

**The Westpac Foundation**

*Supporting our communities*

**The Catalyst Grant**

**Funding & Application**

**Guidelines**

**2012**

## The Catalyst Grant

This grant of \$50,000 aims to support an existing social enterprise or social enterprise initiative within a not-for-profit which we believe has been and continues to be a catalyst for change.

If you run a social enterprise or a social enterprise initiative within a not-for-profit, this grant will be a boost to your commercial activities. It is a reward for your sustainable business model and the example you set in the not-for-profit sector.

The organisation must be a not-for-profit with deductible gift recipient status and the social enterprise must generate at least 20% of its revenue from commercial/trading activity.

If the funding is being sought for a social enterprise initiative within a not-for-profit, the social enterprise initiative must generate at least 20% of its revenue from commercial/trading activity. For example, you may run a not-for-profit which five years ago set up a café. If in 2011, 20% of the café's revenue comes from its trading activity, you will be eligible to apply.

The social enterprise or social enterprise initiative should address one or more of the following areas: support for those Australians who feel socially excluded; support for indigenous Australians; support for the individuals with a disability; and the creation of lifelong learning and education leading to employment.

Up to eight Catalyst Grants of \$50,000 will be given in 2012. The winners of the grant will have the opportunity of receiving an additional \$50,000 grant through The Westpac Employee Choice Award.

## About The Westpac Foundation

### Our Goal

To be a catalyst for the improvement of community wellbeing in Australia.

### Our Objectives

- To fund not-for-profits that tackle old problems in new ways
- To ensure our grant recipients can be the best that they can be
- To ensure the initiatives we fund continue and grow stronger
- Overall, to build the impact of the not-for-profit sector.

### Our Values

- To show integrity
- To value each other
- To achieve
- To delight
- To collaborate

The Westpac Foundation is a charitable trust which makes its funding decisions for the public benefit and independently of the commercial interests of The Westpac Group.

Each year the Foundation invests in not-for-profit organisations with deductible gift recipient (DGR) status throughout Australia. In 2012, it will extend its grant giving to not-for-profit organisations (recognised by AusAID) in PNG and the Pacific through its Westpac Community Grant – Pacific.

Our work is separate from activities of The Westpac Group Community and Sustainability division.

Further information is available at [www.westpac.com.au/westpacfoundation](http://www.westpac.com.au/westpacfoundation)

## The Funding Priorities of The Westpac Foundation

By way of background in our grant giving, we fund initiatives which we believe create great outcomes for: those Australians who feel socially excluded; indigenous Australians; individuals with a disability; and the education of the most disadvantaged. These funding areas are outlined in Fig. 1.

We like to support new ideas, put to paper by the visionaries in our community who seek to change the status quo. They are agents of change with ideas that drive lasting social impact, that can be sustained, and may be replicated across regions.

The ideas must be enterprising and innovative. They must not only improve the community but also have the potential to generate income so that the initiative can fully or partly fund itself in the future. In this way, its impact is sustained. Such a project is commonly called a “social enterprise”.

Another focus is investing in the “infrastructure” of not-for-profits to help gear them up to put in place commercial activities within their organization.

We are strategic in our grant giving. Our social enterprise and social innovation funding initiatives involve large grants, the minimum size is \$50,000, and they may be given once or up to three years in a row.

It is not just about giving dollars. Our approach to grant giving can also involve providing grant recipients with one-on-one guidance, workshops on planning and evaluation, mentors, volunteers and other resources to help ensure our community leaders realize their vision.

### The Catalyst Grant

The Catalyst Grant is a one-off grant which will be offered annually. Up to eight winners of the grant will be announced. Each winner will receive \$50,000 and all winners will have the opportunity of winning an additional \$50,000 through The Westpac Employee Choice Award.

Applicants of the recently released Westpac Foundation Mary Reibey Grant may also apply for a Catalyst Grant. And all grant applicants and recipients of The Catalyst Grant may be eligible to apply for any other Foundation grant categories in the future.

