Five Stages of Social Enterprise Development: Background

Establishing an agreed-upon and shared phraseology to describe the various stages of social enterprise development is crucial for enhancing collaboration among intermediaries and ensuring optimal support for social enterprises. A common language is also a powerful tool in enabling intermediaries to articulate their distinctive strengths and areas of specialisation, particularly in how they support social enterprises at varying stages.

Having a shared understanding and language also paves the way for social entrepreneurs to accurately gauge their enterprise's current level of maturity, allowing them to navigate better the often complex and unpredictable landscape of their entrepreneurial journey.

Recognising these critical needs, the Council of Australian Social Enterprise Intermediaries (CASEI) has developed the "Five Stages of Social Enterprise Development". Building on the work of Sefa, The Centre for Social Impact Swinburne, Westpac Foundation and Impact Seed, the resource represents an illustrative diagram equipped with a unified language that succinctly encapsulates the various stages in a social enterprise's lifecycle.

The "Five Stages of Social Enterprise Development" not only provides a universal language for those who support social enterprise, including intermediaries, government and philanthropy, but also offers a roadmap that can guide social enterprises through their growth and evolution. It is important to note that all social enterprises do not necessarily progress through these five stages; for example a social enterprise may intentionally and validly decide not to grow.

Five Stages of Social Enterprise Development



VISION

Social enterprise is at the ideation stage, where the primary focus is on identifying a social issue and brainstorming solutions, but no concrete impact and business model or strategy has been established yet.

Indicators:

- No trading activity
- · Social issue identification
- Brainstorming solutions
- Idea refinement and testing interventions/programs
- Stakeholder engagement
- Market research
- Initial team formation
- Resource planning
- No formal business model or strategy
- Incorporation inc. charitable status acquisition
- Theory of Change mapping
- Pre-seed capital raising



VALIDATION

Social enterprise has launched but is still developing the impact and business model.

Indicators:

- Trading
- Impact generation commences
- Problem validation, confirming intervention/programs
- Customer value proposition and offer testing
- · Business planning revision
- Theory of Change refinement
- Financial forecasting
- Operating model developed but not standardised
- •Building a team but cannot yet fund necessary capacity and broad range of needed skills
- Seed capital raising (inc. philanthropy and concessionary investment)



DEVELOPMENT

Social enterprise is still establishing its financial and business stability, and making sure that its revenue model and social impact are intertwined.

Indicators:

- Trading but heavily reliant on grants to fund operating deficits
- Implementing and operationalising business planning decisions
- Business planning iteration and refinement
- Theory of Change refinement
- Team with core skills acquired but still rely on advisory and/or volunteers
- Informal advisory board
- Focused on diversifying income streams and developing long term partnerships
- Developing sales and marketing capability and strong customer base
- Need working capital to become stable



GROWTH

Social enterprise is financially sustainable and growing with a viable business model, focused on scale and replication, while also making a significant social impact.

Indicators:

- Robust operating model
- Expanding to new markets and/or or developing new products
- Established procurement contracts
- Developed risk management framework
- Robust impact measurement framework
- Impact model is delivering outcomes
- Established board
- Experienced and expanding in-house team
- Investment readv
- Investment (e.g. Series A inc. impact investment) and taking on debt



ESTABLISHED

Social enterprise is commercially viable and financially sustainable, leveraging a proven business model to generate optimal social impact and sufficient profit for growth.

Indicators:

- Financially sustainable
- · Optimised impact
- Expansion to new verticals
- Impact model is scalable or replicable
- Social finance strategy developed
- Highly experienced team that can deliver on a strategic plan and social impact goals
- Capital raising (e.g. Series B inc. Impact Investment)

This graphic was produced by the Council of Australian Social Enterprise Intermediaries (CASEI).

^{*}Indicators are not exhaustive. Not all indicators need to be met for an enterprise to be classified within a specific stage.

More about the Council of Australian Social Enterprise Intermediaries (CASEI)

The Council of Australian Social Enterprise Intermediaries (CASEI) is a collective of like-minded organisations, all focused on the common goal of supporting social enterprises in their growth and development journey through increased capacity - ranging from capability building to investment readiness support and capital.

CASEI was established off the back of the Social Enterprise World Forum 2022 in Brisbane, where a collective sentiment emerged that there was a pressing need for a forum where intermediaries who support social enterprises are able discuss matters of shared interest and build stronger relationships.

CASEI does not aspire to be a peak body, its objective is to elevate the awareness and comprehension of the role and importance of intermediaries to support social enterprises, particularly in relation to capability enhancement. This aligns with CASEI's broader aim of harnessing collective wisdom to identify opportunities, overcome challenges, and drive forward the social enterprise sector by bolstering the capacity and capabilities of individual social enterprises.

The organisations that comprise CASEI meet several criteria including, but not limited to, the number of social enterprises they support, operational track record and experience, function, offerings, and primary focus, which must be social enterprises rather than purpose-driven organisations in general. Adherence to these standards ensures that CASEI members are highly experienced, capable, and committed to advancing the social enterprise sector.

By bringing these organisations together, CASEI stimulates productive discussions, stronger relationships and, most importantly, creates greater impact. This is fuelled by the shared intention and willingness of CASEI organisations to collaborate for the benefit of the social enterprise sector as a whole.

By working together, we believe we can create a brighter, more sustainable future for the social enterprises we serve, and the communities they serve across Australia.

CASEI Members:

Collab4Good

Enterprise Learning Projects

Impact Boom

Impact Seed

LendForGood

Sefa

Social Impact Hub

Social Start-Up Studio (CSI)

Social Traders

Social Ventures Australia

StartSomeGood

The Difference Incubator

The Mill House Ventures

White Box Enterprises