial and marketing skills that ... have been instrumental in the structure and growth of my organisation... Without the PSEH my enterprise would still be a dream!” Michael Coombs

“The ideas would have gone unexamined and untested. There would have been no business.” Terrie Gardner

3. Increased the capacity of social entrepreneurs to run their enterprises

On average three quarters of the twelve entrepreneurs interviewed reported an increase in practical skills, knowledge or understanding of social enterprise. The same number commented on the huge value that the facilitated networking and sharing of ideas and information has had in terms of increasing their capacity to operate. The Social Enterprise World Forum was a standout experience for many which the Hub provided bursaries to attend. A further five commented on the enthusiasm and inspiration for their enterprise work, which participation in the Hub facilitated for them.

In their own words:

“My social enterprise management, skills, knowledge, confidence and expertise have improved significantly. As an Entrepreneur/manager, I experience changes in my understanding of the Social Enterprise business, risk management, vision and mission of my business; and in my relationship with organizations, communities, businesses and individuals.” Mbuyi Tshilandte

“The hub provided the greatest gift in sponsoring me to attend the SE conference last year where I met successful SE orgs and individual social entrepreneurs, contacts and scope for future networking. I also gained a lot from the PSEH forums that I attended.” Di Turner

“I have learnt significant amounts about social enterprise management through attending the hub meetings. Hearing people speak first hand about their experiences starting and managing social enterprises has given me a diverse and clear perspective on the processes involved.” Gary Paramanathan

“Since I have joined the hub, I have finally been able to understand my Financials!” Alicia Martin

“The changes I see are in respect of being better connected, more informed, a more effective contributor to my own organisation, and my organisations clients” John Carrigan

“(I have gained an) increase in knowledge of social enterprise (both Australian and International), affirmation of need for my project and support to develop business plan and funding proposals, support to foster my inspiration and enthusiasm and practical guidance on development of social enterprise framework.” Cath James

“Since joining the Hub my skills and knowledge have increased tremendously. The Hub has offered me an opportunity to learn more about the social enterprise sector, network with other social entrepreneurs and has provided me with a wealth of knowledge to better manage and grow my enterprise.” Michael Coombs

For three of the social entrepreneurs, a mentoring relationship was a component of the support they received. The three mentees were Lena Nahlous (ICE), Kevin Crouse (Mars Hill Café), Terrie Gardner (Parramatta Community College/Global Talents Australia). For all three participants progress was recorded against issues of sustainability or business planning. For full details see Appendix 1.

4. Increased understanding of the barriers to social enterprise development within Australia

There remain major barriers to the success of the social enterprise movement in Australia. Feedback from practitioners, combined with SVA and PCC's experience highlights a number of key barriers:

1. The sense of isolation and lack of connectedness which social entrepreneurs experience and which blunts their capacity and commitment to launch and run social enterprises.
2. The absence of funding, resources and capacity building support for social enterprises.
3. Lack of skill in the area of business planning and investment-raising amongst social entrepreneurs.
4. The nature of competitive tendering which negatively impacts collaboration between social enterprises.
5. The challenges of managing the tension between commercial realities and social change goals.

To address these barriers:

- SVA co-hosted the Social Enterprise World Forum in 2009 in Melbourne. As part of this major event over 530 delegates from government and business as well as practitioners from around the world came together to share information, discuss and inspire one another in what was possible and achievable through the vehicle of social enterprise. Places were provided to 5 PSEH participants. In addition one of the PSEH enterprises, Mars Hill Café was used as a case study.
- SVA facilitated and promoted the sharing of knowledge between the social enterprise hubs operating in Canberra, Queensland and Newcastle.
- Senior management at SVA and PCC presented at a range of relevant conferences, forums and to government departments, including DEEWR.

There is evidence that these awareness-raising activities are beginning to have an impact. In addition and in parallel, since the Hub started in 2007, State and Federal Governments have moved to back social enterprise through funding and support, and there has been a measurable increase in the number of social innovation, social accounting, social business events and forums in Western Sydney.

