



Pathways to Global Leadership in the Purpose Economy: Recommendations for South Australia

December 2018

Prepared by: **Suzi Sosa, Thinker in Residence**

with the support of the Don Dunstan Foundation and the Wyatt Trust

**DON DUNSTAN
FOUNDATION**
inspiring action for a fairer world



thinkers
IN RESIDENCE
• SOCIAL CAPITAL RESIDENCIES •



WYATT

Table of Contents

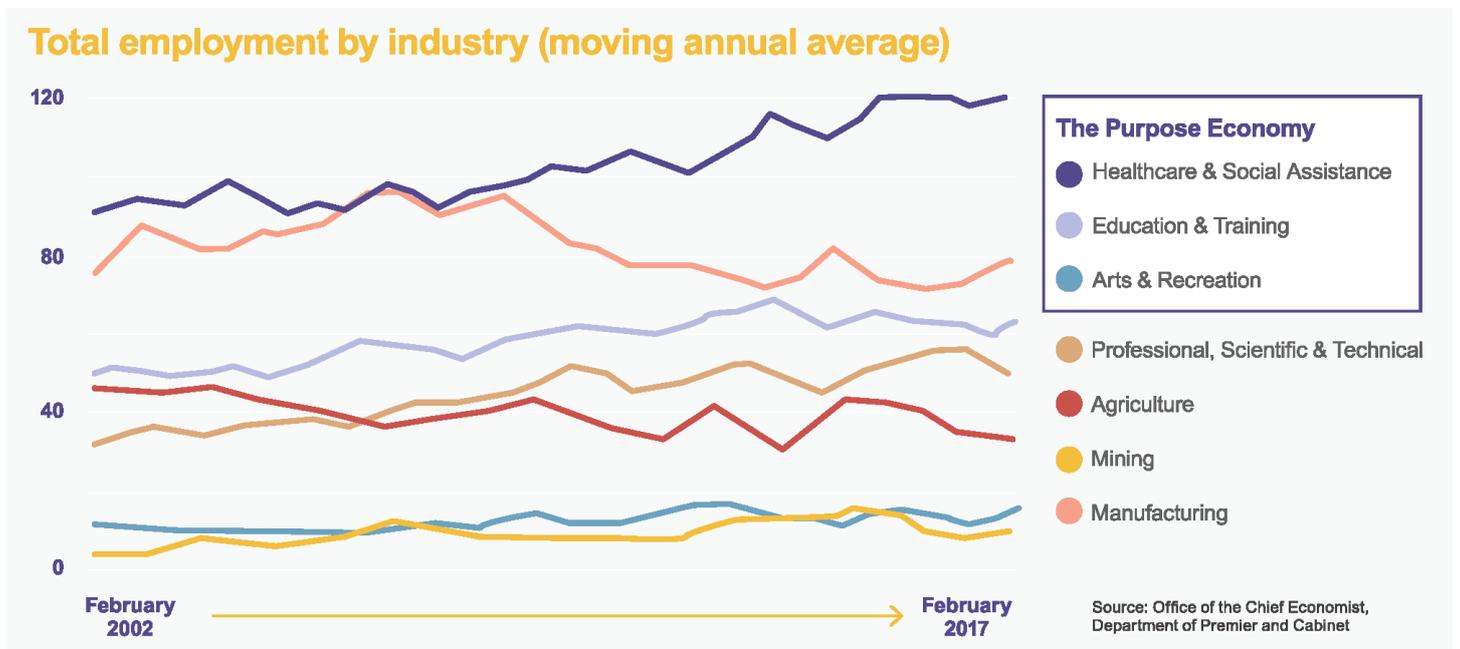
Foreword by Rob DiMonte, Chair	6
Social Capital Residencies – Introduction	7
About Suzi Sosa – Specialist Thinker	8
Overview – Suzi Sosa	9
Recommendations.....	10
The Opportunity of the Purpose Economy	13
How to Build a Purpose Economy in South Australia.....	17
Millennials	18
Strong Existing Culture and Infrastructure	19
Start-Up Ecosystem	19
Creative Ecosystem	20
Technology Infrastructure.....	21
Universities	22
Multiple Economic Sectors Aligned With Purpose	23
Engaging Corporations for Shared Value	24
Evaluating the Ecosystem	25
Government and Driving Innovation	26
Threats to the Purpose Economy	26
Lack of Leadership Alignment	26
Too Few Entrepreneurs.....	27
Lack of Capital	28
Next Steps	29
Schedule of Events.....	30

