

Project Title

Pacific Island Communities and Social Enterprise: Discussion Paper

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Foreword

We commissioned this paper prompted by the idea that there are emerging opportunities for social enterprise to be an important pathway to better social and economic outcomes for Pacific people.

The emerging opportunities include growing interest (nationally and internationally) in social enterprise; developments in the social housing and early childhood education (ECE) sectors; and ongoing efforts to improve the effectiveness of health and social services. Pacific concepts of collective ownership, and potentially under-utilised asset bases such as church property, could also align with social enterprise approaches.

The Ministry is keen to ensure that Pacific communities are well placed to capitalise on these opportunities. We are also mindful of challenges that might come with traditional community perceptions and expectations related to business, and the need for some guidance about how to proceed with social enterprise in the most effective way.

We anticipate this discussion paper will strengthen the Ministry's policy advice and community engagement in this area, and might provide an initial resource to support the development of community social enterprise.

The paper describes social enterprise, and explores the potential for Pacific communities to become more involved. It is based on a literature review and five case studies involving either established Pacific social enterprises, or mainstream social housing providers whose clients include Pacific communities. The conclusions are presented as a useful checklist of questions for any aspiring social entrepreneur.

We hope that this resource starts and contributes to many conversations about social enterprise, both in the policy arena and in Pacific communities. We want it to trigger and then guide innovative ideas and solutions that help Pacific people get ahead.



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Executive Summary

This paper explores the relationships between Pacific communities and social enterprises, using social housing as the primary example.

Defining social enterprise

It outlines current definitions of social enterprise and a generic process for establishment (by moving from local social needs through scoping enterprise solutions to setting up an enterprise appropriate to need and the context). In its initial briefing paper, MPIA defines 'social enterprise' as,

'... an initiative that applies business strategies to achieve philanthropic goals. This includes the delivery of health and social services, such as housing, which are funded by the proceeds of commercial production or trade. The benefit for investors is to increase their capacity to achieve better social and economic outcomes for certain communities.' (2011, p. 1).

Conventional views of Pacific communities

The paper then notes that Pacific communities are conventionally associated with employment and consumption - and with the negative outcomes of these - rather than with business ownership and production. This underpins a stereotype of Pacific communities as "dependent", so masking their successful contributions as employees, consumers, and as business people.

Successful Pacific social entrepreneurs

The examples provided by a successful Pacific social entrepreneur and three Pacific social enterprise case studies are used to outline the realities of Pacific entrepreneurship. Two supporting case studies from social housing enterprises are used to highlight possible ways of addressing the significant housing needs of Pacific peoples.

Pacific social enterprise

This paper suggests there is a potentially strong fit between the needs of Pacific communities and social enterprise business models.

Pacific communities have a well-documented cluster of needs associated with poverty and social exclusion. They also tend to distrust business and business entrepreneurship. As noted, priority is given to employment and consumption over business ownership and production. This suggests a poor match with social entrepreneurship and marginal opportunities for social enterprise.

But these same communities have a lesser-known familiarity with social innovation, albeit in forms mediated by cultural norms and practices (and often by Church activity).

Some typical features are:

1. A mandate from the community.

Many Pacific communities have identified areas of significant need, and with this, a mandate for developing solutions as well as considerable potential support.

2. A tradition of prior innovation-related work.

Many communities have also started work on broad-based social innovations, often starting with infrastructure projects and then moving into initiatives in education, health and community-building. Today's "social entrepreneurs" typically continue these initiatives by providing commercial platforms.

3. Gifted social entrepreneurs

Many Pacific communities also feature gifted social entrepreneurs, though these may not appear in the form of a successful business person. They have often worked on social issues/solutions for many years and may be recognised community leaders. Many are women, and almost all have no direct business links as such, preferring to conduct these initiatives informally or via churches/charities. In fact, it is arguable that Pacific communities feature more volunteerism, and so perhaps more social enterprise, than many non-Pacific communities.

This might seem a contrary and perhaps patronising view of Pacific entrepreneurship. But it is clear the absence of business ownership and social enterprise (in the narrow business sense) should not be taken as an absence of social entrepreneurship and innovation. And in areas such as health or education, for example, Pacific entrepreneurs and leaders have much expertise.

4. The emerging Pacific social enterprise

There is no doubt Pacific communities are challenged by business values, models and practices. In the narrow sense of a social enterprise as a business-based endeavour, Pacific communities have only limited capability and experience. This appears to be a significant barrier.

It is important to recognise that self-funding is inherently difficult for a socially-motivated enterprise. A key reason is that it presents a kind of business double-bind:

- The community/enterprise founders may have limited expertise in business
- The community is poor and cannot afford services at their full value

The conventional response (across all communities, Pacific and non-Pacific) has been to establish a charity/trust reliant on volunteerism and resulting in fairly internally-focused ways of approaching social solutions to community needs. This Do-It-Yourself (DIY) approach is characteristic of the sector as a whole.

This affords the emerging social enterprise with four critical challenges. The various examples in this paper show Pacific social enterprises are resolving them successfully.

1. The team's expertise

Pacific social entrepreneurs have understood the limits to this DIY-ism and emphasise the need to build a team with appropriate professional expertise, and to govern with transparency and accountability.

They tend to use networking to build intellectual and practical resources cost-effectively, and may still rely on "volunteered" professional skills. But it would be no surprise to see full-time professional teams emerge in time.

2. The enterprise's funding

The examples in this study have used seed funding and a variety of loans to start the enterprise, and have then included loan repayments as routine expenses as any business would.

As a result they have scaled their operations much more quickly to reach far greater numbers of people and/or levels of benefit. The result may be relatively complex business models but their necessity is balanced against significantly greater gains for beneficiaries.

3. The enterprise's services and client base

These social entrepreneurs have also seen that their clients (directly buying/using their products and services) and beneficiaries (directly or indirectly benefiting through enterprise profits and impacts in the community) need not be the same people. That is, an enterprise can choose to earn its money from one group of people for the benefit of another. They have aimed at a wider range of services with a wider client base. (Note that some combine client and beneficiary, and may employ beneficiaries as staff, for example).

4. The enterprise's innovation projects

Most Pacific social enterprises in this study have given an explicit place to further social and business innovation per se. They tend to operate as hubs for within-community innovations and start-ups, as well as networking with like-minded organisations to pursue larger scale innovation opportunities.

Finally, the exploration of the social housing sector and related case studies suggest it is a critical area for social enterprise development. But it is clear the sector is still emerging and affords significant challenges because of the complexity of business-based enterprise models in that sector. This means the crucial challenge is accessing sophisticated expertise to direct and manage a business of this complexity.

Checklist

The Conclusion summarises issues and options regarding Pacific communities and social enterprise, presenting them as a checklist for scoping new social enterprises. A series of generic questions is followed by possible responses based on the key lessons from the case studies reviewed in this paper.

Introduction

In 2011, as part of a broader programme of work examining models and impacts of social enterprise for Pacific communities in New Zealand, the Ministry of Pacific Island Affairs (MPIA) commissioned a discussion paper exploring models of social enterprise, particularly focusing on social housing.

This discussion paper aims to contribute to the future well-being of Pacific communities, by helping MPIA scope potential social enterprise models, and then apply these in the housing and other sectors of opportunity. The discussion paper is also intended to help inform and resource Pacific organisations with know-how and ideas for building effective social enterprises.

Social enterprise development and management is an evolving area of interest and discipline across policy and community contexts. There are many forms of socially-oriented enterprise, so a resource covering models, development processes and options is important and timely.

There are clearly challenges for Pacific peoples (such as housing deprivation) where specialised expertise and new types of social enterprises are required to dramatically improve outcomes for the community. To capture the opportunity we need to be careful to clarify the strengths and values Pacific peoples bring to the task of building successful social enterprises.

The challenge for this paper is to provide a succinct and practical summary of knowledge about social enterprise management, with a focus on social housing that can be used by MPIA to inform and develop a more significant resource.

Defining 'social enterprise'

It is important to begin by acknowledging there are different types of socially-oriented enterprise. Ideas about social enterprise have shifted and grown over time, and today's enterprise offers a wide range of organisational options and benefits.

It is also useful to understand that social enterprises depend for their succession thinking creatively about social challenges: entrepreneurship and innovation lie at the heart of enterprise development. Communities are always challenged by social issues and it is natural to have new ideas for ways of addressing them. Above all else, the social enterprises focus on innovating solutions that work fully, both financially and socially, for the business and its local community.

The emergence of social enterprises

Social enterprises are not a recent phenomenon. They emerged alongside 'purely business' enterprises early in the history of modern Western economies in familiar forms such as co-operatives, charities, fair trade organisations and philanthropic ventures.

- The historical origins are discussions of the role of innovation in the economy (these started in the 18th century, led by French economists). The entrepreneur ('one who undertakes a new venture') was a key driver of growth in economic value. The primary role of the entrepreneur was to bring innovations to the economy, and the 'enterprise' was the vehicle for doing so. 'Social' entrepreneurship/enterprise thus implies an organisation designed to generate increased value by providing innovative solutions for social needs and problems.
- The older and broader view is 'social innovation': the use of innovation (in any form) to pursue opportunities for social improvement. The implicit focus is an organisation that achieves lasting, large-scale systemic social impacts. The organisational model itself (e.g. profit or non-profit, product or service) is simply a means to an end and so is not defined, though it obviously needs to be sustainable over time.
- The narrower and more recent view is 'social enterprise': the use of forms of business enterprise to achieve both social and business goals (sometimes referred to as 'the double bottom line'). The focus is much more on individual entrepreneurs and businesses earning income enabling them to serve social ends. The result is a blend of social and business values with related disciplines, organisational and revenue generation models towards creating both social and economic value.

Dees (2001) offers a contemporary definition of social entrepreneurship/enterprises as follows,

'Social entrepreneurs play the role of change agents in the social sector, by:

- *Adopting a mission to create and sustain social value (not just private value)*
- *Recognising and relentlessly pursuing new opportunities to serve that mission*
- *Engaging in a process of continuous innovation, adaptation, and learning*
- *Acting boldly without being limited by resources currently in hand, and*

- *Exhibiting heightened accountability to the constituencies served and for the outcomes created.*¹²

The OECD description of social enterprise emphasises the benefits for disadvantaged groups:

*'Social enterprises straddle the border between the public and the private and break new ground in the allocation and management of economic resources... they integrate disadvantaged groups into the labour market while providing goods and services. Social enterprises are an entrepreneurial approach and draw upon the local environment to enhance their economic and social performance.'*³

In its initial briefing paper, MPIA defines 'social enterprise' as,

'... an initiative that applies business strategies to achieve philanthropic goals. This includes the delivery of health and social services, such as housing, which are funded by the proceeds of commercial production or trade. The benefit for investors is to increase their capacity to achieve better social and economic outcomes for certain communities.' (2011, p. 1).