- Regional Development Australia (RDA) is an Australian Government initiative that brings together all levels of government to enhance the growth and development of Australia's regions. One of its key functions is to contribute to business growth plans and investment strategies, environmental solutions and social inclusion strategies in the regions. www.rda.gov.au
- The Australian Government has set up the Social Inclusion Board to oversee the implementation of programs and initiatives outlined in the Social Inclusion Agenda. www.socialinclusion.gov.au
- The DEEWR Jobs Fund was launched in May 2009, with the first round of funding announced in September. This funding provided significant seed capital for the development of social enterprises in Australia. www.deewr.gov.au
- GROW Sydney commissioned the report "Toward a Social Enterprise Strategy for Greater Sydney" in June 2009. GROW recognised that the field of social enterprise was attracting greater interest and attention from government and the philanthropic and corporate sectors but it was fragmented and not well understood by many key groups. GROW undertook a number of consultations and research in order to develop a Social Enterprise Strategy for Greater Sydney.
- A proposal by a consortium of social enterprise practitioners has been put to NSW Government to support the growth and development of social enterprises in Sydney. The proposal is titled Social Enterprise Sydney
- The School for Social Entrepreneurs (SSE) has relocated to Parramatta. SSE was created to provide investment in potential social entrepreneurs through ongoing personal and professional development. www.sse.org.au.

5. Increased a sense of a social enterprise network within the region

When the Parramatta Hub initially launched there were 25 organisations on the database and around 80 people came to a launch. Now, three years on the PSEH has a database of 400 contacts including over 80 government contacts, 150 non-profit and community organisations and 10 active social enterprises³. Its catchment extends across Greater Western Sydney to include Blue Mountains, South West, Inner West and the Hills district.

Participation rates are high reflecting an increasing sense of connectedness amongst participants. The Hub exceeded its targets for attendance for its training sessions (target 15 organisations, actual ~ 25), advisory services (target 20 organisations, actual 30) and hub networking events (target 10 events, actual 10).

In addition, and perhaps most importantly, social to social trading, once a dream is slowly building between the organisations. The organisation 'Marita's Mealie Meal' supplies its unique *mealie meal* to Mu-oz Eritrean Restaurant in Brisbane. Dreams from Within and Fair Business are using storage facilities at a farm in Orchard Hills, and the African Food Project is exploring options with Dreams from Within for African Food Package. Finally ICE are holding staff training and catering at Mars Hill Café.

³ Fair Business, ICE, Food Connect Sydney, Parramatta Clay Arts, The African Project, Jafra Catering, Parramatta College-Global Talents Australia, Dreams from Within, Marita's Mealie Meal and Mars Hill Cafe

SECTION 4: KEY LEARNINGS FROM THE PSEH

The following section looks at what worked, what was tricky and what the key learning were for the partners and for others interested in the Hub model, and social enterprise development generally.

What worked?

The PSEH has delivered significant value into a market which was at a much earlier level of development than the model was designed to address. The Parramatta Hub therefore is an important case study which demonstrates that the Hub approach works as a mechanism to build the foundations of a social enterprise market. It can build awareness of social enterprise as a viable and attractive business model, can stimulate the development of a community of social entrepreneurs, and is an effective marketing tool to government and non-government agencies which will rally funds and services to its cause.

The timing of the Hub has been prescient. In September 2009 when the Jobs Fund was announced, the Parramatta region was in a good position to take advantage of this opportunity, as reflected by the overwhelming numbers of social entrepreneurs who attended the Hub information session in 2009. Without the Hub, and the work of the three partners it is highly unlikely that there would have been social enterprises ready and able to take up this opportunity.

The corporate partnership with Allco delivered significant value and worked exceptionally well for the period it was operational. The relationship yielded \$150,000 in support, strengthened the Hub brand and brought commercial and business acumen to the Steering Committee, Commerce Panel and Mentoring Program. In particular the expertise and engagement of the Allco representative, Malinda Wink was a key contributing factor.

The Hub has also been operating in tandem with the rest of PCC's social enterprise development program. This brought opportunities in the form of a seed funding pool as well as local contacts and relationships in Parramatta. This important connection allowed the Hub to become established much more rapidly than it would have otherwise.