Overview of Suzi Sosa's Visit

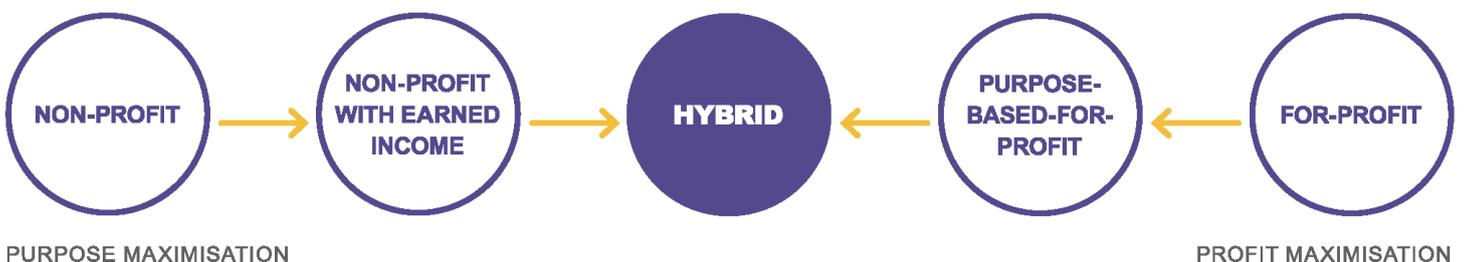
JULY 2017



The aim of the Social Capital Residencies is to grow jobs in the purpose economy by doing good better.



Social Enterprise Spectrum: Blending Purpose & Profit



3 Global Trends



1

Moving to Integrated social Impact



Source: Suzi Sosa

2

There is an unprecedented amount of capital out there available for social impact



Source: Calvert Foundation, CDFI Fund, CDVCA, National Community Investment Fund, National Federation of Community Development Credit Unions, Opportunity Finance Network and US SIF Foundation

6 Elements of a Healthy Entrepreneurial Ecosystem

- Frameworks, Infrastructure & Policies
- Resources
- Activities, Engagement
- Role Models
- Leadership
- Culture

3

Millennials are driving change



Today there are **FEWER** millennials living in South Australia than in the 1980s.

Source: Deloitte, Make it Big Adelaide: Shaping Future Cities Report.

Millennials are **more likely to work for ON DEMAND EMPLOYMENT** than any other previous generations

Source: Addison Group 2016 Workplace Survey

Millennials think the **#1** purpose of business is to **IMPROVE SOCIETY**

Source: Deloitte 2013 Millennial Survey.



Growing jobs in the purpose economy is essential to meet these challenges.

Source: Rainforest Scorecard, T2 Venture Creation

Foreword by Rob DiMonte, Chair

I am pleased to provide this Foreword to the second Social Capital Residencies Report, this time provided by our Specialist Thinker, Suzi Sosa. The Social Capital Residencies consist of a Primary and Specialist Thinkers, and we were truly privileged to have Suzi join us as the first of our Specialist Thinkers for what was a fast-paced visit.



It was timely that Suzi was here during the broader Entrepreneur Week activities because her 'specialty' is Social Entrepreneurship. Suzi's focus for her residency was our State's entrepreneurship and in particular how social entrepreneurship could thrive in South Australia. Through a combination of targeted round-table meetings including corporate, technology and tertiary education sectors, and engaging with entrepreneurs Suzi quickly understood the current landscape in South Australia and developed some clear insights of the possibilities for our future.

She has captured this well in this Report.

Perhaps her most telling insight was that we must be bold in our ambitions and seek out global aspirations. Set our sights on being globally recognised as the leader in the Purpose Economy. A 'first mover' opportunity will require us to build our brand, leverage what we already do well in the entrepreneur space, and engage the corporate and wider business community, harness technologies and leverage public sector innovation. The opportunity exists to attract global entrepreneurial talent to South Australia to 'not just create jobs but to create jobs with community and/or environmental benefit.'

There are great synergies and consistent observations with those of Allyson Hewitt and there is no doubt that Suzi built on the previously generated community enthusiasm for a Purpose Economy.

Once again, I would like to thank the hard-working team at the Don Dunstan Foundation for their commitment to the Program's success, and all the partners who have made this process possible.

A handwritten signature in black ink that reads "Rob DiMonte". The signature is written in a cursive, flowing style.

Rob DiMonte
Chair – Social Capital Residencies

Social Capital Residencies – Introduction

I first met Suzi Sosa in Austin, Texas and was impressed by her passion for Social Enterprise and the opportunities technology provides. We hatched a plan to bring Suzi to Adelaide as our first Specialist Thinker in Residence to explore these issues.



As a female founder and entrepreneur, Suzi is a remarkable leader on many fronts: her company [Verb](#) has, over the years, run a series of social innovation challenges. Recently Verb has focused on helping companies develop their talent through purpose-driven leadership training. A platform that provides an innovative way to connect millions of millennials to leadership content, mentorship and virtual volunteer projects. It is the marriage of this business expertise and strong social values that was the motivation for Suzi to become our first Specialist Thinker.