### Our priorities

In addition to having a social enterprise approach, priority is given to programs that are:

- Innovative and develop new and creative approaches to problems
- Preventative in approach and focus on addressing the causes of problems
- Collaborative with other organisations providing similar services and financial support from other funding sources
- Financially sustainable and viable in the long-term, post funding
- Scalable and replicable so that successful programs will continue to have an impact beyond the term of the grant
- Evaluated – including the measurement of program processes, outcomes and impacts.

### Our picture of success

By supporting not-for-profits that give opportunity and a sense of purpose to disadvantaged individuals, we create stronger communities for the long run.

Figure 1 Westpac Foundation Funding Priorities



## What do we mean by Social Enterprise and Entrepreneurship?

### Introduction

The Westpac Foundation's current funding focus is on establishing or strengthening innovative social enterprise approaches in existing not-for-profit organisations that create community benefits.

### What is a social enterprise?

What is meant by the term social enterprise? While several definitions and meanings of the term 'social enterprise' have been put forward in the literature and practice of the not-for-profit sector, one definition that best captures the essence of the concept according to The Westpac Foundation is:

'A social enterprise is any non profit-owned revenue generating venture created for the purpose of contributing to a social cause while operating with the discipline, innovation and determination of a for-profit business'.<sup>1</sup>

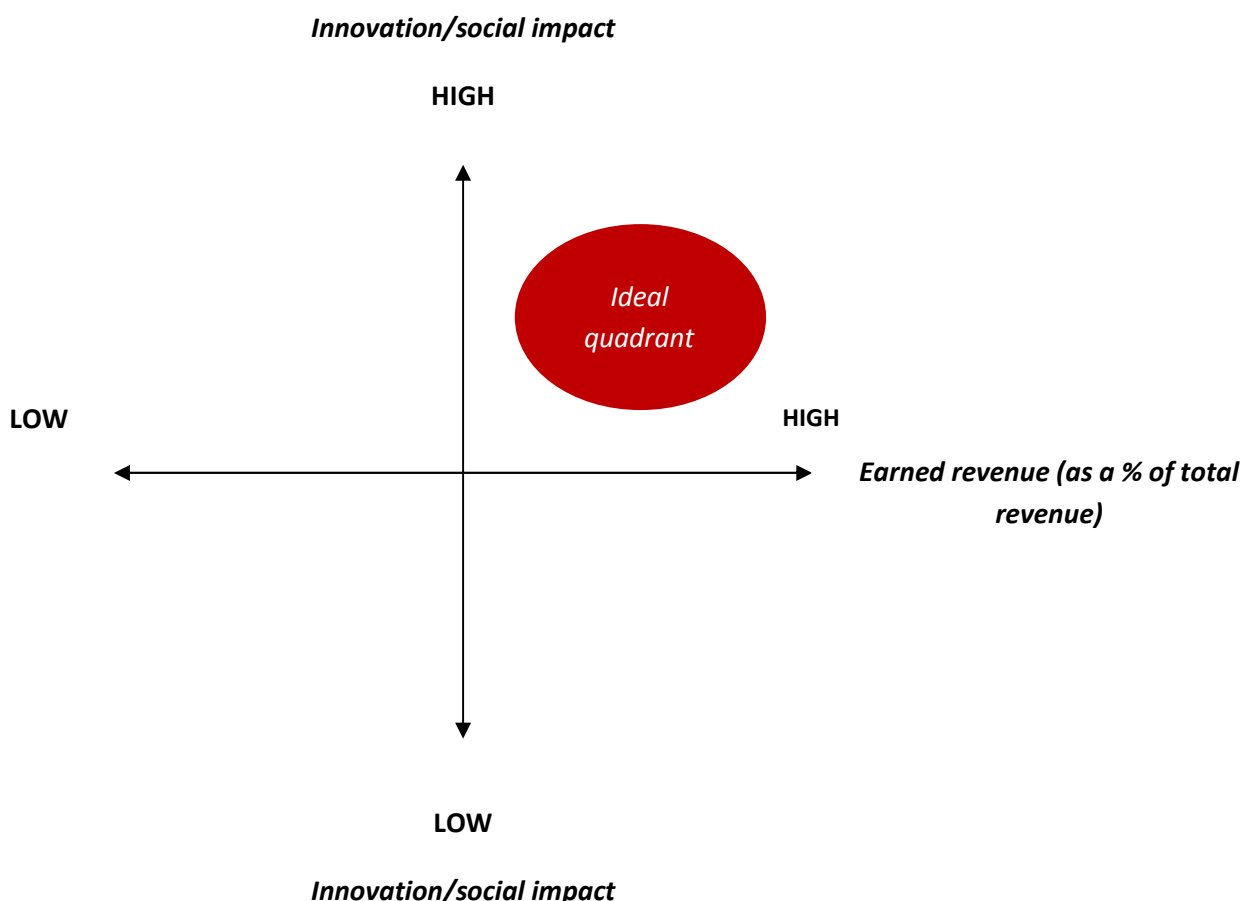
<sup>1</sup> Kim Alter, *Social Enterprise Typology*, Virtue Ventures, 2004, p.5

