



# COMMUNITY ENTERPRISE CONNECTIONS

## Welcome to Community Enterprise Connections

Hello, my name is Hayden Raysmith, chair of the Community Enterprise Development Initiative (CEDI) Advisory Committee. Our job is to think laterally and steadily build a practical understanding of community enterprises and what makes them work. We help to guide the work of this very interesting project.

Community enterprises tend to bring the best out in everyone. They combine

a positive risk taking approach with the anxiety of not knowing whether it will fly and the satisfaction of seeing people blossom, the rewards of success and the lessons of failure.

There is a spirit of enterprise and goodwill in every community and potential to unlock. Knowing how to provide the right organisational structures, mentoring and support to unlock this potential is part of the challenge. Often it means

building on the seeds of good ideas or small enterprise already underway.

Through "Connections" we aim to share some of our thinking, examples of CEDI initiatives and information on what is happening internationally. We hope you enjoy the read and the journey we are on.

Hayden Raysmith



Brotherhood of St Laurence

Working for an Australia free of poverty

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## Community Enterprise in Your Town—Renovation for Renewal

Young people are gaining new training and work opportunities in home maintenance through a community enterprise, Renovation for Renewal. Cutting Edge Uniting Care and Seymour Neighbourhood Renewal have established the enterprise as a strategic partnership offering on-the-job trades skills opportunities and supported employment pathways for young people.

Social Enterprise and Program Manager Adam Cockerell said "We'd already developed Renovation for Renewal as a welfare based model funded (in 2002)... this way we can still have the same philosophy of the welfare model in providing opportunities for young people but it's self-sustainable."

The partnership is addressing critical skills shortages for tradespeople, using an innovative, collaborative and sustainable approach between

the community sector, private business and the government.

Renovation for Renewal started in 2005 in partnership with the head contractor for Office of Housing works in the Hume Region. In 2006, the enterprise won a major tender to provide carpentry and fencing maintenance works for the Defence Housing Authority at Puckapunyal Army Base until June 2009, representing significant growth for the business.

"We've just taken on a lease for a workshop. So the boys are now slowly moving out of my shed, which is great!" says Adam Cockerell.

The contract covers 300 defence homes and establishes Renovation for Renewal as a quality subcontractor able to win commercial work in its own right. The enterprise has already provided four full time jobs in Seymour, including two apprentice

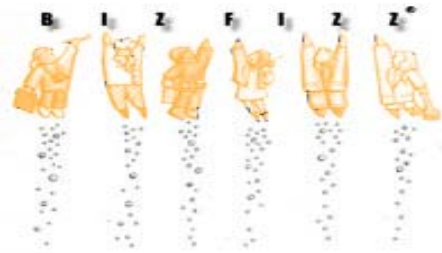
positions. Following the Defence tender success, the business is set to grow by at least another two positions to cover the carpentry work alone. Management at Uniting Care Cutting Edge has responded by re-arranging its support team, creating the new role of Social Enterprise and Program Manager and re-filling the Employment & Learning Co-ordinator position previously held by Adam.

Adam notes that "Basically what occurred is through my role as Employment Learning Coordinator we created enough work that it became too much [for one person to manage] and we had to restructure to reflect the growth."

An Enterprise Development Committee has also been established to bring advice and support to the business.



Renovation for Renewal, Seymour



More information can be found on the website [www.bizfizz.org.uk](http://www.bizfizz.org.uk).

“..there is probably a critical point where an enterprise puts itself at risk if it starts to rely for too great a percentage of its ongoing or operational costs on income from funding or grants (as opposed to earned income).”



## Community Enterprise in Any Town—BizFizz UK

While it may sound like yet another trendy new soft drink, BizFizz is actually an interesting approach to enterprise development happening in the UK.

A partnership between the New Economics Foundation (nef) and Civic Trust, BizFizz makes existing, and often underutilised, business support more accessible to local people.

The BizFizz model is simple: a local facilitator (called the Coach) is employed by a committee and through networking and listening to people in the community, helps

people discover their potential as entrepreneurs. The Coach is supported by a national network of Enterprise Coordinators who provide training, support and resources.

Best of all, the programme doesn't limit itself to just supporting one type of enterprise – it supports existing businesses, start ups as well as community and social enterprises.

Similar approaches have existed in Australia, namely that of Ernesto Sirolli, who has been modelling this enterprise facilitation approach for years,

however there are few examples operating today.

This integrated approach would provide strong outcomes for local communities in terms of employment, economic development and capacity building. It builds directly from the local community but supports that work with backing at a national level.