Finally, there were a number of components of the service model that proved to be highly valuable. The 'Meeting Place' networking events were very effective at raising awareness of social enterprise and providing a forum for discussion and sharing of ideas. Capacity building, which was achieved through the training and workshops, achieved its goals of increasing the skills, knowledge and access to experts for participants. In particular the use of case studies was a particularly powerful learning tool. Last but not least, the mentoring program, when local and corporate mentors could be sourced, provided invaluable capacity building support to the participating entrepreneurs.

What was tricky?

There were a number of areas which proved challenging for the managers, partners and staff running the PSEH. As mentioned earlier, there were different expectations between the three original partners regarding how developed the social enterprise market was in Parramatta and what each party was bringing to the relationship. SVA was under the impression that the circumstances were relatively similar to Brisbane and so did not take the step of conducting a detailed scoping study into the Parramatta market. PCC had expectations that SVA would bring to the table a consistent source of high quality mentors, and pro bono legal advice. Both parties had distinct cultures, processes and expectations and moved fairly quickly from discussing a partnership, to rolling the Hub out. These early different expectations had a number of important knock on effects.

- The Service Model around which the Hub model was designed proved to be inappropriate for Parramatta. Identifying this mismatch and addressing it took time and resources and put a strain on the relationships between the partners.

- Due to the funding available, SVA only made provision to hire one Hub Coordinator whereas in Brisbane two staff were in place to deliver on the service model. Given the diversity of skills required, the Parramatta Hub Coordinator was in the difficult position of trying to provide enough capacity and capability for two people, and based on a changing service model.
- Communications from the hub were initially difficult for participants and the target audience to understand, given they were not familiar with the language of social enterprise. In addition PCC and SVA were both working to different definitions of what a social enterprise was which added to stakeholders' confusion. Working through these issues required a redevelopment of the Hub's marketing materials and website.
- The kinds of quantitative outcomes SVA and thence Allco Foundation expected from the Hub were overly ambitious given where the social enterprise market was at in Parramatta. Coming to terms with this took time and initially generated a degree of frustration for the parties.
- The mentoring program, which had been so successful in other Hub locations, persistently struggled in Parramatta. Local businesses and networks which usually supply mentors appeared not to be familiar with social enterprise as an approach and SVA was not able to supply these through its networks. When mentors were found there was often a mismatch, with the mentors having skills in business growth, and the entrepreneurs needing assistance at the earlier phase of concept development and testing.
- Parramatta Hub was also not as able to access high quality pro-bono services as was planned, for the same reasons which impacted the mentoring program. .
- Initially the Hub promoted itself as a conduit to funding. This confusion arose because in the Brisbane Hub, SVA was engaged with a number of the social enterprises in two distinct ways. In the first instance enterprises were part of the Hub, but they were also part of the SVA Venture Development portfolio and were therefore receiving direct funding. For SVA, this approach was not appropriate for Parramatta social enterprises because of their early stage level of development. Despite remedying this in the collateral and messaging, there has been a persistent tendency for Parramatta enterprises to believe that the Hub represents access to funding which has created challenges in terms of expectation management.
- There have been a growing number of social enterprise support services in Sydney in recent times which, for the most part represents a significant value-add for social enterprises. For example 26 participants from the Hub have also been involved with the School for Social Entrepreneurs (SSE) and 19 participants from the Hub have been funded by PCC. The opportunity this represents however also brings risks of over-servicing and inefficiency between partners, for example some duplication between the Hub, PCC and other service providers, and therefore requires increased focus on communication and coordination to ensure the best service is provided to participants.
- Finally, the departure of Allco Foundation left a significant gap in the PSEH both in terms of a corporate partner but also because the model had linked the corporate partner to mentoring and pro-bono services, and so therefore loss of a corporate backer represented the loss of the whole suite of support services.

Lessons learned

Over the course of the last three years SVA and PCC have learnt much about what works in social enterprise development. Perhaps the greatest learning is the reminder that multi-stakeholder partnerships are complex and require a significant investment of time to make them work. In retrospect there would have been value in exploring cultural alignment, developing workflows, more clearly defining roles, responsibilities and expectations, and putting in place some clear and monitored performance management. For both partners the Parramatta experience also highlighted the critical importance of conducting a detailed scoping and feasibility study for all projects.