### Dimensions of social enterprise

Two key dimensions of social enterprise emerge from the various definitions. The first relates to revenue generation and the degree to which a trading or commercial operation is required to be a 'social enterprise'. Whereas most traditional not for profits rely on fundraising, government grants, philanthropic grants or a combination thereof to fund their activities, social enterprises may also generate a significant proportion of their income from running a commercial operation.

The second dimension relates to the entrepreneurial nature of social enterprises and their focus on bringing an innovative and fresh approach to social problems. The emphasis here is on their social impact, even though commercial operations may only contribute a relatively small proportion to the organisation's overall revenue. Indeed, some argue that the exclusive focus on the revenue generation dimension of social enterprise distracts from the end goal of social impact and gives prominence to only one method of generating revenue (i.e. commercial ventures) rather than highlighting the importance of diverse sources of revenue for longer term sustainability.<sup>2</sup>

**Figure 2 Social Enterprise Dimensions (Innovation/Social impact & Revenue Generation)**



These two dimensions are represented in Figure 2, where social enterprises can potentially occupy one of four quadrants according to the extent to which their organisation or program is innovative, has the potential to make a social impact and the extent to which the trading enterprise contributes to overall revenue. The ideal space for a not for profit to occupy is that where their program is innovative with a high social impact as well as also generating a significant proportion of their total revenue from the program.

<sup>2</sup> J. Gregory Dees, 'The meaning of Social Entrepreneurship' 2001 (accessed 27/7/06) <http://www.fuqua.duke.edu/centers/case/leaders/resources.htm>

## Social enterprise characteristics

Social enterprises have some or all of the following characteristics:<sup>3</sup>

- Social purpose is the principal driver of activity
- Organisational sustainability is a core objective
- There is non-distribution of profits to individuals
- Any surplus is invested in the enterprise or community
- Stakeholders are democratically involved
- There is clear accountability to a defined community and/or wider community
- They use business tools and approaches to achieve social objectives
- They blend social and commercial capital and methods
- They create social and economic value
- They generate income from commercial activities to fund social programs
- They are market-driven and mission-led
- They measure their financial performance and social impact
- They meet financial goals in a way that contributes to the public good
- They enjoy financial freedom from unrestricted income
- They are run strategically to accomplish their mission.

This last point is important as an income-generating activity only becomes a social enterprise when it is operated as a business. While many not for profits generate income through activities like cost recovery or earning income from an endowment, the following characteristics need to be met to be a social enterprise:

- The activity was established strategically to create social and/or economic value for the organisation
- The organisation/program has a long-term vision
- The venture is managed as a going concern
- Growth and revenue targets are set for the activity in a business plan, and
- Qualified staff manage the activity or provide oversight of the commercial venture.

