

**RECOMMENDATION AREA FOUR:
BUILDING THE CAPABILITY OF ENTERPRISES**

Impact-focussed Tools and Resources

Recommendation 4.1

PREPARED BY THE ĀKINA FOUNDATION
as part of The Impact Initiative

APRIL 2021

Background

The Government plays a vital role in supporting the development of New Zealand businesses. However, there's work to be done to support more businesses and enterprises to develop the capability to generate wellbeing outcomes.

The impact that social enterprises create makes them the best of business – but their uniqueness means they face unique barriers to accessing existing business support. Targeted changes are required in order to create the conditions that will enable more impact-focused businesses, including community, Māori and Pacific enterprises, to start and to thrive. This paper focuses on supporting impact-led businesses to start and thrive through the vital first years of growth.

This can be done by expanding existing business capability development services to include tools and resources that focus on impact, combined with enabling intermediaries that understand the unique value of social enterprises to provide targeted and on the ground support. Guidance around ways to use business structures to enable impact will help clarify the best ways for enterprises to protect and manage their impact. Together, these recommendations will help develop the pipeline and scale of impact-led businesses to move onto procurement and investment opportunities.

About The Impact Initiative

This paper was produced for the Social Enterprise Sector Development Programme, publicly known as The Impact Initiative.

The Impact Initiative is a partnership between the Department of Internal Affairs on behalf of the New Zealand Government and the Akina Foundation, supported by the Community Enterprise Network Trust (CENT).

To find out more about the programme visit The Impact Initiative website:

www.theimpactinitiative.org.nz



Recommendation 4.1

Support the creation of accessible impact-focused tools and resources, so that more enterprises can learn how to create and sustain positive impact.

There is an opportunity for the business.govt.nz team at the Ministry of Business Innovation and Employment (MBIE) to co-develop and share impact-focused tools and resources through existing platforms like business.govt.nz, so that all businesses can consider and grow their social and environmental impact.

Currently, impact-led businesses need to find support and resources from a variety of independent organisations which have limited capacity to support them. Government-led impact resources will encourage the growth of businesses that create wellbeing outcomes, whilst still allowing space for organic sharing and creation through the sector itself.

KEY TERMS

- **Outcomes** are the positive or negative changes that happen as the direct result of a business or an activity, and can occur over the short-term, medium-term or longer-term
- **Impact** refers to the broader social, environmental, cultural or economic change that occurs within the community, society, or environment as a result of the business or activity's outcomes

What does this mean?

Social enterprise and impact-led business use almost any business structure, in some cases multiple structures at once, to deliver on their mission in a financially sustainable way. This means social enterprises often need to go to many different places to find the correct information for their situation, or they may not find it at all.

Impact-led businesses don't yet have a visible network organisation that supports the development and sharing of tools that would be suitable for them. Doing business as a way of creating positive outcomes requires a set of tools and resources that cover business compliance, but in a way that doesn't put social or environmental missions at risk or add extra complexity.¹ Alongside this, businesses who would not label themselves a social enterprise are looking to increase their sustainability, reduce their carbon footprint, and demonstrate positive social impact. We should be encouraging all businesses to think about social and environmental impact, regardless of their legal structure or how they identify themselves, to:

- Respond to their shareholders, employees and customers
- Prepare them for future compliance and for opportunities in areas like sustainability and social outcomes, and
- Maintain their social license to operate.

Providing access to impact-focused tools will support current business.govt.nz work programmes, which involve tailoring products to the needs of individual businesses. This approach will make impact management easy to understand and implement across the spectrum of business types, including social enterprise, Māori and Pacific enterprise and community enterprise.