In the time that Suzi was with us she engaged with approximately 1,120 people, participated in four round-tables, delivered 14 presentations and three keynote presentations. Suzi was able to rapidly distill the strengths and opportunities that she discovered through her interactions with a cross-section of corporates, academics, government agencies and not-for-profits. This Report outlines her recommendations and emphasises the excellent position that South Australia is in to become global leaders in the Purpose Economy.

This report reveals our evolving thinking on what the Purpose Economy is and what new opportunities it represents for South Australia. Suzi's visit was part of the broader Social Capital Residencies, which aims to:

- Help to bring social innovations to scale in South Australia by developing a social innovation ecosystem that supports the growth of investment-ready social enterprises.
- Support a growing purpose economy by breaking down the silos between the business and social innovation ecosystems. In particular, supporting and inspiring small, medium and large businesses and other organisations to improve their social impact.

The Residencies also exist to assist the not-for-profit sector to develop greater commercial expertise, and the for-profit sector to have greater social impact – in essence for both sectors to do good, better.

The development of this Report has been a collaborative effort. On the Don Dunstan Foundation [website](#) you can find more information about the many events Suzi participated in that informed this Report including workshop notes, presentations, videos and recordings. On the website you will also find more information about the many initiatives which have either been started by or are being supported by the Social Capital Residencies – we call these our partner initiatives – many of which, you will be pleased to know, have already sought to implement a number of the recommendations in this Report.

We encourage you to take some time to explore and consider how you can get involved in the Social Capital Residencies and the Purpose Economy more broadly.

David Pearson
Executive Director – Don Dunstan Foundation

About Suzi Sosa – Specialist Thinker

Suzi Sosa was the first Specialist Thinker to visit Adelaide as part of the Social Capital Residencies, and hails from Adelaide's sister city, Austin Texas.

Suzi Sosa is the co-founder and CEO of Verb, a purpose-driven company using technology to advance social impact. Verb's first product was a platform that powers international social innovation competitions, such as the [MetLife Foundation Inclusion](#)

[Plus](#) challenge, which has engaged over 500 'fin-tech' social ventures from around the world and awarded more than US\$900K in grant funding.

Other Verb-powered international social innovation competitions include the [\\$10M George Barley Water Prize](#) and the [Clearly Vision Prize](#). Verb's second product is a [purpose-driven leadership development platform](#) that engages young professionals in online leadership training combined with mentorship and real-world social impact projects.

Prior to Verb, Ms Sosa led the social entrepreneurship program at the University of Texas at Austin. In that role, she oversaw the Dell Social Innovation Challenge (DSIC), which became the largest student social entrepreneurship competition in the world, attracting more than 7,000 teams from 80 countries and engaging more than 3,000 Dell employees as mentors and judges.

Ms Sosa has over fifteen years of experience in social entrepreneurship in both the for-profit and non-profit worlds. She is the recipient of the Ernst & Young Social Entrepreneur of the Year Award (2014) and is the co-founder of several non-profits, including the Austin chapter of Social Venture Partners. Ms Sosa has a Masters in Public Administration in International Development (MPA/ID) from the John F. Kennedy School of Government at Harvard, and a BA in the Plan II Honors Program from the University of Texas at Austin.



Overview – Suzi Sosa

In July 2017 I spent 10 days exploring the state of the Purpose Economy in South Australia as a Specialist Thinker in Residence. The challenge question presented to me was: ‘What would it take for South Australia to be able to capture the opportunity of the Purpose Economy to create jobs, wealth and community wellbeing?’ The focus of my inquiry was on specific aspects of the Purpose Economy, including the entrepreneurial ecosystem, the role of universities and the potential for corporate and business engagement. My insights were derived through observation, conversation, inquiry and challenge. I evaluated the circumstances and potential of South Australia relative to other states around the world.



Suzi Sosa meeting The Honourable Lord Mayor of Adelaide, Martin Haese

My insights and recommendations follow.

South Australia has an economy that is in transition. Traditional industries, like manufacturing, are in decline while new industries, like defence and healthcare, are emerging. While this transition inevitably causes anxiety, it also creates opportunity – the opportunity to be proactive about how to shape and support the next generation economy.

There are two arenas of opportunity for South Australia. The first involves which sectors South Australia will choose to invest in to drive its future growth. The second arena involves how South Australia will structure its economy overall.

As government resources have become increasingly constrained, pioneers around the world have been experimenting with different economic strategies for both job creation and social service provision. Instead of traditional boundaries between ‘business’ and ‘social services’, new and existing organisations are discovering ways to blend both.

This emerging approach is called the Purpose Economy. It is defined by a novel integration of economic growth and social welfare. It defies conventional assumptions that corporations create jobs and wealth while government and not-for-profits provide social services. It creates new expectations for all participants in the economy and offers a much more efficient use of resources.

As South Australia defines its economic strategy for the future, it has an opportunity to become a global pioneer in the Purpose Economy. This Report will outline a number of specific recommendations as to how it can do it.