At a higher level, the service model for social enterprise development needs to be highly flexible, highly responsive and bespoke to the local context. Within a cluster of social enterprises there will enormous diversity in needs, capacities and accessibility requirements. Social enterprises vary by legal form (e.g. Cooperative, for-profit social enterprise, nonprofit social enterprise), trading sector or

industry (e.g. landscaping, cleaning, tourism, manufacturing), and social / environmental purpose (e.g. homelessness, youth unemployment, environmental degradation, mental health). Catering to this diversity requires a service model which is highly adaptable.

Building this kind of service model is not straightforward. Not only is there a limited number of practitioners with social enterprise experience in Australia, there is also only a very limited number of individuals who are in a position to provide capacity building assistance. Business people are not necessarily able to translate their learnings into the social enterprise space, and it can be challenging to provide the necessary training to busy volunteers. Rather, the experience of PSEH highlights the value which practitioners can offer one another and the importance of pursuing a practitioner-led approach. To achieve this requires nurturing and promoting local social enterprise leaders and managers and facilitating peer-to-peer learning opportunities in a way which respects how busy these individuals usually are, and gives something back to them.

In terms of the types of services which make sense and the skills required:

- **Business planning** is a critical skill for social enterprises. Building awareness of the importance of planning, showcasing best practice practitioners and addressing planning needs and gaps should be a first order priority. (N.B. In response to this lack SVA developed a Business Planning Guide for Social Enterprises based on good practice from the UK. Through the support of the Hub this publication will be launched in June 2010 and will be available throughout Australia. The Guide, which is a key output of the Parramatta Hub, can be downloaded from both the SVA and PCC websites).
- **Commerce panels** are an effective approach to providing business and planning support. Social enterprises highly value the feedback from business owners and managers, and gain much from a panel of individuals with diverse expertise and industry backgrounds. These panels are also a good forum for potential mentor-mentee partnerships to form and facilitate networking and links to probono service opportunities.
- **Funding** is a key driver of growth as well as an effective incentive to enterprises to engage in business planning and build strong cash management skills. Funding should be released based on achievement of milestones and to support and motivate enterprises to stay on a pathway for success.
- **Corporate partners** have much to offer Hub participants (mentoring, business planning support, probono assistance) and the Hub as a whole (branding, credibility, influence), and this value can be much more effectively leveraged if businesses are recruited as partners for the entire Hub network, rather than being linked to one Hub location.

At a macro level:

- Significant **efficiencies** are gained by designing the service to cater for a fairly large target market, for example Western Sydney and the Inner West, rather than Parramatta LGA.
- A high degree of **coordination and communication** is required between the Hub and other related services to ensure the most complementary offer to the social enterprises. There is a need to invest in communication between agencies to ensure that entrepreneurs receive a professional experience and are not having to negotiate between providers.
- **Early stage development** of a social enterprise movement is labour intensive and needs to be run by an organisation that has both credibility and capacity in social enterprise development. For SVA, whose sweet spot is growing and scaling organisations' impact this project highlighted that SVA has the credibility for this work, but was not experienced in the community development approach needed. This resulted in SVA learning at it went rather than being able to add value immediately.

SECTION 5: RECOMMENDATIONS FOR THE FUTURE

The experience of PSEH has demonstrated without doubt the enormous need and potential for social enterprise in Parramatta, and indeed across Greater Sydney. There are 20 enterprises engaged with the Hub, 20 directly funded by PCC, a further 20 – 30 receiving support from the Jobs Fund and over 50 social entrepreneurs engaged in the School for Social Entrepreneurs (SSE). While there is some duplication in these numbers, there is core of about 80 organisations or practitioners in Western Sydney interested in developing social enterprises, all of whom are at different stages of development, and therefore requiring different levels of support. In June 2009 the Grow ACC report “Towards a Social Enterprise Strategy for Greater Sydney” underlined this when it concluded that there was a need, interest and merit in trying to create a level of coordination at Greater Sydney level about how support is provided. The opportunity now exists to take the learning from the Hub experience and extend the impact beyond Parramatta LGA.

In terms of the PSEH itself, in line with the end of the partnership period between PCC and SVA, the Hub will cease to operate on 30th June. PCC’s social enterprise development program will continue, offering a number of programs to the local social enterprise sector. These will include a mentoring program in partnership with Westpac and a pro bono legal panel in partnership with the National Pro bono Resource Centre. PCC will also continue to provide peer-to-peer experiences via local networking and events and also continue the significant capacity building role as it has performed throughout.