The focus of the current paper is clearly 'social enterprise' in the narrower sense. The paper focuses on 'socially-oriented innovative businesses run by individual entrepreneurs'. This implicit focus may not always sit comfortably with Pacific peoples, so it may be necessary to resort to broader definitions of social enterprise where these are better suited to Pacific ways of addressing challenges and opportunities.

Others have noted that 'social enterprise' implies a relatively high level of individuality (as an entrepreneur) and specialised business skills (such as in innovation and business development). Wilson (2001)⁴ observes that shifts in welfare state policy over recent decades have supported increases in contracting of services to voluntary service organisations. The latter have played the role of social innovators, complementing the core welfare role of public social services in the health, education and social development sectors. More recently the economic pressures on social services worldwide have resulted in further innovation of 'mixed' enterprise models.

Wilson notes this is a significant shift from the notion that social challenges can be addressed by not-for-profit organisations with skilled staff and a core group of highly-committed (albeit lower-skilled) volunteers. She argues the growth in popularity of social enterprises is fuelled by the non-profit sector's quest for sustainability in the face of a decline in financial support (from traditional, philanthropic, and government sources) and an increase in competition for funding. The rationale is that social enterprises can expand both services and revenue streams while building self-sufficiency. But she also notes the result can be a bias towards strongly for-profit social enterprises with a small core of administrative staff and a large pool of low-commitment, high-skill volunteers. This fits with

¹Dees, J.G. (2001). *The meaning of 'social entrepreneurship'*. Kauffman Centre for Entrepreneurial Leadership. See http://www.caseatduke.org/documents/dees_sedef.pdf Accessed June 2011.

²See also Dees, J.G. (2009). Social ventures as learning laboratories. *Social Innovation in a Post-Crisis World: Special Edition for the World Economic Forum Annual Meeting 2009*. MIT Press. www.mitpress.mit.edu/innovations

³(1999). *Social Enterprises*.

⁴Wilson, C. (2001). *The Changing Face of Social Service Volunteering: A Literature Review*. Research Unit, Knowledge Management Group, Ministry of Social Development.

global, web-based entrepreneurial support networks, such as The Social Edge⁵, as well as local ones, such as the New Zealand Social Entrepreneur Fellowship⁶.

The opportunity for social enterprises is significant, but at present the social enterprises sector (as such) is small, fragmented, and relatively niche-based. Conventional non-profit organisations often miss or resist social enterprise opportunities, at the same time as new enterprises are rapidly increasing in variety and numbers. The result at the community level is confusion over the nature, role and legitimacy of social enterprises.

As a result, recent studies have focused on identifying and describing the different types of socially-oriented organisations found in the community.

Forms of social enterprise

Alter (2007) has developed a typology designed to capture the variety and possibilities of enterprises with social goals, as in the diagram below. Social enterprises (per se) sit between traditional non-profit and for-profit organisations in both goals and mode of operation.

1 Traditional not-for-profit	2 Non-profit with income-generating activities	3 Social enterprise	4 Socially responsible business	5 Organisation practicing social responsibility	6 Traditional for-profit
<ul style="list-style-type: none"> • Social value generation • Social sustainability 		<ul style="list-style-type: none"> • ‘Double bottom-line’ generation and sustainability drivers 		<ul style="list-style-type: none"> • Economic value generation • Economic sustainability 	
<ul style="list-style-type: none"> • Mission motives – social impact • Stakeholder accountability • Profit reinvested in social mission 		<ul style="list-style-type: none"> • Mixed motives and accountabilities • Reinvest in mission activities, operational expenses or business development 		<ul style="list-style-type: none"> • Profit-making motives – returns on investment • Shareholder accountability • Income redistributed to shareholders 	

Table 1: Forms of social enterprise, adapted from Alter (2007)⁷

Pacific communities will be familiar with enterprises at either extreme. Alter emphasises that it is important to avoid polarising not-for-profit against for-profit enterprises. It is also important to understand that enterprise types 1 – 5 are descriptions developed to help us understand the range

⁵See <http://www.socialedge.org/>.

⁶ See <http://www.nzsef.org.nz/>

⁷Adapted from Alter, K. (2007). *Social Enterprise Typology*. Virtue Ventures LLC. p. 13. See <http://www.4lenses.org/setypology> Accessed June 2011.

and to stimulate our thinking about developing enterprises to address local issues. They are not prescriptions for what enterprises should be or how they should be used.

The process of social innovation

Guclu, Dees and Anderson (2002) have tried to define the ways social enterprises arise. They suggest two phases: idea generation followed by enterprise development (and we can add a third of ongoing management with further development over time).

They emphasise that both phases require cycles of creative and analytic work, as an initial idea is evolved into a mature and viable enterprise. They recognise their description is somewhat idealised, as social enterprises are as varied in their development as they are in their final forms. As a result, this process should be treated as a guide for adapting to the needs of Pacific communities (and not as best practice).

Phase one: Idea generation

A social entrepreneur notes a significant social challenge and is dissatisfied with existing solutions. They identify the 'social assets' (the skills and strengths of the community), resources and allies that might help ensure changes can take place. Their natural entrepreneurial focus on new possibilities stimulates innovative ideas about better solutions.

It is worth noting that ideas for improvements and new solutions are normal to communities. The challenge most people struggle with is not having ideas, but having ideas that promise a better solution for the community than the existing one (ideas that generate social value).

Phase two: Enterprise development

A social entrepreneur then explores the idea in relation to their desired social impacts: the idea needs to be developed into a programme of activities for generating key business outputs that will result in the desired social impacts. These activities need to be well-founded and robust enough to handle external influences that might undermine their success, and to be sustainable over the long periods of time that may be required to see through the desired social impacts.

The entrepreneur also considers the appropriate type of enterprise and business model to frame the programme and achieve the desired ends. The model includes how the business will operate day-to-day to carry out the activities of the programme, and how it will ensure it has adequate resources (such as staff, technologies, offices and revenues) to sustain itself over the long term. This leads into detailed decisions about governance, structure, management and so on.

Guclu, Dees and Anderson comment that this is often where social entrepreneurs are at their most creative, and especially where the aim is a self-sustaining social enterprise (rather than an organisation relying on government funding and volunteers, for example). Note that much of the recent emphasis worldwide has been on different ways of funding enterprises during the development and subsequent start-up/early growth phase.

These various considerations depend to a large degree on assessments of the enterprise's operating environment: the market, social, political and other forces shaping its opportunities and performance. This assessment is often marked by assumptions about the level and duration of forces, and so the duration of opportunities and the best timing for effective action.

Finally, Guclu, Dees and Anderson point out that all considerations are underpinned by the social entrepreneur's personal commitment, skills and qualifications, and their life stage (given the time it might take to realise personal goals through the enterprise).

Phase three: Start-up through to ongoing development

Obviously, a third phase is then ongoing management and further development in response to evolving challenges and opportunities.

The international literature provides many useful insights for mature social enterprises, but given the aims of this paper and the nature of social enterprises in New Zealand, the principle focus here is on the initial development phases.

A critical step for those considering opportunities for Pacific social enterprises is to take stock of the social assets afforded by Pacific communities. These are reviewed briefly in the next section.

The social assets of Pacific communities

Studies of Pacific communities tend to describe economic and social vulnerabilities relative to average (essentially European) New Zealand businesses, employees and households. For example, Pacific households are more likely to experience the effects of poverty, limited education and poor housing (MoH, 2011)⁸:

- 27% of Pacific peoples live in severe hardship (compared to 8% nationally), and 15% live in significant hardship.
- 26% of Pacific peoples own their own homes (compared to 55% nationally) and are also more likely to live in overcrowded households.
- The Pacific unemployment rate is nearly twice the national unemployment rate.

While this view helps others understand the community's needs and challenges, it also masks the strengths and skills central to developing social enterprises. This section attempts to outline the social assets afforded by Pacific communities.

The New Zealand economy (like many others) has shifted from a focus on primary and manufacturing sectors to the service sectors, with a corresponding growth in demand for employees with higher-level qualifications and in 'high-skill' professions (e.g. legislators, administrators and managers, professionals, technicians and associate professionals, and to some extent service and sales workers and clerks). An important background to social enterprises is the increase in the value and depth of service enterprises, driven by service entrepreneurship and service business innovation.

Pacific paid work and employment

Pacific peoples have traditionally found their employment in the manufacturing, transport and trades sectors⁹. In fact Pacific women are now stronger in the service sectors (in line with the increase in women in these sectors overall), and Pacific peoples born in New Zealand also feature more strongly here. While their participation rates in these sectors are relatively low, their relative growth rate is high. This means Pacific peoples, and Pacific women in particular, have a growing appreciation of entrepreneurial and innovative service businesses, so providing them with an appreciation of the potential for social enterprises.

The traditional population centre for Pacific peoples is South Auckland. This area retains a strong manufacturing base but also features Manukau City, one of the fastest-growing (knowledge-based) service sectors in New Zealand. Location is a major social asset, as a community broadly centred on South Auckland has ready access to traditional manufacturing industries, and the emerging, higher-growth service sectors.

Growth in working-age Pacific people is above average, especially in Auckland. The real growth expected to 2016 is about 73,000 people – one of the highest growth groups. Unfortunately this group is likely to be relatively young and to experience high levels of economic dependency, so

⁸ Ministry of Health (2011). See <http://www.moh.govt.nz/moh.nsf/indexmh/pacifichealth-health-factors>

⁹ The comments in this section are based on an unpublished 2011 update of *Pacific progress: A report on the economic status of Pacific Peoples in New Zealand*. (2002). Statistics NZ.

limiting the actual numbers in the workforce. On the other hand, this group offers a future pool of motivated young social entrepreneurs. While limited experience, education and employment opportunities may also limit their ability to develop social enterprises, it may equally foster other forms of social entrepreneurship and innovation, such as within the creative sector.

Pacific voluntary and unpaid work

Aside from paid work, Pacific peoples have been highly involved in voluntary work, and in parallel, have taken a more active role in unpaid work than other cultural groups in New Zealand. Again, this is especially true of Pacific women. This experience offers a deeper understanding of opportunities for social enterprise, with a practical appreciation of how these would need to work.

Pacific communities feature strong cultural ties to family, community and church. The general view is that these are conservative forces, but these ties may also foster (and mask) socially innovative ways of resolving the challenges faced by immigrant communities. The resulting social connectedness can also provide significant social assets, such as funders, allies, advocates and clients for prospective social enterprises.

Note that entrepreneurial activity is conventionally an integration pathway for minority and immigrant groups. By appearances, Pacific peoples have not chosen this as their means of improving their economic position and social status. Rather, they have focused on contributing to their communities via voluntary and unpaid work. Perhaps the nature and value of this work could be explored further towards a deeper understanding of social innovation within Pacific communities.