To read more about enterprise facilitation, visit [bizfizz.org.uk](http://bizfizz.org.uk) or pick up a copy of Ernesto Sirolli's "Ripples on the Zambezi", a book that describes the enterprise facilitation model in detail.

## Feature: Financing your Community Enterprise

Funding and finance have particular relevance at different stages of an enterprise. Funding is mostly relevant for research, product development, feasibility and start up stages. Finance is often used for expansion or capital investment. However even some multinationals access funding throughout the life of an enterprise.

So what is the distinction between funding and finance? *Funding* is generally money provided free of charge to an organization (often) on the basis of a submission. It may have a contractual requirement but not a requirement for repayment. *Finance* is generally money provided with an expectation of repayment—mostly with an interest component. There is a wide variety of sources of both funding and finance—though not all sources are open to all organizations.

### Funding Sources

**Government** funding is based on the requirements of the Department or programme from which it comes. It is made to

public, community, and private organisation as well as to individuals. All levels of government have funding programmes.

**Philanthropic** funding is generally limited to charitable organizations.

The **corporate** sector also provides funding to community organisations.

Finally, public donation is also a source of funding for many community organisation (especially larger ones).

### Finance Sources

**Banks and other deposit taking institutions** provide finance for business and other purposes to individuals, organisation and companies.

**Venture Capital** is a source of financing for startup companies or turnaround ventures that involve investment risk but offer the prospect for above average future profits. Venture capital supplements other funds that an entrepreneur is able to tap. Venture capital sources include wealthy individual investors, subsidiaries of banks, small business investment com-

panies (SBCs), groups of investment banks and venture capital limited partnerships. Venture capitalists are commonly rewarded either with profits, royalties preferred stock, capital appreciation of shares or any combination thereof. Information sourced from [www.rbfcu.org](http://www.rbfcu.org).

**Local Funds** are sometimes available to community enterprises through Community Banks or in some cases residents. The hundreds of cooperatives that exist in Australia often harness local capital to become established—even very local ones have raised hundreds of thousands of dollars in this way.

Many countries encourage **Community Development Financial Institutions** (CDFIs) for financing community or small enterprise development. While they vary, they generally operate by raising funds and loaning these funds for enterprise development.

Companies regularly use **Share Capital** or the sale

Continued on p.3...

## Financing your Community Enterprise, cont.

of shares as a means of raising capital.

As noted, private and community enterprise both use funding and finance at various stages of their lives. While there is no correct ratio or timing for these, there is probably a critical point where an enterprise is at risk if it relies too heavily on income from funding or

grants (as opposed to earned income).

### Further Reading:

From the UK—a sample chapter from the book *Unlocking the Potential: A Guide to Finance for Social Enterprise* can be found at [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)—click on publications.

For anyone interested in Community Development

Financial Institutions (CDFIs) and why they do not exist as easily in the Australia as they do in Europe and America, much has been written by ACCORD and can be found at [www.accord.org.au](http://www.accord.org.au).

For more information on accessing money from philanthropics, visit [www.philanthropy.org.au](http://www.philanthropy.org.au).



## Community Calendar

### 21–22 February, Melbourne

*From Welfare to Social Investment: Re-imagining Social Policy for the Life Course*

This conference will be an exploration of policy proposals designed to assist people in making transitions across the life course. Featuring **Sir Tony Atkinson** from Oxford University.

More information: click [here](#)

### 6 March, 2007, Bendigo

*Passion, entrepreneurship, and the re-birth of local economies*

An inspirational day with economic development authority Ernesto Sirolli (who worked in Esperance WA in the mid 1980s).

More information: [www.sirolli.co.uk](http://www.sirolli.co.uk)

### 13–14 March, Sydney

*5th Annual Community Engagement Conference*

Billed as Innovative Methods and Techniques for Collaboration in Policy Making to Enable Capacity Building in our Communities.

More information: [www.igpc.com.au](http://www.igpc.com.au)

For a listing of events in your area, check the following websites:

- [www.acc.gov.au](http://www.acc.gov.au) and follow the links to your local ACC
- [www.business.vic.gov.au](http://www.business.vic.gov.au)
- Your local chamber of commerce

## Facts & Figures—Building Community Wealth

|  |                |
|--|----------------|
| Total sales, The Cooperative Group consumer co-op, Great Britain, 2002 | \$13 billion   |
| Total sales, Co-op Atlantic, Canada, 2002                              | \$500 million  |
| Membership, Co-op Kobe, Japan, 2002                                    | 1.45 million   |
| Total sales, Mondragon worker cooperative network Spain, 2003          | \$10 billion   |
| Membership, Italian worker cooperatives Italy, 2002                    | 342,000        |
| Employment in town and village enterprises China, 1996                 | 135 million    |
| Number of clients served at Grameen Bank since its founding in 1976    | 3.36 million   |
| Total Grameen bank loans disbursed since founding                      | \$4.27 billion |

Excerpt taken from the 2004 report of The Democracy Collaborative and The National Center for Economic and Security Alternatives, [www.community-wealth.org](http://www.community-wealth.org).