Going forward, the opportunity is to identify what entity might replace PSEH and how this entity should be structured and operate. One of the most compelling opportunities is to consider enlarging the scope of PSEH to include for example Western Sydney, the Inner West and/or extending the model to Greater Sydney. Growing the size of the catchment area to Regional or Greater Sydney would enable the Hub to achieve greater scale in terms of procurement contracts, support services and general administrative efficiencies.

Such a body would be most effective if it were practitioner-driven, and provided capacity-building services similar to PSEH (i.e. mentoring, training, commerce panels and peer-to-peer events). The new entity should seek to build its social enterprise skills and specialism and leverage the network of related agencies already operating in this space. These might include Social Ventures Australia, School for Social Entrepreneurs, Social Traders, Foresters Community Finance and the Centre for Social Impact. The model of Social Traders is a relevant comparison. The challenge, as for any non-profit organisation or support body, is to chart this course in the face of policy or funding expectations which lead away from what the practitioners need and how they need it to be delivered.

Another key learning from the Parramatta Hub and from SVA’s experience with the other hubs is around creating and maintaining a separation between the organisation that is conducting the community development work and the organisation/s that are providing the funding. This separation of money from advice giving / support ensures that social entrepreneurs build an honest, warts-and-all relationship with the community building organisation, which in turn ultimately serves them and the sector most effectively. Any perception that advice is linked to either funding or government contracts tends to skew the nature of the relationship. It runs the high risk that resource-thin enterprises will undertake activities to ‘tick the qualification box’ or will shape their enterprise in response to funding categories, rather than either market need, or their own strengths, passions and capacities.

At the same time, a Churchill Fellowship report prepared by Joanne McNeill of Parramatta City Council, titled “How the Public Sector can Support Social Enterprise development” highlights how critical public sector seed funding is for developing social enterprise in the early stages, and how very difficult it is for early stage development to take place without such support. Motivated by this

experience of the multiplier effect of government seed funding Parramatta City Council, supported by a consortium of social enterprise practitioners and specialists are currently leading a proposal to set up a bespoke infrastructure body titled Social Enterprise Sydney (SES). To date a concept business plan has been developed, the group is half way through the incorporation process, and an Interim Board has been established which has been meeting since March 2010. A proposal has been submitted to NSW State Government for seed funding.

Regardless of the outcome of the Social Enterprise Sydney proposal, the learnings of the PSEH have laid the foundations for significant growth and development of the social enterprise model in Australia.

APPENDIX 1: VOLUME OF ACTIVITY BY SERVICE TYPE

1) Meeting Place Events

Year	Number of events during the year	Timing	Number of attendees at each event	Total attendees per annum
2008	3	February July September	15 - 20	45 - 60
2009	5	February May July September November	60 70 30 25 35	120
2010	2	February June	25 75	100
TOTALS	10 Events with 265 -280 Attendees			

2) Training Workshops

Year	Number of events during the year	Average number of attendees per workshop	Subjects	Total attendees per annum
2008	3	10 -15	Financial Management Business Planning for Social Impact (x 2)	30 - 45
2009	5	10 -15	Business Planning for Social Impact Financial Management Mentoring Social Enterprise Development Business Planning	50 - 75
2010	3	10 -15	Marketing and Market Research DEEWR - 2 workshops for Round 2 Jobs Fund Applicants/Social Enterprise	30 - 45
TOTALS	11 Workshops, 120 – 165 Attendees			

3) Mentoring

Three mentoring relationships:

Mentee	Mentor	Time period	Issues addressed	Progress
Lena Nahlous, ICE	Nick Hardge, Director Aviation, Allco Foundation	March 2009 – July 2009	<ul style="list-style-type: none"> ○ Support with negotiation for an extension of the commercial lease arrangements ○ Support with approaching potential sponsors and partners ○ Support with adopting a business mindset and approach when working through contracts and supplier arrangements 	<ul style="list-style-type: none"> ○ ICE have a more focused and commercialized approach to their service offering. They are re-evaluating services that were free and implementing cost-recovery fee for service. ○ There has been a significant increase in government supplier contracts up to \$300k. ○ The Hub has provided several letters of Hub support to support the organization with grant funding applications. ICE has become very successful in this regard, securing Infrastructure Funding from DEEWR which has allowed them to expand, move premises and commence the Creative Enterprise Hub and employ a manager to develop the social enterprise.