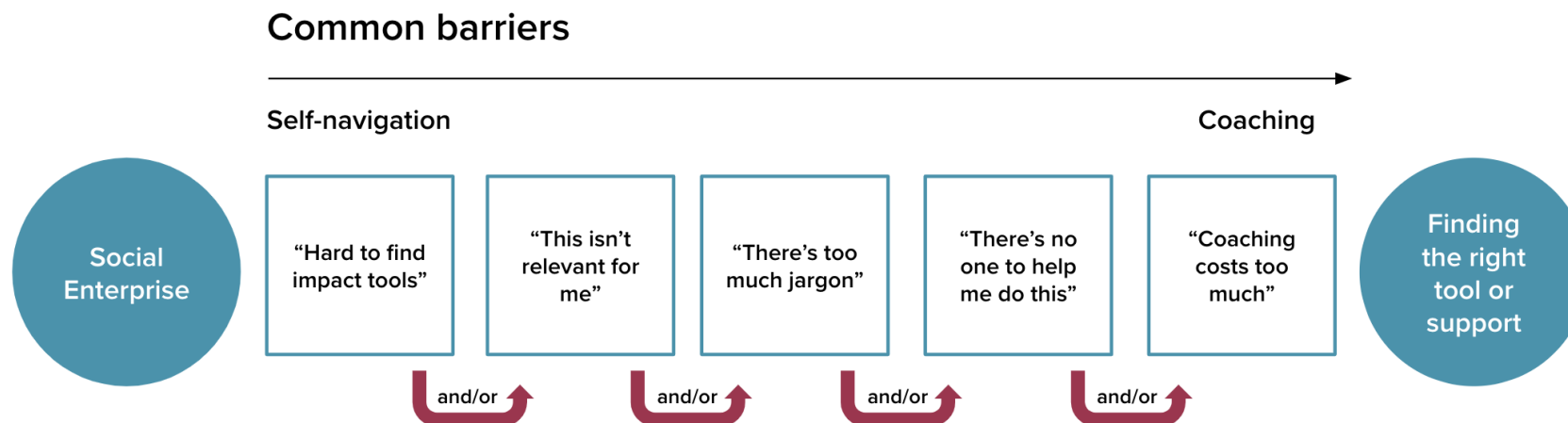
¹ During the second year of the programme a review of capability programmes that currently support social enterprises was carried out to determine gaps, this led to pilot possible solutions including an online platform and activity with business.govt.

What is the Current Challenge?

Impact-focused tools designed for Aotearoa New Zealand businesses are hard to find and don't offer specific support in areas like impact measurement, social procurement readiness and impact investment readiness. As Aotearoa New Zealand begins to see strong growth in social procurement and impact investment, this type of capability building support is vital to enable a strong pipeline of sustainable inclusive and resilient businesses to respond to these opportunities.

There are two key challenges

1. Low availability and accessibility of quality relevant tools and resources for Aotearoa New Zealand's impact-led businesses
2. Low understanding from Government capability providers of how to provide to impact-led businesses.²



² During the first year of the programme, research and surveys were carried out to determine the capability needs of the sector, a summary of the findings is available at https://static1.squarespace.com/static/5b02f1bd85ede13734718842/t/5d9e85458704a53f90b60a7e/1570669908888/SESDP_Summary_Year_One.pdf

If government wants to increase the social procurement (or Broader Outcomes) activity of government agencies, investing in and funding capability building tools and programmes to enable impact-led business to be ready to meet these opportunities is required. The same is true for future government investment funds with an impact focus.

Alongside developing tools and resources, there also needs to be support for people to access them and not necessarily just online. Our research has shown that tools and resources can be jargon heavy, difficult to understand and miss key steps in the process.

Many businesses will need support to understand the concepts presented within tools, with a coach or capability building provider guiding them.

Intermediaries, and economic development agencies, also need support to understand the tools and the concepts, so that they can better recognise and support impact-led businesses when they come through the door and navigate them to the correct support options. This is the same situation for:

- Social Enterprise Intermediary capability builders
- Government capability builders such as New Zealand Trade & Enterprise, Te Puni Kōkiri and Callaghan Innovation
- Incubators and accelerators
- Any organisation or agency engaging in social procurement
- Any investors or fund managers looking at impact investment.

