



► SOCIAL ENTERPRISE  
MOTIVATION



► EMERGING GROWTH



► WAY OF THE FUTURE

# Social Enterprise

## focus

### WHY SHOULD NOT-FOR-PROFITS CONSIDER SOCIAL ENTERPRISE?

*Despite the enticing potential of new income streams, many not-for-profits are nervous of developing social enterprises. Rightfully so, as it's a big move, but there are several reasons to consider whether this hybrid organisational form could be useful to you.*

## Expanding delivery to the mission

Firstly, social enterprise represents an international movement for social change and justice, something close to the hearts and missions of not-for-profits.

The idea of sustainable social, environmental, cultural or spiritual good (I'm going to shorten this to social from now on for obvious reasons) is also tantalising. Rather than going cap in hand to Government, not-for-profits have the opportunity for greater autonomy and self-determination by (carefully) introducing commercial elements to the organisation.

Because the primary focus of social enterprise is social impact, the community and heart-led motivation is deeply familiar for not-for-profits. Not-for-profits also already see the need in their missions, have many critical networks and the basic infrastructure to incubate a social enterprise.

Social enterprise is growing for many reasons. Already there are two important trends that are helping this.

Commercial or corporate business are increasingly moving to include more purpose in their organisation as a result



of public pressure for ethical business, and this often means including social enterprises in their supply chain.

There is also a growing number of 'conscious consumers' who want to spend their money with organisations that help and at least don't hurt the planet or its people. So, markets are opening for buying goods that are of similar quality and value but where profits are used for social rather than personal gain.

# Sector growth

Sector growth is coming from a variety of other sources:

- Tertiary and other training systems are starting to deliver a labour force that understands how to work with both social and commercial obligations
- Networks of like-minded social enterprisers are developing, like Social Enterprise Auckland, where you can connect and share the journey.
- A growing number of supports are available to help you develop internal capacity – like Fitzgerald & Associates, Ākina, Tomorrow Inc and others.
- Government wants this sector to develop and has started to think about policy (e.g. definitions, tax, legal forms). It has recently invested \$5 million into the sector with Ākina, under the name of the Impact Initiative.
- Investors are starting to gather to see how they can support the sector to grow.
- More philanthropic funding is available to help the early stage development of social enterprise.



## Social enterprise is not new

*There is good evidence of entrepreneurialism too*

While social enterprise is not new in practice, it has been defined and framed for the first time only over recent decades, and fresh concepts are now available that will be of real value to not-for-profits.

*Social entrepreneurship* refers to the seeing and seizing of opportunities that solve wicked social problems.

*Social innovation* recognises that disruption of the basic routines, distribution of power and resources or societal beliefs are often required to better meet social needs.

*Social impact*, or identifying the actual difference we make, is critical if we are to justify what we are doing to our markets.

There's a lot to learn but not-for-profits are well placed to be a significant part of this expanding sector.

**CHALLENGING TRADITIONAL BUSINESS:**



When traditional commercial business has to compete with a large, vibrant and competent social enterprise sector that also delivers social value, the potential for societal and business transformation will be huge.

If you aren't building a social enterprise, I don't know what your business model will be in 5 years.

Angela A'trends

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