## Types of social enterprise

Similar to the variety of organisational forms within the not for profit sector, the way social enterprises are structured also varies. An important differentiating dimension is the extent to which the commercial or trading activity is related to the organisation's social programs.

Three key types can be identified<sup>4</sup>:

1. *Mission-centric social enterprise*: These are organisations where the commercial operation is central to the organisation's social mission and are created for the sole purpose of advancing the organisational mission using a business model that is largely self-financing. Mission-centric social enterprises are likely to embed the commercial activities within the organisation's operations and activities. In other words, the social program and enterprise activity are one and the same.  
An example of a mission-centric social enterprise is a not for profit that runs a building or manufacturing operation that employs at-risk youth and uses the operation to teach life and employment skills to the program participants but achieves sustainability through selling its products and services on the market.

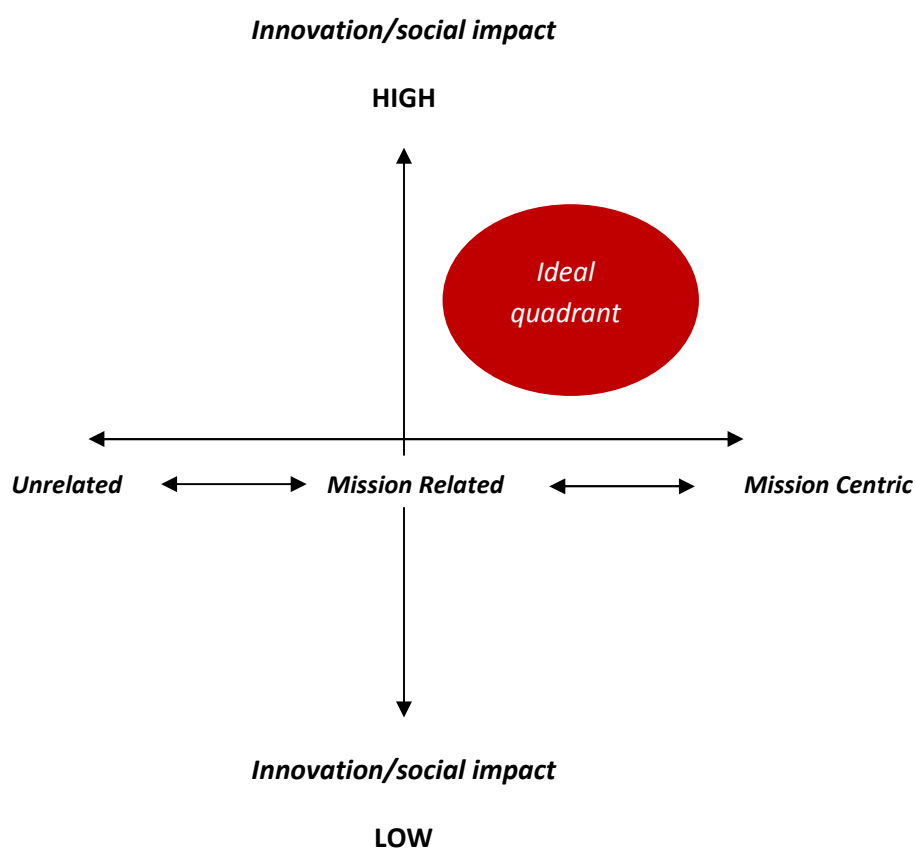
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<sup>3</sup> Taken from Alter op.cit; and Jo Barraket, (no date) 'Community and social enterprise: What role for Government?', Department for Victorian Communities.

<sup>4</sup> Alter, op.cit.

2. *Mission-related social enterprise*: These are organisations where the commercial operation is related to the organisation’s mission or key social services. For example, an organisation that provides financial literacy services at no cost to people recovering from drug addiction may decide to provide the service at low cost to other community services organisations that assist low income families. An ‘integrated social enterprise’ provides a ‘funding mechanism to support the non-profit’s operations and mission activities’.<sup>5</sup>
3. *Unrelated social enterprise*: These are organisations where the commercial operation or activity is not related to the organisation’s mission other than to generate revenue for its operating costs and social programs. In unrelated social enterprises the commercial venture is usually external to the organisation. An example of an unrelated social enterprise may be a not-for-profit organisation that provides educational programs to disadvantaged children also running a used textile recycling business.