Pacific employers and self-employed

Up to the present time Pacific peoples have been much more likely to be employees than self-employed (4.3% or about 7,150 people, compared to the national average of 12.2%) or business owners employing others (1.6% or about 2,650 people, compared to the national average of 7.4%). This gives about 9,750 self-employed or business owners, some 5.9% of the Pacific Islands workforce. Self-employment is particularly low for Pacific women, though this reflects male dominance of entrepreneurship in New Zealand overall¹⁰. This would seem to directly limit the community's capacity for envisaging and developing social enterprises.

These low business participation statistics may derive from cultural patterns, such as a higher proportion of larger families (limiting Pacific women's labour market participation), lower home ownership levels (limiting access to start-up capital), lower educational achievements and lower income levels (both seemingly limiting significant participation in business management and ownership). But note that the literature suggests these are likely drivers of, rather than barriers to, social entrepreneurship, innovation and enterprise development.

Profiling Pacific businesses

The previous section described the social assets of Pacific communities to outline their potential for enterprise development. This section traces their business orientation specifically, drawing on recent studies of the culture of Pacific business and on the comments of a successful social innovator.

¹⁰SMEs in New Zealand: Structure and Dynamics 2010. Ministry of Economic Development.

Prescott's (2009¹¹) comments on Tongan business experiences in New Zealand are very illustrative in this context. An initial point to note is that self-employment and business ownership are increasing in Pacific communities.

Pacific business values

Pacific people invariably bring Pacific values, customs and beliefs into business practice. As a result, start-ups, ownership and employment are often driven by notions of collective ownership and use, and by the needs of family and local community. In this respect a "family business" has a very good fit with Pacific communities, both in directly employing wider family members as well as providing for them indirectly. The more successful a business, the more likely it is then to be seen as a family asset to be transferred across generations. But Prescott notes businesses driven by family reasons only, or heavily dependent on external funding, are less likely to survive than those founded on a genuine and significant gap or opportunity in the market.

The evidence suggests Pacific business start-ups may have more difficulty raising seed funding and loans than is normally the case. It appears immigrants' businesses in general face significant difficulties accessing finance and debt servicing costs can be disproportionately high. But note avoidance of loans is also significant: it appears Pacific business people prefer to be debt-free for the level of control it provides, even if the risks and hardships are greater. This also means the business can be passed across generations as a family treasure, as the owner's family has full control and no indebtedness. Pacific entrepreneurs are willing to expose their businesses to economic and market fluctuations rather than to loans and external financial interests.

But Prescott also notes the tendency to blur separation of personal/family and business boundaries. The key is the view of assets as being held by and for the community. This means owners tend to support the business from their own assets and share out profits, rather than hold profits and reinvest them in the business. This approach can build significant non-monetary benefits but can also undermine business sustainability.

Finally, Prescott notes that business success is defined culturally: by an ability to maintain and nurture relationships with others, as well as provide ongoing income for family and community. This means relationship-building and maintenance may be a significant part of the business success but it is difficult to account for this "social capital" in business accounting and balance sheets.

In many respects the Tongan business studied by Prescott are typical of small businesses in general. In particular, New Zealand business people are often criticised for adopting "lifestyle" business values and practices: doing just enough to support the owner's desired lifestyle, but not enough to build a professionally-run, sustainable business. While the cultural dynamics differ, the impacts for business strength and sustainability are similar.

Most businesses in New Zealand are micro- and small (less than five employees) and are typically under-resourced according to conventional business wisdom on business growth. They are also challenged by budgeting, innovation, planning, borrowing and the other tools typical used by larger companies. Ironically the cultural values behind these challenges may be easier to highlight among Pacific businesses exactly because they are not the commonplace European ones. One clear point of difference is that Pacific enterprises have to consciously decide to build a client base beyond their

¹¹S. M. Prescott, (2009). Pacific business sustainability in New Zealand: a study of Tongan experiences. PhD Thesis. Auckland University of Technology School of Business.

own community, and this often marks adoption of strategic planning and a focus on business growth per se.

Business innovation is apparently of low importance in Pacific communities. The strongest explanation we have for this is the one noted above, i.e. that Pacific communities have in the past focused on being employees rather than employers and owners. Further research may be required to understand the reasons more clearly.

In a general sense, this in turn could lead to limited interest in the social enterprise specifically. But note such innovation is already significant enough cause debate over the benefits of resourcing Pacific enterprises instead of youth education programmes, for example. This implies that entrepreneurs must choose between business and education, and cannot have both. But the fact it is being said suggests a deeper shift in business-related values within Pacific communities and a public debate about the merits of business-based approaches.

Pacific business opportunities

There is already significant interest in business opportunities and development within Pacific communities. For example, the Pacific Business Trust assisted about 150 Pacific business start-ups between 2006 and 2009, creating about 220 jobs and \$7.99 million in sales turnover¹². Numbers of businesses mentored by the Trust doubled in 2009, and it delivered 85 business workshops nationally in the same year¹³. At present there appears to be no data on the sustainability of these businesses beyond the first year and this may be an area for further research.

New Zealand's productivity has been low for some time relative to OECD averages, and lower productivity is a current feature of the service sector in particular. Social entrepreneurs, innovation and enterprises offer ways to build productivity for both business and social ends.

In summary, the social assets of Pacific communities may be characterised as:

- A growing presence in high-value service sectors of the economy
- An established tradition of women participating in these sectors, as well as in socially-oriented voluntary roles and organisations
- A growth in the size of future working-age groups
- Strong roots in a high-value economic location
- Strong community ties and institutions (possibly masking social entrepreneurs and innovations)
- A growing and successful Pacific business community
- A growing awareness of the very real advantages of socially innovative enterprises

A social entrepreneurs' view

The comments of an established and successful entrepreneur can help us understand these issues and opportunities.

Hamish Crooks is New Zealand born of Cook Island and Scottish descent. He has been Chair to the Board of Trustees of the Pacific Business Trust since 2008 after serving as Deputy Chair since 2006 and board member since 2004.

¹²(2009). *Pacific Business Profiles*.

¹³Pacific Business Trust (2009). *Annual Report*.

Hamish is currently Managing Director of his own management consultancy company 4PM Group Ltd, established in 2001. He has also acted in a change management role as CEO for Pacific Homecare since 2010: this company of over 300 staff services older and disabled Pacific peoples in South Auckland. He has worked as a management accountant and auditor in the private sector, before moving into the community and public sector organisations in management positions.

Before venturing out into his own business, Hamish was Executive Director for the Tokoroa Work Skills Trust from 1987 to 1988, Director of Tokoroa Pacific Islands Community from 1989 to 1992, and Ministry of Pacific Island Affairs Regional Manager for Central and Auckland from 1992 to 2000. He is a qualified accountant with a Bachelor of Commerce degree from Otago University and an MBA in Economic Development from Eastern University in Philadelphia, USA.

Social innovation in Pacific communities

Crooks¹⁴ suggests social innovation is well-established in Pacific communities, though framed in terms of leadership, by both individuals and groups, of initiatives to service and strengthen specific communities. Because Pacific communities often appear conservative and risk-averse, social innovation processes may often be masked.

As Crooks notes, Pacific leaders and community groups have long responded innovatively to community needs as part of a deeper ethic of community-building influenced by Christian values and practices. Migration to New Zealand brought about a shift in social needs and offered new ways of addressing them, and with this, opportunities for the more business-minded to leverage commercial skills for community gains.

In the Pacific context social innovation is driven both by individuals and/or groups, and often by a family or local urban 'village' (extended family). For example, it is common to find pockets of innovation within the broader Pacific community, and for initiatives to be managed by family networks over an extended period of time.

The innovating individuals and groups are typically positive and passionate, and offer strengths and skills relevant to the challenge at hand. They seek to serve, give to, assist and look after their community, valuing humility, honesty, transparency, collaboration and "doing the right thing in the right way". They have recognised leadership qualities and typically establish a mandate from other leaders as well as their communities. It is also common for innovators to inherit a long-standing, inter-generational social innovation project to develop further¹⁵.

It follows that a working definition of Pacific social innovation might be 'social means to social ends',

"... a leadership initiative that mobilises individual and community resources (including business ones) to achieve community goals".

This contrasts with the narrower, business-centred view of the social enterprise as 'an initiative that applies business strategies to achieve philanthropic goals'. To the Pacific ear this can sound like 'business means to social ends': the commercial and aggressive exploitation of community needs,

¹⁴Please note the views expressed here are shaped by the purpose of this document and responsibility cannot be attributed directly to Mr Crooks.

¹⁵Note Jim Collins' study of long-lasting corporations finds similar features among their leaders and corporate practices. See Collins, J. (2001). *Good to Great*. Random House. London.

with emphasis on corporate self-interest, fame and wealth. This view is profoundly at odds with Pacific views of healthy ways to achieve community growth.

Social innovation focus and assets

The challenges in the New Zealand context have focused Pacific innovativeness on social services (education, housing, health, justice, and other services such as youth, family, budgeting and languages). As a result Pacific organisations are well-represented in the health sector while having many opportunities to re-focus or extend activities to other sectors.

A corollary to this focus is that Pacific social innovation in recent decades has been framed by social service contracting models, which in New Zealand favour not-for-profits over business enterprises. This bias is accentuated by links with the charity sector and more recently, the Charities Commission's emphasis on ensuring not-for-profits service demonstrably needy communities. One result within Pacific communities has been a focus on and relative strength in developing health-based enterprises.

Crooks feels the Pacific emphasis on "social means to social ends" also offers significant assets to a potential social enterprise:

- A deep commitment to addressing people's needs
- A broad commitment to the organisation/programme, especially through staff loyalty and willingness to go the extra mile
- Ability to mix collective and individual responsibility/accountability
- Passionate leadership
- A deep understanding of the client-beneficiary

On the other hand, he notes Pacific start-ups may lack specific capabilities within the community and so will struggle with:

- Resourcing the organisation for operational activities
- Funding (beyond community-based sources)
- Leadership based on commercial expertise and skills
- Influence in the wider community, such as in policy, business and non-Pacific clients

Crooks also notes these features can be tied up with tensions between 'looking after the interests of the community' and 'pursuing the best for the business'.

Scaling the social enterprise

Pacific enterprises tend to focus on the interests of the community: as it combines clients with beneficiaries, it makes sense to service the community directly. In commercial terms the advantage is a focus on strengths and core business, with no need to take on significant debt.

The disadvantage is a business limited by the spending power of the community and/or by the funding its challenges can attract. This means difficulty broadening its offering to attract a wider range of clients, even when this expansion would increase returns to beneficiaries and the community.

Crooks argues that Pacific peoples' cultural backgrounds predispose them to holistic, systemic and service-oriented modes of thinking. A cultural position "outside" mainstream European ways of thinking about business (typically separating it from community interests) also opens them to lateral

and critical perspectives well-suited to innovation challenges. Because starting a business is relatively cheap and easy in New Zealand, Pacific innovators should be proactive in identifying opportunities, securing intellectual property and establishing stable enterprises. He notes the challenge of then extending it to other markets is shared by all businesses.