Kevin Crouse, Mars Hill Cafe	Ron Irish, business expert, entrepreneur	March 2009 – November 2009	<ul style="list-style-type: none"> ○ Support to identify how to increase profitability and to better understand cash flow 	<ul style="list-style-type: none"> ○ Kevin Crouse how has a more entrepreneurial / commercial view of the cafe ○ Mars Hill Café has successfully obtained Round 1 Funding from the Jobs Fund to develop his coffee cart social enterprise. This will generate 7 jobs and 20 work experience positions. ○ Mars Hill Chef spent time at Tobys Estate looking at their menus to enhance the Mars Hill offer
Terrie Gardner Parramatta Community College/Global Talents Australia	Ron Irish, business expert, entrepreneur	December 2008 – ongoing	<ul style="list-style-type: none"> ○ Lack of contacts in business ○ Support with developing a business plan, including identifying the nature of business and how it is different to the non-profit sector, and thinking through the tensions between bottom line and social objectives. ○ Support with the funding application to the Jobs Fund in 2009 	<ul style="list-style-type: none"> ○ Parramatta College has been linked with the mentor's contacts he has in business, including a website business ○ The project has been renamed <i>Global Talents Australia</i> and changed the service offer to recruitment solutions. The College is also considering starting small as a project auspiced by the College to get it right before expanding.

4) Pro Bono Services

Social Enterprise	Nature of Support	Brokered with Provider...
Marita's Mealie Meal	Packaging and branding	Brand Creative
Mars Hill Cafe	Mentoring Café leasing and other arrangements	Ron Irish Minter Ellison
ICE	Contractual arrangements for moving premises	(Accessed assistance through own Board member)
Parramatta Clay Arts	Advice on commercial leasing arrangements	Pilch Connect
Food Connect Sydney	Pro bono legal and HR	SVA

5) Commerce Panels

Year	Total number of panels held	Timing	Purpose	Results
2008	1	February	Entry into Accelerator	5 social enterprises pitched for entry. All 5 accepted into Accelerator Program
2009	4	February	Entry into Accelerator and Generator	5 social enterprises pitched for entry (4 for Generator and 1 for Accelerator) All 5 accepted
		June	Advice on business plans	4 social enterprises pitched for general feedback on business plans
		September	Advice on business plans	3 social enterprises pitched for general feedback on business plans
		November		6 social enterprises pitched for general feedback on business plans
2010	5	May	General feedback to SSE students	3 pitched
	2	March & May	Pitch for SVA Jobs Fund	2 pitched

6) Monitoring & Evaluation

- 4 baseline reports were conducted:
 - Mars Hill Café
 - Information & Cultural Exchange
 - Marita's Mealie Meal
 - Parramatta College/Business Solutions (now Global Talents Australia)
- No SROI's were conducted because the social enterprises were not at the stage that SROI's are appropriate for

7) One-on-one business meetings

- On request, and as needed, monthly meetings per enterprise depending on their level and/or need for support

APPENDIX 2: REFERRALS MADE FROM PCC TO THE HUB 2007-10

1. Information & Cultural Exchange (ICE), Lena Nahlous & Caitlin Vaughan & Gary Paramanathan
2. The African Project, Mbuyi Tshielandte
3. Jafra Catering, Kefah Maradweh and Albert Jubain
4. Chainbreakers, Paul Leary
5. Dare Ops, Brett Murray
6. The Hills Holroyd Parramatta Migrant Services, Melissa Monteiro
7. Circus Solarus, Tricia Cooney
8. Boronia Multicultural Services, Isaac Kisimba
9. Darug Tribal Corporation, Uncle Des Dyer
10. SEVA (South East Asian Women's Co-op Asian Women's Co-op), Kalyan Ram
11. Bicycle Recycling Network, Karen Bagshaw
12. Yummy Catering
13. IGBO Association of NSW, Vincent Ogu
14. Dreams from Within, Alicia Martin
15. Granville Men's Shed, Michael Rigby
16. Ermington Church, Justin Campbell
17. Parramatta College, Terrie Gardner
18. Mars Hill Café, Kevin Crouse
19. African Women's Centre, Rosemary Kariuki

APPENDIX 3: CORE ACTIVE SOCIAL ENTERPRISES

Information and Cultural Exchange (ICE)

<http://www.ice.org.au>

A multimedia and digital arts organisation that builds capacity and provides pathways to further education, employment and enterprise development opportunities in Western Sydney to a diverse multicultural community.