**Figure 3 Social enterprise dimensions (Innovation/social impact & type of social enterprise)**



The ‘types’ of social enterprise outlined above can also be seen together with the earlier dimension of innovation and social impact. These two dimensions are represented in Figure 3 where social enterprises can potentially occupy one of four quadrants according to the extent to which their organisation or program is innovative and has the potential to make a social impact and whether the trading enterprise is mission-centric, mission-related or unrelated. The ideal space for not for profits to occupy is that where the innovation/social impact of their program is high and where the social enterprise is closer to the mission-centric model.

<sup>5</sup> Alter, op.cit., p.20

## Social Entrepreneurs

Another term often used synonymously with social enterprise is social entrepreneur or social entrepreneurship. Social entrepreneur refers to a person and social entrepreneurship to the state of being and practising in or through a social enterprise.<sup>6</sup>

Social entrepreneurs are those who recognise when a part of society is stuck and provide new ways to get it unstuck. They act as 'change agents in the social sector'. They innovate and act according to the desire to create and sustain social value and consider themselves to be accountable 'to the constituencies they serve for the outcomes they achieve'.<sup>7</sup> According to Bartlett, social entrepreneurs have the following characteristics:

- They are constantly looking for new ways to serve their constituencies and to add value to existing services
- They are willing to take reasonable risk on behalf of the people that their organisation serves
- They understand the difference between needs and wants
- They understand that all resource allocations are really stewardship investments
- They weigh the social and financial return of each of these investments.<sup>8</sup>

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

- Adopting a mission to create and sustain social 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 a heightened sense of accountability to the constituencies served and for the outcomes created.<sup>9</sup>

## Social Enterprise and The Westpac Foundation

Social enterprise is about tackling old problems in new ways – through innovation, entrepreneurial flair and financial self-sufficiency. It is about borrowing the best from business and traditional not-for-profit organisations to achieve maximum social impact. It is also an evolving concept – one that needs to be understood in a flexible way to meet the different social, economic and legal contexts within which not-for-profit organisations operate.

The Westpac Foundation does not therefore give primacy to either the revenue generation or the social impact dimension of social enterprises, but recognises that organisations need to be cognisant of the value of both (as in Figures 2 and 3), and that where they sit along either of those dimensions will vary according to factors such as when they were established, their size, their primary field of activity and the nature of their program.

The Westpac Foundation also recognises that diversification of a not-for-profit's funding stream can be just as important for sustainability as adopting a social enterprise approach. It is often not-for-

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<sup>6</sup> Leo Bartlett, 'An exploration of contemporary meanings of social enterprise', 2004, p.1

<sup>7</sup> Cited in Rebecca Harding, 'Social enterprise – the new economic engine', *Business Strategy Review*, winter, 2004, pp.40-1.

<sup>8</sup> Bartlett, op.cit

<sup>9</sup> Ibid.

profit organisations that have a mixed revenue stream that are the most effective at achieving their mission and sustainable in the long run.<sup>10</sup>

We believe that social enterprise can be an important component of an overall financial strategy to achieve sustainability, even if it contributes only in a small way to an organisation's total revenue.

Furthermore, profitability is not the only hallmark of whether a social enterprise approach should be considered worthwhile, as it can improve efficiency and effectiveness through:

- Reducing the need for donated funds
- Providing a more reliable diversified funding base, and
- Enhancing the quality of programs by increasing market discipline.<sup>11</sup>

The Foundation's goal is to help build healthier and stronger communities through supporting social enterprise across Australia. To achieve that, we aim to fund not-for-profit organisations that put forward innovative, entrepreneurial solutions to address social change and do so in a sustainable way by having a diverse revenue base that includes a component of earned income.