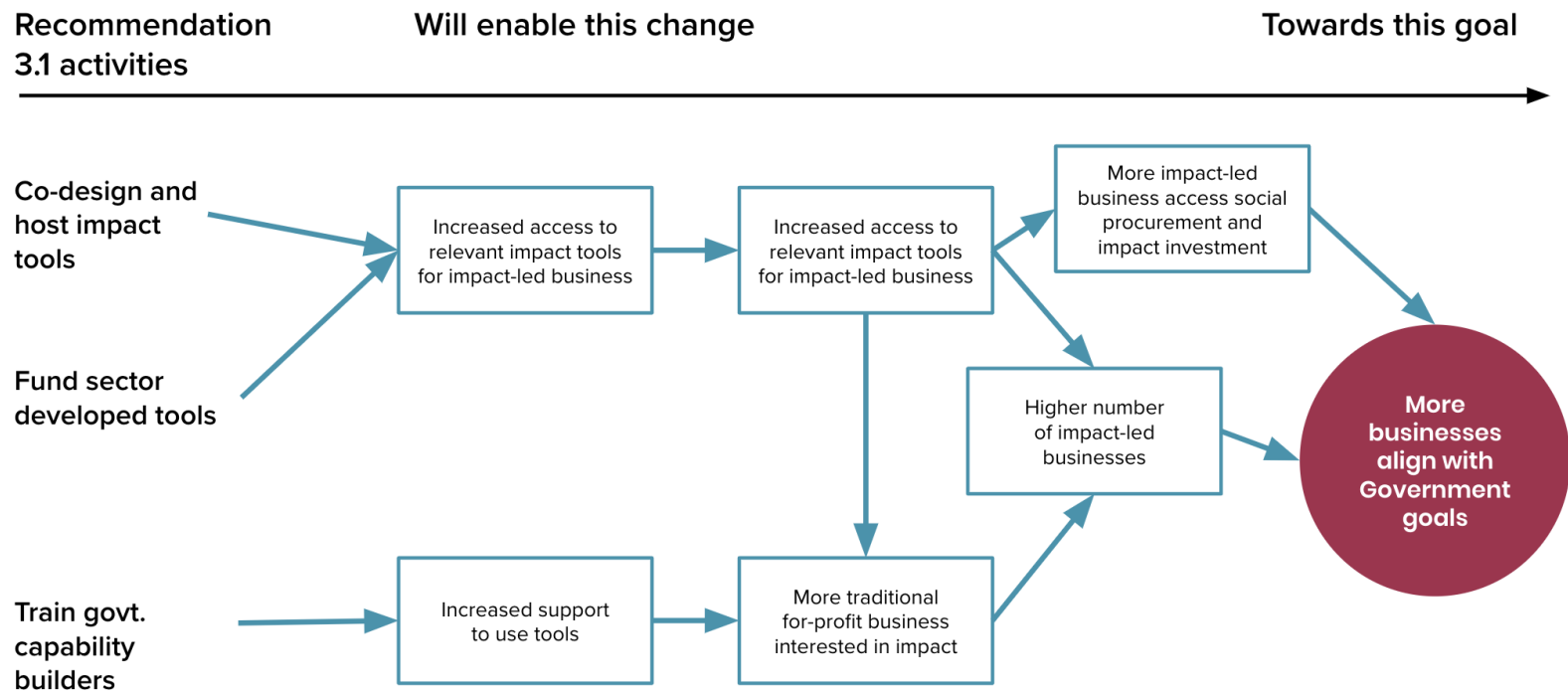
An example of impact tools:

Sustainability reporting such as carbon emissions will only increase in importance. This means all businesses will be looking to business.govt.nz to quickly learn how to meet these new expectations. To prepare for this, business.govt.nz have partnered with environmental experts to develop an interactive carbon tracking tool to be hosted on business.govt.nz for all businesses to access and use. We need to prepare now to enable support for businesses that are already looking to be impact-led as the future way of doing business.