African Food Project

Provides work experience and potential employment opportunities for Africans to grow vegetables locally and distribute to the African community in Western Sydney.

Mars Hill Café

<http://www.marshillcafe.com.au>

A local music venue, café and coffee cart social enterprise that now employs staff and training opportunities for disadvantaged youth.

Parramatta College – Global Talents Australia (previously Parramatta Community Business Solutions)

The original intention of this enterprise was to outsource business services to local business and community organisations, engaging professionally qualified skilled migrants on a project basis to provide the services. A recent review of their scope and service offering has shown that this was not going to be financially sustainable so Parramatta College are now going down the path of piloting this as a project within the College starting with a recruitment solutions service for skilled migrants.

Dreams from Within Food Busters

Alicia Martin's mission is to turn healthy food from being a luxury item into a necessity. Alicia developed the social enterprise to help families like her own who struggle to afford healthy food. She also wants to help others eliminate additives and preservatives in their food which she has seen through her son who has a learning difficulty. Alicia developed relationships with local wholesalers to offer affordable fresh food hampers. She has grown the business to provide back to basics cooking classes, a weight loss program and monthly goal setting meetings which include simple finance and savings tips.

Food Connect Sydney

<http://sydney.foodconnect.com.au>

Food Connect Sydney's vision is to be a leader in making ethically grown food from local farmers accessible to any household in Sydney. Food Connect Sydney buys direct from local organic and chemical free farmers and packs it into three sized boxes — \$35–\$65. These are then delivered to a local host or "City Cousin" where subscribers come once a week to pick up their pre-paid box.

Parramatta Clay and Arts

Community arts based organization selling ceramics have moved to a facility in Homebush.

Ermington Church

Café enterprise waiting for a premises as part of a new community hub in Ermington.

Jafra Catering

Catering enterprise offering Palestinian cuisine

CareerTrackers

Indigenous internship program

NOTE: Full details of all the participating social enterprises will be available in early July 2010 in SVA's Graduating Impact Statements. www.socialventures.com.au

APPENDIX 4: ADDITIONAL PARTNER

The Allco Foundation was established in December 2006 to support the development of strong communities. The Foundation strategically funded innovative ideas, to build capabilities and foster the development of talent to maturity across a broad spectrum of endeavour, including social enterprises and community services. Allco employees were strongly engaged in the development and ongoing activities of the Allco Foundation. The Allco Foundation was wound up in early 2009.

SVA and PCC would like to thank the Allco Foundation for their vision, financial support, probono services and the expertise they provided, without which the Parramatta Social Enterprise Hub would not have been established.

APPENDIX 5: GLOSSARY OF TERMS

Social Enterprise

'Social enterprise' is a contested term, with numerous definitions in use around the world. However, using the simplest and broadest definition, social enterprises are "businesses set up to tackle a social or environmental need⁴" or organisations that use "market-based solutions to advance a social mission⁵". In the Australian context, one definition for social enterprise is businesses which are set up to create employment opportunities for people who are seriously disadvantaged in the labour market. Although the sector is developed within Europe⁶ and the USA⁷ the approach is still in its infancy within Australia. The focus within Social Ventures Australia has been to develop social enterprises that create employment for those seriously disadvantaged in the labour market and the Hub activities have reflected this focus to some extent.

⁴ This is a common definition in the UK – www.socialenterprise.org.uk

⁵ This is a common definition in the USA – www.se-alliance.org

⁶ Seyfried E, Ziomas D: *Pathways to social integration for people with mental health problems: the establishment of social cooperatives* (Greece). Peer Review in the Field of Social Inclusion Policies. Available at www.pr-soc-incl.net.

⁷ www.se-alliance.org