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<sup>10</sup> Harding, op.cit.

<sup>11</sup> Alter, op.cit.

## Applying for The Catalyst Grant

As mentioned earlier, this grant of \$50,000 aims to support a social enterprise or social enterprise initiative within a not-for-profit which has been and continues to be a catalyst for change. This grant will boost the commercial activity and reward the not-for-profit for its sustainable business model and the example it sets.

## Eligibility & Restrictions

The social enterprise or social enterprise initiative should address one or more of the following areas: support for those Australians who feel socially excluded; support for indigenous Australians; support for individuals with a disability; and the creation of lifelong learning and education leading to employment.

The enterprise must have deductible gift recipient (DGR) status. It must operate or trade in Australia. The Westpac Foundation does not usually fund:

- Emergency requests
- Government entities
- International programs\*
- Retrospective requests
- General fundraising appeals
- Sponsorship requests

\* The Westpac Foundation is prohibited from making grants to overseas-based organisations under the terms of Section 50-60 of the *Income Tax Assessment Act 1997*.

## An additional \$50,000 through The Westpac Employee Vote

The winning applicants of The Catalyst Grant will be put forward for a Westpac Employee Vote in May 2012. The winner of the Westpac Employee Vote will receive an additional \$50,000 and will be announced at the close of Westpac Employee Week on Friday, 8 June 2012.

The Westpac Foundation would be grateful if all winners of The Catalyst Grant pencilled Friday 8 June 2012 in their diary for a cheque presentation at Westpac Head Office at 275 Kent Street, Sydney should they win The Westpac Employee Vote.

## Ongoing Requirements of the Successful Applicant

If your organisation is successful in winning a Catalyst Grant, your organisation will need to:

- enter into a funding agreement with the Westpac Foundation
- provide a bi-annual progress report and a final report to The Westpac Foundation Board and include statements of income and expenditure.

The successful applicant may be invited to attend occasional workshops funded by the Foundation on a range of issues relevant to the not-for-profit sector.

## Full Proposal for The Catalyst Grant

Before commencing your application, please answer the following eligibility criteria	Yes/No
1. Your social enterprise or social enterprise project generates at least 20% of its revenue from commercial/trading activity.	.....
2. Your initiative reflects one or more of the following areas: social inclusion, indigenous, education or disability.	.....
3. Your enterprise has deductible gift recipient (DGR) status.	.....
4. Your enterprise operates/trades in Australia.	.....

If you have answered “Yes” to all four statements, please proceed with your Full Proposal. If you have answered “No” to any of the above statements, please do not proceed with this application.

In preparing your Full Proposal, please ensure: the headings provided are used; the proposal is no more than eight pages in length; and the relevant supporting documents are attached.

### Details

Date:

Name of organisation:

ABN:

Postal address:

Website:

Contact person, position, telephone and email address:

Name of CEO, telephone and email address:

### 1. Organisational History (suggested response length: no more than half a page)

Under this heading, briefly outline:

- The history of your organisation
- The most significant achievements and challenges in the past two years.

### 2. Organisational Vision, Mission and Strategy (no more than a half a page)

Briefly outline:

- Your organisation’s mission and purpose
- Your organisation’s strategic plan.

### 3. Governance and Executive Leadership (no more than half a page)

Briefly describe:

- The members of your board and their background and expertise (e.g. financial, fundraising, not-for-profit sector)
- Your (the CEO’s) background, qualifications, and length of time with the organisation.

#### 4. Human Resources and Communication (no more than one page)

Briefly outline:

- Your organisational structure by diagram
- The number of paid staff and the number of volunteer staff
- Staff development policies and programs
- How the organisation communicates with its key audiences.

#### 5. Organisational finances

Please provide a summary of your organisation's consolidated accounts (as at 30 June 2011) using the table below. Please ensure that both columns are filled in and figures rounded to equal 100%.