To take advantage of the strengths of Pacific communities and anticipate some of these issues, Crooks suggests social innovators should start simply by assembling a strong team and using small-scale seed funding (the “slow start” business start-up approach). There are several ways this can work, such as an individual who uses their influence to form a team, engaging an existing team with a great idea, or connecting with an established organisation with a vision. Start-up options are then:

1. Informal start

- A start based on simply ‘learning by doing’, formalised once the organisation’s best strategy, structure and operations are clear

2. Formal start

- A church-based initiative
- A trust
- An incorporated society
- A charitable company/ social enterprise

Finally, Crooks suggests these social-oriented organisations share common risks and can apply a corresponding set of best practices.

Best practices and success factors

Crooks points out that the traditional Pacific approach to organisations is to combine family and business leadership in the same role. This can result in a strong focus on the community as client and beneficiary, but can also limit transparency, resulting in an isolated leadership and difficulties with succession. The tension between social norms and social ends is a significant challenge for socially-oriented Pacific enterprises.

The table below summarises areas of risks and best practice in relation to social enterprise development.

Profiling common risks and best practices

Risk areas	Best practice areas
<ul style="list-style-type: none"> • Governance structure – not clarifying responsibility and accountability • Management practices – not clarifying responsibility and accountability • Leadership – not distinguishing between the business role and the person/family role • Beneficiaries – not identifying beneficiaries clearly with corresponding outcomes • Financial stability – not modelling financial flows and managing these over time • Risks and failures – not allowing for these, and not accounting for individual and collective responsibilities • Cohesion – fragmentation and loss of a collective vision and way of working 	<ul style="list-style-type: none"> • Governance structures • Management practices • Choice of team appropriate to the outcomes and/or organisation • Planning and well-managed execution • Good communication • Financial sustainability modelling and management • Succession planning

Crooks suggests the critical success factors for the social enterprise are a focus on:

- Humility
- Leadership
- A focus on using strengths to achieve desired outcomes
- Socially-oriented values
- Orientation to clients
- Care for staff and volunteers
- Structure and accountabilities
- Communication and story-telling
- Helping others to develop
- Evidence of work completed and successes achieved

In summary, Crooks suggests the Pacific community is unfamiliar (and typically uncomfortable with) mainstream views of the social enterprise, yet notes it features a range of entrepreneurs, social innovation projects and socially-motivated organisations. These often start with the skills of a gifted entrepreneur, the interests of a family or the ambitions of a close-knit community, but their actual organisational forms vary widely.

Examples of these various forms are provided in the case studies provided later in this study. The next section links the Pacific community's social assets and history of social innovation to the opportunities afforded by the emerging social housing sector.

The emerging social housing sector

The social housing sector (also known as ‘affordable’, ‘third sector’ and ‘community’ housing) is a relatively recent feature of the housing sector in New Zealand. In this context it helps illustrate how social enterprises need to be understood in the context of the social assets that support them and the networks of socially-focused organisations they work with (rather than as stand-alone solutions).

This sector also has immediate relevance to Pacific communities, who experience high levels of housing-related deprivation. The brief outline below highlights the opportunities for an organisation focused on Pacific housing needs and solutions.

The Housing New Zealand Corporation (HNZC) has historically been the key provider of community housing assistance in New Zealand and Pacific communities have been an important client group. In recent years policy shifts have led to a focus on higher-need communities and families, opening the way for ‘third sector’ and ‘intermediate’ housing solutions. As a result of these shifts, the government recently announced a new Social Housing Unit with a \$40 million fund, provided through the Department of Building and Housing, to grow the volume of social, affordable and niche housing provided by the third sector¹⁶.

However, it is also important to note that the housing sector in New Zealand has a larger set of problems that are naturally exaggerated at the lower end of the market¹⁷. Key issues include poor quality housing stock that is often unsafe for dwellers, poor rental housing poorly managed by landlords, very limited supply of lifetime/universal design homes, over-pricing of housing (on both supply and demand sides).

In addition, many households in Pacific communities may experience significant debt, which limits their ability to take on mortgages, and when they do, limits their ability to pay them off. In this respect two distinct sets of needs can be distinguished: the first is access to quality housing per se, and the second is the transition from rental to ownership through different purchasing models.

This creates deeper challenges for social housing enterprises: provision of quality homes, effectively against building industry norms, for those who cannot afford the premium the industry might like to impose. This means a social housing enterprise needs to consider land purchase, building design, orientation and construction, as well as household purchasing models and usage behaviours over time.

Social housing strategies and models

A review by the Salvation Army’s Social Policy and Parliamentary Unit¹⁸ notes there are four broad policy approaches adopted in community housing markets internationally. These are outlined below, noting a number of enterprise/ownership structures may work for each.

1. Shared Equity

¹⁶ Press release: Minister for Housing Phil Heatley, 14 June 2011. ‘More funding to grow volume of social housing’. See <http://www.beehive.govt.nz/release/more-funding-grow-volume-social-housing>. Accessed June 2011.

¹⁷ Saville-Smith, K. (2011). *Making REAL-Value: The Community Sector for a Better Housing Future*. CRESA. Community Housing Aotearoa Conference 2011. See http://communityhousing.org.nz/?page_id=2182

¹⁸ Smith, L., Robinson, B. (2005). *From Housing to Homes: Strategies to assist low and modest income New Zealand households into homeownership*. Salvation Army: Social Policy and Parliamentary Unit.

- The equity in a property is (at least initially) shared between two parties. This can be adapted for a variety of household types. One option is to focus on the capital gains of a new property, enabling the deposit gap to be bridged. Another is akin to the Rent-to-Buy scheme (one owner buys out the other over time).
- Benefits are that a household has immediate equity in the property (and so a sense of ownership, commitment to the property and community). It overcomes affordability and security of tenure problems and provides a pathway for those previously unable to enter the housing market. It thus increases the asset base of low and modest income households.
- The risks are the need for significant expenditure up front, general sustainability and equity, carrying of risk by the Enterprise, and the bulk of benefits accruing to the household. Note that bureaucracy and compliance costs may prevent these schemes.

2. Right-to-Buy

- This allows tenants the right-to-buy their property at a discounted price. This would work best in areas where there is an oversupply of state houses or lower cost housing markets.
- Its benefits are that it enables renters to enter the market, helps ensure housing is used effectively, and provides security of tenure.
- Risks are equity and sustainability issues and loss of housing stock (from the time of purchase).

3. Supported Saving

- This encourages savings by matching or enhancing savings. It would lock in savings for a home deposit and would provide bonuses for those who do not withdraw before a specified period.
- This is a longer-term strategy that helps households bridge the deposit gap, creates assets, encourages good savings habits, and increases money available for local investment.
- Risks are that it really only works for those who can save, savings could be spent elsewhere, inflationary risks, plus rising/high house prices could still prevent purchase.

4. Land Lease for Key Workers

- This leases, at a discounted price, land in high housing cost areas for key workers (such as nurses, police officers and teachers) to build homes on so they can live in or near the communities they serve.
- Key benefits are that it enables key workers to access home ownership, ensures communities can attract and retain key workers, creates a community focus on quality services, and provides stability for both community and key workers.
- Risks include equity and sustainability issues, perception issues (key workers may perceive it to be less than 100% ownership and doubt about the security and price of land) and land use issues (the land needs to be appropriate).

They suggest three criteria for assessing the suitability of options in context:

1. Will the option increase access to homeownership among its target households?
2. Will the option create sustainable homeownership?
3. Is the option affordable over time?

They emphasise homeownership programmes need to focus on affordability and sustainability: easing access without focusing on longer term sustainability is unlikely to work and likely to be to the detriment of the local community over time.

Existing sector and network

The existing provider network is focused on Community Housing Aotearoa¹⁹ (CHA) and has approximately 115 member organisations nationwide of an estimated 160 in total. CHA members include many charitable and iwi trusts, NGOs, private housing companies and local government bodies, indicating a wide range of enterprise models. Note that only one, the Pukapuka Community²⁰, appears to have a specific Pacific community focus. There is obviously room for Pacific enterprises serving Pacific families to impact in this sector.

The few publications on the sector (Capital Strategy / SGS Economics and Planning, 2007²¹, and the subsequent discussion document by the Housing Shareholders Advisory Group) are focused on the case for shifting to a third sector model. However, they are useful in context for profiling the sector.

The 2007 study by Capital Strategy / SGS Economics and Planning characterised the social housing sector as 'emergent', highly fragmented in both operations and impact. It noted many enterprises did not own houses but were trying to attract funding towards this. Most were small organisations focused on a specific, local niche and experiencing difficulties securing both capital and operational funding and relying on a wide mix of funding sources (suggesting 'a largely opportunistic approach to entity capitalisation'). The inevitable result was a focus on survival over meeting housing objectives.

Further, it was noted that some enterprises lacked key financial management skills and information systems, often a function of small size and budgets. Many were trying to secure funding while also trying to deliver housing and other social and health services (the issue of minimum sustainable size was obviously controversial within the sector). These issues became critical when considering major transfers of housing stock from HNZC and local Councils. There was a need to rapidly build community housing organisations of scale, but help with governance and management capability needed to be built at the same time (prior to such transfers).

It reported that organisations sought structural changes in the programs designed to support sector development. These include more long-term funding (allowing for better planning and asset development), reduced bureaucracy around funding processes (specifically in relation to HNZC processes), improved sharing of information and co-ordination of activities, and better sector information towards improved strategic planning and policy analysis.

The study concluded community housing needs to be developed as a professional discipline, and the sector needs to grow within appropriate institutional arrangements in order to attract qualified professionals to manage the potentially complex housing and social service portfolios. In parallel, Boards need to be effective and include a full range of core competencies. Such development could be supported by existing training programs being delivered by Te Puni Kōkiri, HNZC, Ministry of Economic Development, Institute of Management and the New Zealand Institute of Directors.

¹⁹See <http://communityhousing.org.nz/>. Accessed June 2011.

²⁰See <http://www.pukapuka.org/>. Accessed June 2011.

²¹Capital Strategy / SGS Economics and Planning. (2007). *Affordable Housing: the community housing sector in NZ*. Centre for Housing Research, Aotearoa New Zealand.

The study also remarked that within-sector partnerships would help build capacity with economies of scale and scope. It suggested the sector could leverage the centralised resources of sector bodies like CHA to develop best practice, training, advocacy, and co-ordination services.

This study proposes two visions of the sector: niche social housing and third sector housing. Niche housing was defined as housing for vulnerable households and higher needs groups, while third sector housing was for lower-income and intermediate households. In effect, these represented provision by HNZC (indirectly) and by third sector housing organisations. The document recommended third sector housing as a model for further development, so providing a rationale for the new Social Housing Unit.

Recent developments

Since the above study was carried out, both Government (see comments on Social Housing Unit above) and the sector have responded actively. The Community Housing Aotearoa (CHA) had developed a Best Practice Guide²² early in its history which is now in its 4th (2010) edition. The Guide currently outlines community housing in New Zealand and notes six common models (by type of provider): NGO, Māori, not-for-profit trusts, tenant co-operatives, specialist agencies (such as HNZC) and local government. It then outlines best practice criteria for providers, covering governance, management, HR, tenancies, assets, tenant rights and community engagement. It also features self-assessment and scorecard tools.