**We would love to hear from you! If you have any comments or suggestions about this newsletter, please contact Annie at 9445 2408 or [adunn@bsl.org.au](mailto:adunn@bsl.org.au).**

**We are already looking for stories to share in our next issue of Community Enterprise Connections—so if your community has something to share—please let us know and we will do our best to feature your community in issues to come.**

## About the Community Enterprise Development Initiative

The Community Enterprise Development Initiative (CEDI) is a project developed by the Brotherhood of St Laurence (BSL) in partnership with the Department for Victorian Communities (DVC).

The initiative works with communities to develop enterprises that deliver a range of benefits including job creation and community building.

CEDI's goal is to contribute to building an enabling environment for local community enterprise development in Victoria by:

- *building local awareness, understanding and skills in community enterprise development*
- *developing effective and centrally accessible information and communication tools to improve community enterprise practice*
- *building effective linkages to appropriate expertise that will support local community enterprise development*
- *encouraging innovative practice from government and businesses to support community enterprise development in Victoria*



The Maidstone and Braybrook Community Gardening and Landscaping Enterprise was developed with support from CEDI.

From left to right: Billy Redfern – Lead Hand, Chris Jimmieson—Trainee, and Adam Hermelin—Trainee

## Making Connections—Community Enterprise Resources

### Publications

The following publications are available either as hard copy or on the internet.

### **Stronger Communities – Making It Our Business**

The BSL and Department for Victorian Communities are publishing a Resource Kit consisting of An Introduction to Community Enterprise and a Resource Kit designed as a self paced process from making a decision to start a Community Enterprise through to preparing a Business Plan.

Copies of the Kit will be available in 2007 by contacting Annie at [adunn@bsl.org.au](mailto:adunn@bsl.org.au) or 9445 2408.

### **The New Mutualism Booklet Series**

This series of booklets has been developed from the collective wisdom of Social Enterprises in south east Queensland. The series titles are:

- Defining Social Enterprise – Enterprising Ways to Address Long-Term Unemployment
- Social Enterprise and Social Tendering – A Guide for Government Departments, Large Social Welfare Organisations and Corporations
- Getting Started – A Short Guide to Starting Community Enterprises
- Social Enterprise Case Studies

Copies are available from Nundah Community Enterprises Co-operative by calling 07 3260 7414

### **Enterprising Communities – The Victorian Government's Community Enterprise Strategy**

This short (14 page) booklet outlines the government's community enterprise strategy as well as providing some short case studies of some of the enterprises established under the strategy. A pdf copy is available from [www.dvc.vic.gov.au](http://www.dvc.vic.gov.au)

### **The Money Trail – Measuring your impact on the local economy using LM3**

This workbook will help you understand what is currently happening in your economy: how money enters, the path it then takes in the area, and how it leaves.

To access this workbook, go to [www.neweconomics.org](http://www.neweconomics.org) and click on publications.

### Reports

### **Social Enterprise in the Tees Valley (UK)**

The Social Futures Institute has completed a major mapping exercise to identify the size and strength of the social enterprise sector in the Tees Valley. This 60 page report has some interesting reading – noting that while there have been social enterprises in the Tees Valley for more than 100 years the sector still remains disconnected from mainstream business support, isolationist

even from other social enterprises and overly reliant on grants to survive. The report can be accessed at [www.tees.ac.uk](http://www.tees.ac.uk) (scroll down to Social Enterprise in the Tees valley and follow the link).

### **Public Procurement: A Toolkit for Social Enterprises**

Another UK publication (by the Department of Trade and Industry) but it still poses some questions of interest for any organisation considering using social procurement as a way into social or community enterprise.

Go to [www.dti.gov.uk/](http://www.dti.gov.uk/) and follow the links.

### **Plugging the Leaks**

A great resource for anyone who is seeing money “leaking” out of their communities. Learn about strategies for keeping wealth inside your community.

Available from [www.pluggingtheleaks.org](http://www.pluggingtheleaks.org).