CATEGORY	\$ ('000s)	%
<b>Revenue</b>		
Sale of goods/services as part of your organisation's mission		
Commercial venture/operation (unrelated to primary mission)		
Fundraising (including bequests)		
Government Grants		
Government Contracts		
Business (e.g. donations)		
Membership fees		
Grants from Foundations/Trusts		
Interest on investments etc.		
Other		
<b>Total Revenue</b>		<b>100</b>
<b>Expenditure</b>		
Services/projects		
Wages & salaries (including on-costs)		
Rent		
Marketing/promotion/publicity		
Depreciation		
Fundraising		
Other		
<b>Total Operating Expenditure</b>		<b>100</b>

**Please comment on the following: (no more than two pages, including table)**

Your organisation's current financial position, with reference to the completed table.

- The current challenges your organisation faces in raising money or creating revenue to fund its operations
- Your organisation's plans for growing and/or diversifying its funding base
- The plans in place to ensure your organisation's long-term sustainability.

## 6. Program and activities (no more than two pages)

Please address all of the following points:

- a) The social need or problem your program(s) addresses
- b) How your program(s) addresses that need and the basis for your approach, include in your answer any research relied upon
- c) List your key stakeholders, including the target group, and describe how each of them will benefit or change as a result of your program(s)
- d) Your geographical location(s)
- e) Whether you collaborate with other organisations on this program(s) and how you collaborate
- f) How the social enterprise dimension operates (e.g. revenue generation, market research, demand for your products/services etc)
- g) The scalability of the program(s), if relevant
- h) The replicability of the program(s), if relevant
- i) Briefly outline the potential risks and barriers to achieving your intended outcomes.

## 7. Performance (no more than one page)

Please provide the following:

- a) A clear description of your organisation's mission-related outputs for the past year. Outline in your answer the number of beneficiaries and use of services.

["Outputs" are indicators of the level of activity undertaken or processes involved in delivering activities, e.g. the number of workshops your organisation held.]

- b) A summary of the outcomes your organisation achieved in the past year and how they were measured. Outline in your answer a description of the targets and indicators your organisation uses to measure its outcomes.

["Outcomes" are the direct effects or benefits experienced by the participants of the activity, e.g. the increased skills or awareness or improved self esteem of the participants.]

## (8) What are the funds for? (no more than half a page)

Describe what the grant of \$50,000 will be used for and in your answer please select no more than three of the possible areas of investment listed below.

- An existing program
- To pilot a new program
- For the purchase of capital equipment and/or infrastructure
- To employ additional program staff
- To employ additional non-program staff
- To evaluate existing programs
- Other:

Please provide brief details on the grant's use:

[Please note: If your application is for a social enterprise initiative within a not-for-profit organisation, the grant must be used for that initiative.]

## **(9) Supporting documents**

Please attach the following and mark the attachments 1 to 6:

1. Evidence of Deductible Gift Recipient Status
2. A copy of the organisation's latest Annual Report, including audited accounts
3. A copy of your business plan, if available
4. A copy of your strategic plan, if available
5. A copy of your initiative's timetable
6. Brief biographies of the CEO and key social enterprise staff

### **Next steps**

Please send your Full Proposal, of no more than eight pages by email to:  
[westpacfoundation@westpac.com.au](mailto:westpacfoundation@westpac.com.au) by close of business, Friday 25 February 2012.

The winners of The Catalyst Grant will be contacted during the week of the 8 May 2012. Up to eight winners will be announced.

A cheque presentation hosted by your local Westpac Head of Commercial Banking and a representative of Westpac's Social Sector Banking Division will take place in May or June 2012.

The winner of the Westpac Employee Vote will be contacted on Monday 4 June 2012 and presented their additional \$50,000 cheque on Friday 8 June at Westpac's Head Office, Westpac Place, 275 Kent Street, Sydney.

For any further inquiries, please contact The Westpac Foundation on tel 02 8253 0923 and email [westpacfoundation@westpac.com.au](mailto:westpacfoundation@westpac.com.au)