It is clear from the CHA's 2011 conference that members are actively engaged in evolving best practices and better quality control. There is also some emphasis on funding and the benefits of public-private partnerships.²³ CHA members are also writing case studies, such as the 2009 Papakainga Development Case study, developed jointly by Te Puni Kōkiri, Te Kooti Whenua Māori and Hastings District Council²⁴. Split into three steps (Whānau, Whenua and Whare), it narrates the experience of property development by a whānau and provides points of illustration and instruction. A very practical summary is provided (p. 6) that might be very applicable to Pacific community projects.

It is clear from this overview that Pacific social housing enterprises could easily focus on the community's significant housing needs to the exclusion of business sustainability, a pattern apparently typical of the sector. In fact, it might best serve Pacific entrepreneurs to first learn what *not to do* from existing housing organisations, then decide what can and should be done to make best use of Pacific values, skills and opportunities.

The obvious focus is thus the enterprise development process itself, drawing on the expertise and experience available within Pacific communities in doing so. For example, Pacific women's insights into service and voluntary organisations would be invaluable, as would the entrepreneurial skills and experience of established Pacific businesses. Pacific entrepreneurs also have the advantage of relatively direct access to the kinds of households that might be their future clients, as well as the institutions that might be important allies and social service or business partners. That is, it is clearly critical not to start with pre-determined criteria, but to explore and evolve these with community stakeholders and supporters.

²² *Best Practice Guide for Community Housing in New Zealand*. (2010). Community Housing Aotearoa. Wellington.

²³ See http://communityhousing.org.nz/?page_id=2182

²⁴ Papakainga Development Case Study (2009). Te Puni Kōkiri, Te Kooti Whenua Māori, Hastings District Council.

The case studies

This section provides five case studies featuring different types of social enterprises relevant to Pacific communities and their opportunities.

Case study one: The Pukapuka Community Group

The first case study is the Pukapuka Community Trust, located in Mangere, Auckland. The Community is led by Nuku Rapana, who led the purchase and establishment of the Pukapuka Community Centre in Mangere.

Nuku is founder and Managing Director of Entech Electronics and has a background of more than 25 years in the electronics industry specialising in the fabrication and supply of printed circuit boards for the likes of Tait Electronics, Pulsedata, Wormald and Invensys Energy Systems.

Nuku is a recognised leader in the wider Cook Island and Pacific communities, where he is widely respected for his abilities to turn a vision into reality. In recent years, he has chaired the annual Pasifika Festival and also the Pacific Leaders Group which is contributing to the Auckland Regional Economic Development Strategy.

Case study one: The Pukapuka Community Group

Origins

- Pukapuka Community Group originated after the First World War with settlement by Manua Tutara and other Pukapuka Island community members in the Kumeu area of Auckland.
- In 1953 Papa Atawua Robati was elected as the community's first formal leader. His mission was to support people from Pukapuka Island as they migrated to New Zealand and settled around the Ponsonby area.
- During this time the idea of a Centre was first mooted. In the 1970s a number of properties were assessed but the community lacked the know-how and resources to take the concept further.
- Rapana was elected in 1995 and is the eighth consecutive leader of the community. Prior to this he had set up and run a successful IT consultancy business as well as contributing strongly to his community.

Case study one: The Pukapuka Community Group

<p>Set-up process</p>	<ul style="list-style-type: none"> • When Rapana was elected his first step was to consult extensively with the community about priorities. The concept of a Centre was reinstated as a key priority because it offered a focal location, fostering a sense of identity and belonging as well as providing a site for community activities. • Rapana’s next step (also in 1995) was to register the community as an incorporated society, so creating a vehicle for ownership of assets, management of funds and taxation, and access to resources well beyond those directly available through the community. • The Community’s first project was to build a Centre providing accommodation in Rarotonga as a way to support ties between New Zealand families and their community of origin. • During this time the Community also received funding to employ a receptionist and set up its first office (in Rapana’s own home!). • Rapana recalls his first two years as Community leader were unpaid!
<p>Current status</p>	<ul style="list-style-type: none"> • The Community is now registered as a Charitable Trust.
<p>Vision and values</p>	<ul style="list-style-type: none"> • Rapana’s personal concern is to ‘keep the people close while lifting up the community’. He values personal integrity, noting that as a Christian he is very conscious that ‘a man acts as he thinks’. • Behind the Community’s formal values lies the concern to keep the unique language and culture alive

Case study one: The Pukapuka Community Group

<p>Structure</p>	<ul style="list-style-type: none"> • Pukapuka Community Group is structured as a Trust with ownership of the Community’s four properties and five limited liability companies. • Rapana is Chair of the Trust and nominal managing director of the six companies. • Five limited liability companies are currently operating: <ol style="list-style-type: none"> 1. Kaimalea Bakery, a profitable business focusing on clients within the Community 2. Pukapuka Training Academy, a part-funded IT and electro-technology training school with 150 students 3. Pukapuka Social Services, funded by MSD and WINZ to provide a range of programmes covering literacy, health and housing 4. A part of the above social service company (though a separate entity) 5. Communicare Services, a health company, also funded by government agencies <p>Two other companies are in development or planning:</p> <ol style="list-style-type: none"> 6. Waleworks, a housing development company (currently being developed) 7. A micro-finance and life insurance company (currently being investigated and planned)
<p>Business model</p>	<ul style="list-style-type: none"> • Trust-based ownership helps build capital and keep it within the Community. • The business model is then designed to spread risks and income sources across a range of companies, each in a different sector. • The model mixes income from sales (the bakery and training academy) with central government funding (the training academy and social services companies). • Key costs are a mortgage (covering the Trust’s properties) and employment-related expenses. • The combined ‘costs of doing business’ (e.g. marketing, promotions etc.) are small because of the Community’s very close ties with its clients.

Case study one: The Pukapuka Community Group

Divisions	<ul style="list-style-type: none"> • There are effectively three client-facing divisions corresponding to the bakery, the training academy and the social services (in combination). • A fourth division is responsible for management and administration of these divisions/companies.
Products and services	<ul style="list-style-type: none"> • These correspond to the divisions above.
Community engagement	<ul style="list-style-type: none"> • The Trust is directly engaged with its community as owners, clients and beneficiaries.
Monitoring and evaluation	<ul style="list-style-type: none"> • Monitoring and evaluation occur through direct contact with the community.
Challenges – past	<ul style="list-style-type: none"> • Cash flow is always a challenge! • In the past the Trust has had to deal with commonplace taxation and investment issues. These have required some restructuring of the companies and revision of management practices.
Challenges – future	<ul style="list-style-type: none"> • The Community’s vision and planning has to think in terms of generations (up to 25 years ahead). • The Trust’s planned housing development and micro-finance companies aim to address core community needs and build strategic resources in key sectors. • Other opportunities are being investigated (such as a bottled water brand) to provide entry to other sectors. • A longer-term vision is to engage in collaborative projects with other Pacific communities: deeper/larger problems require larger-scale projects and so ability to scale up is a major opportunity. • An example is Rapana’s long-standing vision for an IT collaboration: its working title is the South Pacific Institute of Research for Information Technology (SPIRIT) and it would leverage his strengths within the IT sector. • As the organisation evolves, a corporate model may become more appropriate than the current Trust-based approach.

Case study one: The Pukapuka Community Group

Advice to others

- Have good mentoring and support networks (Rapana belongs to the NZ Social Entrepreneur Fellowship and is in regular contact with mentors in the IT and health sectors).
- Work to build up a mix of people who can work in the business, especially those who share a long-term strategic outlook.
- Work to build up future leaders, who may naturally stand out but will still need nurturing and development.
- Be prepared to challenge community/business leaders about where they are headed.
- Be a leader with a crystallised, clear long-term plan for where you are headed and how you will get there.
- Build a core team of people who share a vision, who will work hard and even sacrifice for it: this is more important than their particular skills (as these evolve and can be shaped over time).
- Build an enterprise with enough diversity to ensure its sustainability over the long term.
- Don't be afraid to just start something – be prepared to 'learn by doing' and be tolerant of failures.
- Watch and look ahead to where sectors are moving and stay focused on emerging opportunities.
- Be a good judge of character but don't be narrow-minded: be prepared to work with people of different backgrounds and beliefs to your own.

Views on social enterprise and social entrepreneurs

- Innovation/entrepreneurship skills seem at least partly due to personality: Rapana has always tinkered with technologies (including lighting his house as a child on an island without electricity!).
- Social entrepreneurs are often 'inspired and inspiring' – they have an ability to see things differently and to engage others in their ventures.
- Business skills are essential, even for the social entrepreneur: you need to be able to use the right concepts and structures for the kinds of survival and growth challenges a community faces.
- Leadership and team skills are very important (as above) because an enterprise cannot grow without a team that can lift up its community.

Case study two: The Dream Centre Trust

The Dream Centre Trust²⁵ is a church-linked enterprise based in South Auckland which focuses on Pacific Island and Māori communities. The Trust's Chairperson and contact for this interview is Pastor Chris Sola.

Case study two: The Dream Centre Trust	
Origins	<ul style="list-style-type: none"> The Trust started with a vision among Church leaders to provide a holistic service to the wider community.
Set-up process	<ul style="list-style-type: none"> The process took about three years. The Trust was originally established in 2000 as the Harvest Group Trust. Key steps in its development were: <ul style="list-style-type: none"> Purchasing the Manukau Village 8 Movie Complex and shifting from the prior site in Manurewa. Restructuring during 2008 to ensure its direction would be consistent with Government policy and community needs. A key aim was to develop sustainable services and programs that empower Māori and Pacific peoples and other high need groups Changing the name from Harvest Group Trust and rebranding it The Dream Centre in 2010. (The Church's name also changed from Hosanna World Harvest Church to The Dream Centre.)
Current status	<ul style="list-style-type: none"> The Dream Centre Trust has been operating since 2010 and is located at 3 Lakewood Court, Manukau. The Centre boasts 8 auditoriums, a cafe, a banquet lounge, a Youth Centre, a mini gym, a multimedia and film suite and 450 car parks. It has already been very successful at engaging the wider community and becoming a hub, building strong networks within the community and helping people with key areas of need.

²⁵Note the Trust is often called "The Dream Centre", which in this context may cause confusion with the Church. All references in this case study are to the enterprise/Trust, and not the Church, unless otherwise stated.