What would the change enable?

By enabling all businesses to access impact tools and resources through business.govt.nz and funding further tools, the Government will enable accelerated growth for the wellbeing economy through creating accessibility and importantly, credibility of businesses delivering social and environmental outcomes. This would:

- Make it easier for all businesses to adopt an impact-focused approach, by ensuring Impact-focussed tools are easy to access and are relevant in a business context
- Strengthen the credibility and usability of impact-focussed tools through a user-friendly and jargon-free approach, similar to business.govt.nz's current design process, reducing the mystery of taking an impact-led approach
- Allow more businesses to contribute to a wellbeing economy, including environmental sustainability.



- Prepare businesses for future reporting requirements around environmental, social responsibility and impact measurement
- Help more businesses to understand and get ready for social procurement and impact investment opportunities, so that government can progress its goals in these areas.

What work has been done already?

The programme has:

1. Developed a Toolkit of 25 impact-focussed tools and resources³ where there were gaps
2. Reviewed existing programmes, platforms and resources including robust international programmes to look at transposing them to Aotearoa New Zealand
3. Piloted Social Shifters,⁴ a social enterprise tools platform and Sopact,⁵ an impact measurement software tool, to test readiness for self-navigation and how these tools could support easier access to resources.

We're now collaborating with business.govt to establish a partnership to develop impact-focussed tools for all business.

³<https://www.theimpactinitiative.org.nz/toolkit>

⁴<https://socialshifters.co/>

⁵<https://www.sopact.com/>

What could be done next?

The strategy to enable this recommendation

Work with business.govt.nz to create interactive impact-focussed tools and fund a work programme to deliver this.

Ākina can continue to work with business.govt to develop a work plan based on the proposal to create and deliver more impact-focussed tools.

We have proposed the following activities:

- Adapt the current Toolkit created under the Programme to be suitable for hosting on business.govt.nz or relevant platforms managed by business.govt.nz
- As first priority, co-design and develop 'builder' style interactive tools for impact-model development and indicator selection, and a legal structure chooser/builder so that impact-focused enterprises can lock their mission into their constitution and determine the right legal structure for them to start well
- Ensure tools relevant for impact-focussed businesses are easy to identify and find on the business.govt website.

the **IMPACT** INITIATIVE

The Impact Initiative (The Social Enterprise Sector Development Programme) was allocated \$5.5m in government funding over three years. It is delivered by Ākina in partnership with the Department of Internal Affairs and with support from the Community Enterprise Network Trust (CENT).

The programme concludes in March 2021 with the delivery targeted recommendations outlining the next steps for the Government to support the ongoing development of social enterprises, as well as opportunities for the Government to tap into the impact social enterprises create. The recommendations have been developed with government agencies and with consultation from sector representatives.

PROGRAMME PRIORITIES

- Understanding and supporting the conditions for a thriving social enterprise sector in Aotearoa New Zealand
- Making it clear how social enterprise is contributing to government's economic, social and environmental goals
- Working with the Government to articulate what it needs to do to support social enterprises, after the Programme.

PROGRAMME PARTNERS



ākina

CENT

Programme activity highlights

- Uncovering the ways in which social enterprises deliver against the Government's priority areas
- Developing cross-agency and public-private working and advisory groups to collaborate on social enterprise
- Uncovering legal barriers for social enterprises and exploring ways to address these
- Testing ways to support and grow social enterprises through place-based networks
- Engaging strategically with government to support the development of broader outcomes through social procurement
- Developing and growing Aotearoa New Zealand's first social procurement marketplace (fwd.org.nz) and enabling access for government buyers
- Supporting social enterprises to access capital and get ready for impact investment
- Creating and testing business development tools and resources for social enterprises.