Case study two: The Dream Centre Trust

<p>Vision and values</p>	<ul style="list-style-type: none"> • The vision is to become a major holistic provider that empowers people from all echelons of society. This spans the vision of both the Church and the Trust. • “Our goal is to be innovative and cutting-edge in the services and products that we provide. We believe that every person has potential and a dream to fulfil. Our primary objective is to expose them to opportunities that will help them discover and maximize that potential so that they can realise their dreams.” (see http://www.dreamcentrctrust.co.nz/index.html) • The Trust emphasises sustainability and encompasses the social, economic, cultural, environmental and spiritual well-being of individuals and families who live in the wider Auckland region. • It focuses on positive lifestyle choices from a strengths-based approach.
<p>Structure</p>	<ul style="list-style-type: none"> • The Trust has a Deed and Constitution with a separate Board and management team. Note the Church operates in parallel and each Board has a representative on the other body, so providing mutual supports between Church and Trust. • At present Pastor Sola is both Chair of the Trust and Senior Minister of the Church, though a new Chair is being sought.
<p>Business model</p>	<ul style="list-style-type: none"> • The Trust is both a service provider and a hub/incubator for off-shoot businesses, especially those serving the interests of younger people. • Initial funding came from external funders and investors. The current site was purchased at a significant discount due to market conditions, so helping minimise set-up costs. This step was a great success. • The Trust aims to be self-sufficient and is projecting \$1.3 million in revenues for the current financial year, a six-fold increase on previous years. • The main expenses are overheads, which are mostly covered by revenues from the Trust.
<p>Divisions</p>	<ul style="list-style-type: none"> • The Trust has ten specialised staff of eight youth workers and two managers. It also contracts multi-media, graphics and other staff. • It also shares six administration and financial staff with the Church.

Case study two: The Dream Centre Trust	
Products and services	<ul style="list-style-type: none"> • The Trust offers: <ul style="list-style-type: none"> • DYCE (Dream Youth Centre Extreme) 24/7 youth support services • Café Coco event-based catering service • Event hosting and management including STOMP (http://www.stomp2011.com/) and VOICES (http://www.dreamcentrere Trust.co.nz/voices.html). • Venue hire
Community engagement	<ul style="list-style-type: none"> • The Trust is in constant communication with its primary stakeholders (the Church and the local Māori and Pacific Islands communities), especially through its linked Church. • It also has field workers and provides information and forums for the wider community. • It is looking at ways to engage wider feedback.
Monitoring and evaluation	<ul style="list-style-type: none"> • The Trust holds regular staff evaluation sessions and regular reporting to the executive team.
Challenges – past	<ul style="list-style-type: none"> • The need for “quality” people with expertise that matches the needs of the communities The Dream Centre serves. • In parallel, raising people’s expectations, standards and commitment. The Dream Centre’s success depends on individuals and groups with clear intentions and innovating together and inspiring others. Shifting people’s hearts and minds to achieve this is an ongoing challenge. • Developing a model which is sustainable in the long term. This takes thinking outside the box and a lot of patience. • Red tape and bureaucracy are an ongoing challenge. • Funding!

Case study two: The Dream Centre Trust

Challenges – future	<ul style="list-style-type: none">• A central challenge is the need to continue to engage with young people; having them aspire to greater things and showing them how to innovate for themselves and inspire others to do the same.• A core challenge is also building the capabilities of the team: communicating regularly, consulting widely, improving the infrastructure and systems and encouraging personnel.• Staying focused on the core mission and business.• Raising expectations, standards and commitment (see above).• Launching successful spin-off businesses.
Advice to others	<ul style="list-style-type: none">• People matter most: love them! Be a good networker.• Keep believing in the vision, even when things are hard.• Try not to re-invent the wheel. Don't make it hard when it doesn't need to be.• Be disciplined: when you know what to do, it's then very important to do it and not put it off. This is a natural and important part of having a clear intention.• Keep a clear eye on the long term: give priority to succession and long term self-sustainability.

Case study two: The Dream Centre Trust

Views on social enterprise and social entrepreneurs

- In a general sense Pacific and Māori communities are traditionally consumers rather than providers and business-people. This means they tend to have a mindset of dependence rather than entrepreneurship. This is only a generalisation but helps capture current views of social enterprise.
- The mindset that comes with running a business is less familiar and often mistrusted (given a distrust of commercial/capitalist motives and ethics within Pacific communities). But it is also critical to the self-sustainability of a community, so learning how to run an enterprise needs to be promoted as a positive and necessary skill.
- Social enterprises are not simple entities and are not just about the person who sets them up. They require diverse skill sets and personalities. “Movers” are the entrepreneurs, innovators and risk-takers but in most organisations only total about 10% of staff. They need “Managers” to implement ideas and “Mindors” to look after the day-to-day operations.
- Social enterprises can work from a small core team of Movers and Managers, but still need lots of Mindors. Pacific social enterprises may still rely on volunteers and so revenue is linked to the quality of their skills and expertise. Fostering good volunteer skills within the Church and networking with other organisations (such as churches, social services, Boards and community forums) is crucial for access to the right kinds of volunteers for the tasks at hand. In particular, this can be vital for access to professional expertise such as marketing, accounting, legal and sponsorship.
- Social entrepreneurs understand that money/business can be used to deliver social outcomes. These people can be rare in Pacific and Māori communities at the present time, and they need to be careful to keep the social outcomes in mind and not make money an end in itself. “Prosperity” is not the same as wealth and leaders need to be careful not to let their egos overshadow the skills and resources that are in their team.
- Pastor Sola is currently writing a book on the above themes and expects to publish in the next year or two.

Case study three: The Monte Cecilia Housing Trust

The Monte Cecilia Housing Trust is based in South Auckland and focuses on Pacific peoples with significant housing needs. The Housing Manager and contact for this interview is Elaine Lolesio.

Case study three: The Monte Cecilia Housing Trust

Origins, set-up and current status

- Monte Cecilia Housing Trust is the oldest of the case studies at nearly 30 years. It was founded in response to the major social crises caused by depletion of available housing stock from the late 1970s due to government policy changes.
- The Trust was established in 1982 by the St Vincent de Paul Society, Liston Foundation, the Sisters of Mercy and the Marist Brothers. The original purpose was to provide emergency housing and practical assistance to families with a housing need. It was registered as a Charitable Trust in 1989 so as to continue to provide and expand its services in response to a growing need among low income families for housing assistance.
- In 2002 the Trusts' housing facility was shifted from Monte Cecilia House in Hillsborough to a former rest-home in Mangere. The relocation enabled the Trust to increase its emergency housing capacity to 12 dwellings. The Trust also now owns or manages a further 13 properties in South Auckland and 11 in West Auckland
- In 2002 the Trusts' housing facility was shifted from Monte Cecilia House in Hillsborough to a former rest-home in Mangere. The relocation enabled the Trust to increase its emergency housing capacity to 12 dwellings. The Trust also now owns a further 2 properties in Mangere and 5 in Waitakere City.
- The Trust now operates as the "Monte Cecilia Housing Trust" under the auspices of the Catholic Diocese of Auckland.

Case study three: The Monte Cecilia Housing Trust

Vision and values	<ul style="list-style-type: none"> • The Trust’s vision and values have shifted over time to a focus on helping families in South and West Auckland with poverty with its related housing and social challenges. • “Monte Cecilia Housing Trust has a vision of a society in which everyone in Aotearoa New Zealand has access to adequate, affordable, and secure housing as of right regardless of race, religion, income or social status.” • “Monte Cecilia Housing Trust promotes housing justice for everyone in Aotearoa New Zealand by: <ul style="list-style-type: none"> • Nourishing hope for and advancing a vision of adequate, affordable, secure, healthy, and permanent housing • Providing high quality and culturally appropriate services to families with a housing need, and • Participating in housing action and political advocacy initiatives” (see http://www.montececilia.org.nz/our-vision.htm)
Structure	<ul style="list-style-type: none"> • The Trust has a Board of eight and a small management team comprising trust executive, housing manager and practice manager. Alongside this is a core services team with a housing coordinator, social workers and after-hours support staff. • The Trust has a Board of eight and a small management team comprising chief executive, housing manager, practice manager and accountant. Alongside this is a core services team with a housing coordinator, social workers and after-hours support staff. • Its employees total less than 20 full- and part-time roles. These span management, social work, counselling, housing coordination, education, donated goods collection, property management, tenancy management and after-hours support. • The Trust also collaborates with Councils and social services.
Business model	<ul style="list-style-type: none"> • The Trust’s model is highly streamlined and systematised, so relatively simple for a social housing enterprise: • Income from CYFS, community grants, donations (church and philanthropic) and rentals. • Expenses are servicing loans and staff wages.

Case study three: The Monte Cecilia Housing Trust

Divisions	<ul style="list-style-type: none"> • The Trust has no divisions as such and is organised via expertise and roles.
Products and services	<ul style="list-style-type: none"> • The Trust offers: • Emergency and rental housing • Support and crisis intervention • Access to health, counselling and other social services • Training such as budgeting, sewing and household maintenance • A playgroup for kids under 5 years • A donated furniture and goods programme • Ongoing support in the transition to housing ownership • The Trust is also a strong advocate in housing policy with local and central government agencies.
Community engagement	<ul style="list-style-type: none"> • The Trust is directly engaged with the community as a result of its work.
Monitoring and evaluation	<ul style="list-style-type: none"> • The Trust conducts ongoing surveys with clients as part of its emergency housing programme. • It also monitors clients' needs through housing coordination activities.
Challenges – past	<ul style="list-style-type: none"> • The Trust's challenges in the past have revolved around matching the vision to its actual delivery, be this in response to external changes in the sector or to internal changes in ownership, governance structure and operations. • As a result the Trust is very streamlined and cost-efficient in the way it operates, while also trying to remain flexible and responsive to community needs.

Case study three: The Monte Cecilia Housing Trust

<p>Challenges – future</p>	<ul style="list-style-type: none"> • The Trust is not confident that current plans for the social housing sector are adequate for the localised nature of the sector and the kinds of enterprises that are required to serve client needs. • A key challenge is sustaining the Trust’s capacity for growth. This involves building its financial resources and expanding its support base beyond Church networks. • This will require innovative ways of thinking (relative to historical NGO approaches) and much strategic planning. • Ensuring the strengths of the Board and team are fostered, as having the right expertise within the team is critical.
<p>Advice to others</p>	<ul style="list-style-type: none"> • Keep the needs of the clients/family in clear focus. • Be able to adjust and evolve, and in particular, be flexible enough to enable the give-and-take of collaborations with other partners • Keep a strong network in place – this keeps you informed and proactive • Be clear about the governance and structure relative to the vision
<p>Views on social enterprise and social entrepreneurs</p>	<ul style="list-style-type: none"> • Social enterprises need to be able to change and grow over time, so being good at networking, learning and changing are all critical. • Enterprise leaders need to be informed politically and need to have the range of experience to give them depth of insight about challenges and potential solutions. • They need to be flexible in approaching challenges and working out an appropriate solution. • They also need to be able to balance the grass roots needs of the client with the political drivers to make sure the enterprise stays sustainable.

Case study four: The Bays Community Housing Trust

The Bays Community Housing Trust is based on Auckland’s North Shore and focuses on people who have experienced mental ill health. The Business Development Manager and contact for this interview is Keith McMinn.

Case study four: The Bays Community Housing Trust

<p>Origins</p>	<ul style="list-style-type: none"> • Bays Community Housing Trust was envisioned by members of the local Long Bay Baptist Church. It was established in 2004 for people who have social or economic need. • The North Shore is often seen as a wealthy area. This can make it harder for people with limited incomes, as affordable housing is in very short supply. People who have been mentally unwell can also be viewed as poor tenants. As a result, in the past this group typically had access to only the poorest quality housing (if at all).
<p>Set-up process</p>	<ul style="list-style-type: none"> • The venture was set up as a charitable trust because it offered an appropriate governance framework and allowed for flexibility in operational approaches over the long term. It also offered a familiar, credible entity to potential funders. • The Trust was set up with considerable help from the Community of Refuge Trust (CoRT), a social housing provider founded by the Ponsonby Baptist Church in 1987, from the Government Housing Innovation Fund (through HNZN) and from ASB Community Trust. • The focus of the Trust is on the North Shore area rather than on any specific type of need. It aims to avoid duplication with other social housing Trusts, and the focus on Auckland’s Northern suburbs is part of this. • The Trust is still evolving as it grows. It has worked hard to establish a central business model that can be scaled up sustainably (e.g. to 50+ dwellings). It also develops its systems ahead of time, so these are fully trialled by the time they become central to operations.

Case study four: The Bays Community Housing Trust

Current status	<ul style="list-style-type: none"> • The Trust currently owns 18 dwellings of different sizes and also leases 8 dwellings from HNZC. There are approximately 40 tenants in these properties. • It also partners with other organisations to provide support services. These include Equip (http://www.equip.net.nz/) and Connect (http://www.connectsr.org.nz/) as well as some mainstream community support services. • The Trust’s dwellings enjoy a 98% occupancy rate and very low levels of rent default. • It has recently developed: <ul style="list-style-type: none"> • A house for young people in partnership with Dingwall Trust(http://www.dingwall.co.nz) • An elderly women’s housing project, currently in final stages of securing funding and partners
Vision and values	<ul style="list-style-type: none"> • The Trust’s vision is to provide affordable housing to a wider range of needy people throughout the North Shore area. • The Trust holds an annual Vision and Strategy meeting to refresh its vision and make specific plans for the upcoming year. • “The Trust’s aim will always be to treat others with dignity and respect. It comes from the conviction that all people are important to God. Throughout history and Scripture, God has always had a heart for the poor and outcasts. The Trust believes He has called us - His people, His church - to express that same love”(Background, http://www.bcht.org.nz/)
Structure	<ul style="list-style-type: none"> • The Trust is structured as a Board (of 7 – 9 Trustees) and a small executive team of 2 – 3 executives. At present these are a Business Development Manager, a Property Manager and a Treasurer. Note the latter is currently unpaid.

Case study four: The Bays Community Housing Trust

<p>Business model</p>	<ul style="list-style-type: none"> • The business model is as streamlined as possible and has these elements: • An initial seeding grant from CoRT • Income from rentals (80% of market rate or less), with funding from ASB Community Trust, Housing Innovation Fund and other gifts, sponsorships and grants from a range of philanthropic organisations. • Commercial mortgages are used to ‘get over the hump’ of initial property purchase. • Expenses from property maintenance and refurbishment, servicing mortgages and employee salaries (currently 0.8 FTEs). • Partners are independently funded by government, so do not impact directly. • Some support through voluntary work. Note the Treasurer is unpaid by personal choice. • Refuse funding from organisations that impact negatively on clients/tenants e.g. alcohol and gambling. • The Trust’s current operations are underpinned by an excel-based financial and property management model. This was originally derived from HNZN and was then heavily customised to meet the Trust’s needs. This is a critical management tool. • Note: a general disadvantage of trusts is they cannot claim GST, such as when building houses or when renting properties. This obviously has a major impact on costs and cash flow, and needs to be planned for carefully. The Trust is advocating for change of the laws covering charities in this regard.
<p>Divisions</p>	<ul style="list-style-type: none"> • The Trust has stayed as streamlined as possible, focusing on doing necessary functions only.
<p>Products and services</p>	<ul style="list-style-type: none"> • The Trust focuses on providing housing, leaving social support services to its partners (see above). It believes this is the more credible and sustainable approach, ensuring it develops strengths in key areas and allows partners to extend theirs.

Case study four: The Bays Community Housing Trust

<p>Community engagement</p>	<ul style="list-style-type: none"> • The Trust links with the community in a range of ways: • Through its partners e.g. with the community of mental health consumers. • Through the Business Development Manager role e.g. with potential funders. • Through the Board and executives e.g. with the social housing sector as well as funders/sponsors in the church community. • Through the Auckland Community Housing Providers Network which comprises the ten main providers of affordable housing in Auckland City. • Through membership of Community Housing Aotearoa (CHA) and North Shore Community & Social Services (NSCSS)
<p>Monitoring and evaluation</p>	<ul style="list-style-type: none"> • The Trust publishes a simple Annual Report detailing activities and has developed a detailed profile for funding applications (constantly updated). • The Trust also commissions an independent annual audit of its books to ensure accountability and assist with funding applications. • Monitoring of tenants is currently semi-formal and qualitative in nature. The size of the organisation allows constant feedback through the Property Manager and social service partners. • It is currently investigating a “social needs and impacts” evaluation in partnership with Massey University’s Social Research Unit. A key step is finding funding for a PhD student.

Case study four: The Bays Community Housing Trust

Challenges – past

- A fundamental challenge is managing the business so it can achieve the social ends it was set up for. A key to this is the financial model and some very smart, streamlined planning and accounting systems.
- A general challenge is always how best to keep growth on target – the beginning can be especially slow because of the challenge of buying properties. The Trust is on target but the next 5 years require faster growth.
- Another general challenge is managing tenants. This is a case of being clear about the Trust's values and creating options in line with this, such as "relocate rather than evict" and "be flexible".
- A specific challenge is the amount of cash in the Trust: "if potential funders see too much cash on the books, they may query need for funding; but if don't see enough, may question whether you are viable".

Case study four: The Bays Community Housing Trust

Challenges – future

- The Trust is not clear how the Social Housing Unit of Department of Building & Housing (DBH) or HNZA will contribute to the social housing in the North Shore over time. This creates a background of uncertainty within the sector.
- Social housing needs vary by locality and target community. Providers need to be very focused at the local level and on their communities of interest. They are necessarily long-term ventures, yet need to be flexible enough to evolve as localities/communities evolve over time.
- This is a new approach and governments may struggle to switch from the historical reliance on a generic, centralised service to a wide range of specialised local providers. There may be some questions about balancing a small scale local approach, with an economy of scale that supports sustainability.
- Another practical issue is that availability of HNZA houses is limited within the North Shore. This means the Trust may not be able to rely on general government plans to grow the social housing sector.
- The Trust is aiming to develop a portfolio of 50+ properties by 2014, as its analysis suggests this is the minimum required to make it fully self-sustaining in the long term. This will be a major challenge, though not a new one!
- The Trust needs to ensure it has the expertise to manage its particular mix of social, business and business challenges. It will continue to search for trustees with right mix of expertise and team skills (especially among younger age groups) that can help build the Trust's capabilities over time.

Case study four: The Bays Community Housing Trust

Advice to others

- Separate governance and management to ensure strategic and executive activities are focused and do not get in each other's way.
- Identify the social service/business expertise, with team skills, that you need. Take the time to find credible, committed people with the right expertise, especially at Board/strategic level (in first instance).
- Have a 10+ year plan, especially for social housing (where you may need a plan covering 30-year mortgages, for example). Be able to show where you are up to in relation to this.
- Be able to show your team's business competence and acumen and the results of these for the organisation as you progress. Use this to build your credibility, especially in funding applications.
- Get your process for Board and executive meetings right – and follow it even if the result is a 30-minute meeting.
- Avoid renting an office – keep it low key and virtual – avoid unnecessary overheads when a dedicated P O Box, email address and phone will do. Use electronic systems (such as accounting software) to minimise administrative overheads too.
- Use local people with local housing and community knowledge for operational roles.
- Conduct an independent audit of your accounts every year. Be accountable and transparent, and show this when seeking funding.
- Involve yourself in social/housing sector networks and work together on shared concerns as well as building opportunities for larger-scale projects that require collaboration.
- Make contact with relevant government/local bodies and business organisations – build your credibility with these and get appropriate help as well as recognition.
- Be conservative and avoid practices which might be considered risky, such as those which stretch current requirements of trusts/charities or GST and Capital Gains Tax. Use these as opportunities to work with others to advocate change.

Case study four: The Bays Community Housing Trust

Views on social enterprise and social entrepreneurs

- A social enterprise requires a unique approach because it mixes social service and business skills, so getting the right mix of people/expertise is very important.
- Leadership is important but needs to be seen in context. Leaders tend to be good at the vision, big picture and long-term views. This means someone with the vision, ideas and enthusiasm makes a good chair but will not be as good at hands-on roles. That is why a good mix of skills is needed in a team. Social innovation arises from being able to translate the vision into a strong and effective enterprise.
- It is critical to stay focused on the enterprise as a means to an end, keeping it flexible and responsive. The enterprise is not an end in itself. But it also needs to be astutely managed 'as a business', so these skills are still critical.
- Social enterprises have to think bigger than the enterprise and keep an eye on what is right for beneficiaries and communities of interest. But they also have to ensure they remain well-grounded and sustainable. The crux is being clear about its social objectives and sticking to its core mandate. It is better to allow specialist partners to deliver complementary services than dilute core skills or become too thinly spread.

Case study five: The New Zealand Housing Foundation

The New Zealand Housing Foundation is based in central Auckland and focuses on people with significant housing needs. The Executive Director and contact for this interview is Brian Donnelly.

Case study five: The New Zealand Housing Foundation

Origins	<ul style="list-style-type: none"> • The Foundation started with a collective of 4 – 5 people from existing housing organisations who saw opportunities to do more.
Set-up process	<ul style="list-style-type: none"> • Set-up took a few years. It began with scoping the issues, taking a holistic view and discussing strategy and exploring options. At this point the Foundation had a clear social mission but was not sure of the best business model to deliver it. • Brian was then brought in to help develop a business model that would deliver the desired social outcomes. He spent 3 – 4 months researching, identifying gaps and looking at possible solutions. His key approach was to talk to all possible stakeholders. He noted there was much talk about solutions but little in the way of action: it was clear taking action was of critical value in itself. • Key options were then designed and the final concept was agreed on. This was tested by running a newspaper advertisement through local papers in South Auckland; response was significant so the Foundation knew they were on the right track. The Foundation was then ready to start its first project. • A critical part of set-up was deciding on values. Core values are: <ul style="list-style-type: none"> • Acting, not just talking • Being a financial and social “enabler” for clients seeking housing • Working collaboratively with communities and partners

Case study five: The New Zealand Housing Foundation

<p>Current status</p>	<ul style="list-style-type: none"> • The Foundation is a charitable trust with a combined Board and executive team of eight people. • It builds about 40 new houses per year and has helped about 200 households into new homes. It also provides advice and support for other organisations. • The Foundation’s projects are based on “place management” – creating neighbourhoods and houses by first working with communities and families to help plan development. • The aim is to ensure good stewardship by helping manage both social and property interests. This is a unique approach to New Zealand, though there are examples in Australia. As a result, its operations are oriented to both property and social development in tandem.
<p>Vision and values</p>	<ul style="list-style-type: none"> • The Foundation aims to relieve poverty by providing or assisting the provision of affordable housing for low income persons and households. • Its values are: transparency, respect, caring, responsible and striving for excellence. It acknowledges the Treaty of Waitangi and values of tangata whenua and leverages its resources to assist as many persons, households and communities as possible. • It also seeks to: <ul style="list-style-type: none"> • Collaborate with any organisations that help it deliver “real” housing, neighbourhood and community outcomes • Empower communities by working holistically with them • Initiate innovative housing options and solutions
<p>Structure</p>	<ul style="list-style-type: none"> • The Foundation is as streamlined as possible. It has a Board and an Executive Team totalling eight people (mixing full- and part-time staff). • This structure works because building projects and property management are carried out by contractors who ultimately share the Foundation’s vision and values.

Case study five: The New Zealand Housing Foundation

<p>Business model</p>	<ul style="list-style-type: none"> • The Foundation emphasises the mixed nature of the social enterprise – balancing social needs and outcomes against the business methods and tools for achieving these. This requires a values-driven business that understands how to meld apparently contradictory drivers. • The Foundation notes its business model is “complex”. Its projects cash flows are currently total over \$16 million: <ul style="list-style-type: none"> • Income from a variety of sources including funding (from central and local government), income from investors, sponsors and philanthropic grants and service fees (such as rentals from tenants) • Expenses relating to building projects and property management contracts • The Foundation’s net equity is about \$8 million and projected to grow to approximately \$13 million by 2012(noting this is also associated with balance sheet costs and returns)
<p>Divisions</p>	<ul style="list-style-type: none"> • The Foundation is small and its operations require specific functions/roles.
<p>Products and services</p>	<ul style="list-style-type: none"> • The Foundation offers two main equity schemes to potential housing clients: <ul style="list-style-type: none"> • An equity-sharing programme which converts rental payments to mortgage payments after 5 years. • A shared-ownership programme where clients own between 60% and 85% of the home, with the Foundation holding the remainder. • Note households may also receive financial and other forms of advice, and may need to demonstrate their eligibility (ability to be a good tenant/owner), to qualify for these programmes. • The Foundation is also considering an option to offer investment and sponsorship options to investor clients: <ul style="list-style-type: none"> • Investment in home equity programme • Sponsorship of community projects • Donations/grants to the Foundation

Case study five: The New Zealand Housing Foundation

<p>Community engagement</p>	<ul style="list-style-type: none"> • The Foundation has broad engagement with client communities and partners as part of its work. • It also has extensive networks in the social housing and lending sectors.
<p>Monitoring and evaluation</p>	<ul style="list-style-type: none"> • The Foundation considers that it is currently “weak” on evaluating its impacts. • It is considering a project for assessing its social impacts over time. At present it is scoping partners and sources of data towards establishing an appropriate method.
<p>Challenges – past</p>	<ul style="list-style-type: none"> • A key issue over time with clients is being fully supportive while encouraging full independence – this can be a difficult mix to get right, especially where support risks becoming intrusive. This is crucial to evolving a successful “place management” framework. • An ongoing challenge has been ensuring functions, roles and systems are streamlined prior to growth. The Foundation has looked carefully at the “value chain” (the interactions from funder to client, and prior to a given project through to post-completion) to identify best practices and template them. A key aim is to ensure quality can be managed within systems that are flexible enough to be adapted to different kinds of projects.
<p>Challenges – future</p>	<ul style="list-style-type: none"> • One key future challenge is to understand how to scale up the organisation while remaining smart, streamlined and effective. This is an internal issue but has very real impacts for clients in the long run. • Understanding the “real” social impacts of the Foundation’s programmes over time. • A clearer understanding will help drive future development of the Foundation. • It would also help the Foundation advocate for smarter solutions (such as funding and policy) with local and central government.

Case study five: The New Zealand Housing Foundation

<p>Advice to others</p>	<ul style="list-style-type: none"> • Spend good time understanding the need that drives the enterprise – balancing social and commercial interests may not be as simple as it looks – so the need must be carefully defined. • Spend good time exploring existing and new options for addressing the need. Look to be innovative, as it is likely the need exists because existing solutions are inadequate and/or a much more radical approach will provide the best enterprise model. • Spend time understanding what will make a social enterprise robust and sustainable. This may require innovation and may result in something that is relatively complex because this approach offers the best solution. • In this context, keep your team and processes as simple, streamlined and robust as possible. • Communication is probably a basic key to success at this stage, so work on being good communicators.
<p>Views on social enterprise and social entrepreneurs</p>	<ul style="list-style-type: none"> • A social enterprise is complex in as much as it mixes different sets of values, and sometimes these can appear contradictory. • A social entrepreneur understands that business is a commercial means to achieve social ends, and designs the enterprise accordingly.

Conclusion: Developing a Pacific social enterprise

This section summarises issues and options discussed above. It is presented as a checklist for scoping new social enterprises, so as to make it more immediately relevant and useful. The questions below are generic enough to be adapted to any sector as required, while ensuring key issues are covered.

Key learnings from the case studies reviewed in this paper have been included as possible responses to the checklist questions.

1. What is your idea? Who are the best people to be in your team or network – the people who have expertise in this area or have business expertise? Who can help you develop your idea effectively?
 - Involve a broad range of people in your team. You need to include movers, managers, and minders and you can do this by trying to build a mix of people with different skills.
 - Consider how to involve volunteers as well as paid employees
 - The team will evolve over time, as the social enterprise develops. Identify who you might need at the start, and who you might need to bring on board as the social enterprise develops.
 - Maintain and nurture relationships over time
2. What is the main social or community issue you are focused on? What are the contexts, trends and drivers for this issue? What trends and forces (such as market, social, political and demographic) influence the issue into the future? How will the issue affect any solution/enterprise you develop in the future? What is the gap or opportunity that is not being addressed? Where can you add value and help the community in ways no-one else is?
 - Identify the local issues and trends that influence the issue, and the community assets that can help address it
 - Identify the gap or opportunity and define it as concisely as you can
 - Plan for the long term to support community change
3. Why are existing solutions failing? What makes addressing these failures so difficult? What traps do you need to avoid? What will your solution/enterprise need to be able to deal with?
 - Identify how you can learn from the challenges of existing solutions
 - Document the things you need to deal with and how your solution/enterprise could do this
4. What possible solutions can you imagine? How can you identify and explore other/more possible solutions in this space? How are the best of these better than the existing ones?
 - Work with the community and key stakeholders to identify innovative solutions and opportunities to do things differently
 - Look for simple new ways to address solutions – ones that make things simple for your clients especially
5. What is your core idea for a solution? Who would be the client – the person who would pay for it? Who would be the beneficiary – the person or community who gains from it? Are they/do they need to be the same person?

- Identify the differences between beneficiaries and clients, and their corresponding outcomes
 - Simplify your idea until it can be expressed in a sentence clients can understand and value
6. What assets, strengths and skills does your community have in relation to this core idea for a solution? What might your community provide (over the long term) as part of a successful, sustainable enterprise?
- Build sustainable relationships with the wider community to support the enterprise as it develops
7. What other organisations have a stake in your success (such as social services)? How are you linking with them to obtain their support (as well as supporting them)?
- Identify opportunities for working alongside others, whether informally or in collaborations, partnerships and/or agreements to share costs/revenues
 - Identify opportunities for seed funding, other forms of investment and loans
8. How can you co-ordinate with other enterprises in your sector (including sector associations) to complement each other, build mutual gains, and leverage even better social impacts for your community?
- Identify opportunities for strategic relationships that can be nurtured and sustained
 - Become involved with local networks and work together to address shared concerns
 - Identify opportunities where combined strengths can be used to support shared outcomes
 - Build credibility with relevant central and local government, and business organisations
9. What does your enterprise need to do – what products, services or programmes does it need to deliver to resolve the issues you are addressing? How long will these need to operate to deliver the desired impacts? How exactly do you make them self-sustaining over this period of time? How will the enterprise operate day-to-day – what will it sell and what will be for free? What business outputs, actions and resources (such as staff, funds, technologies and offices) are required to support this?
- Profile your products and services in detail, noting how much each costs to run and how much it can earn
 - Look at your products and services as a whole, noting which ones will need partners and external funding, which ones are operated by you and are self-funding, and those which can earn you more than they cost
 - Look at sources for funding that are most likely to support your enterprise for as long as you need it. Be aware that government-based funding can be complicated to apply for and maintain, so look for other avenues first.
 - Pull this together into a “model” of your revenues and costs to show how the business will sustain itself over time
10. How can the solution best work as an enterprise? Explore all the options from a full business to a fully-funded charity with the various mixed models in between. For example, is it a traditional not-for-profit charity, a social enterprise that mixes social and business perspectives, a socially-

responsible business, a business that tries to be socially responsible, or a conventional business with a few socially-oriented activities (e.g. sponsorships)? Or is it a new and different kind of organisation? How can the enterprise best fund itself to ensure its sustainability over time?

- Identify financial flows over time
- Identify what mix of funding and revenue works best for long term sustainability
- Build an enterprise with sufficient opportunities for diversity to ensure its sustainability over time
- Remember the enterprise is a tool to achieve social outcomes for communities – be clear about the social objectives and remain true to the core mandate

11. What structure will your enterprise need (such as a board, management team, and staff)? What qualifications and skills will specific people in this structure need to have? What suppliers and partners will it need?

- Be transparent about governance and leadership structures
- Be clear about the values and principles supporting the social enterprise and use these to guide decision making
- Draw on a wide range of professional skills
- Take the time to find committed people with the right expertise

12. How can you include staff training and development opportunities as a key activity within your enterprise? How can you contribute to the professional standards and practices of your sector? How will the enterprise seed and support other new enterprises?

- Identify opportunities to build the capacity and capability of the team
- Identify ways to seed new businesses, including investment, co-ownership, sponsorship, mentoring/coaching and other ways of supporting them
- Co-location can support other social businesses and innovation

13. How can you measure your success so your Board, partners, funders and other stakeholders have tangible evidence of your efficiency and effectiveness?

- Look to access evaluation experts who can help you do this
- Learn from doing, and reflect on successes and challenges
- Integrate reflective learning approaches
- Identify opportunities for ongoing communication with your community and primary stakeholders to seek feedback
- Over time, work with partners to identify and implement formal evaluation opportunities