What follows explains each of these recommendations further, not necessarily in order or comprehensively, but to better understand the rationale for each. The development of this report has been a collaborative exercise for me and for the Don Dunstan Foundation (DDF) and the many partners in the Thinkers program.

I look forward to watching how these recommendations feed into the work being done by the DDF and the Primary Thinker in Residence, Allison Hewitt.

Suzi Sosa
Specialist Thinker in Residence

Recommendations

The below forms the recommendations developed by Suzi Sosa during her time in South Australia and supported by the partners in the Thinkers in Residence Program.

Partner Initiatives: *Many of the partners in the Social Capital Residencies have already started acting on these recommendations. You can find a summary of these supported and prototyped initiatives on the Thinkers Program website at: www.dunstan.org.au*

VISION

1. Position South Australia as a global thought leader in the Purpose Economy

- Currently there is very little published research on the Purpose Economy globally, which provides an opportunity for South Australia to become a leader in this space.
- Better promote what South Australia is doing to become leaders in the Purpose Economy at home and around the world.
- Find opportunities to promote and profile South Australia's activities and successes worldwide; consider connecting with conferences such as [Social Capital Markets](#), the [Skoll World Forum](#) and [SXSW](#) to showcase South Australia and its strengths.
- Consider how an impact index could be established for South Australia to help identify all the organisations that focus on impact, including a potential impact prize for the best purpose-driven company in SA.

2. The State Government should declare the Purpose Economy as a key pillar in the future economic strategy for the state

- Support both top-down and bottom-up approaches to building the Purpose Economy
- Government should consider how it can better use incentives, such as financial support and government procurement, to support early stage and purpose-driven business.
- Government could help to build the social impact talent pool in South Australia by implementing programs that attract international social entrepreneurs to share knowledge and build local capacity.

3. Better understand the Social Innovation community in SA

- Through mapping the wider ecosystem, identify gaps where other industries like creatives and information technology can contribute jointly to social innovation, and better understand the role social innovation can play in our regions.
- We know anecdotally that South Australia is well networked and connected, but we haven't measured this. Measuring and defining South Australia's connectedness will identify gaps in the ecosystem and infrastructure that need attention to help it move forward.
- Adapt and use the [Rainforest Scorecard](#) to determine the health of South Australia's social entrepreneurship ecosystem.

4. State and City work together to determine and align under a single brand

- Develop a unifying brand for South Australia. Branding is a powerful way to align the entire community around a vision and set of goals. Brand SA and key community leaders could lead this work.
- The City of Adelaide has a key role in this and should consider how efforts to market the City align with efforts to market the State.

STRATEGY

5. Leverage the strong creative and cultural industry in SA to accelerate the development of the Purpose Economy

- Be more proactive in supporting this industry to grow by better using South Australia's creative and cultural assets and expertise to solve social problems.
- The creative industries need to consider how they can better support their own development and celebrate their contribution as an industry to the economy.
- Government and industry need to do more to showcase the creative and entrepreneurial talent that exists in the creative industries not from an artistic excellence perspective but from a business leaders' perspective.

6. Support other industries already closely aligned with social impact

- Identify opportunities to build social impact in prominent industry sectors like healthcare, renewable energy and mining, information technology, infrastructure, tourism and food.
- Find and showcase opportunities to utilise the diverse skills from these industries to pioneer innovative solutions to pressing social issues in South Australia, many of which will also answer some of the world's biggest challenges.
- Support the industries that are developing solutions to local challenges to consider export opportunities – thereby generating additional revenue and jobs locally.

7. Implement for-purpose programs and challenges into South Australia's education system

- Strengthen the Social Entrepreneurship content in the high school curriculum and support more opportunities for social innovation challenges for school students to participate in.
- All education providers should consider how they could expand their connection to social impact – in particular to help better prepare their students for the workforce of the future that will place a much higher premium on purpose.

8. Attract and Retain Millennial Talent

- Millennials are crucial to the Purpose Economy. South Australia needs to stem the millennial brain drain. If South Australia wants to retain its millennial population and attract new talent, it will need to have a more supportive culture and infrastructure for millennials.
- Further develop Social Entrepreneurship programs alongside the current entrepreneurial ecosystem to offer new employment opportunities that align with millennials' values and priorities.
- Universities have a key role to play in supporting industries to understand the needs and values of millennials through more innovative approaches to work-integrated learning.
- Support more mentoring programs and knowledge exchanges with millennials and industry.
- Develop a strategy for attracting more millennials to start business in SA, for retaining millennials and for encouraging others to return.

9. Support South Australian leaders to be champions of the Purpose Economy

- Promote the concept of shared value in SA through the various leadership initiatives e.g. The SA Leaders Institute, Committee for Adelaide, SA leaders and of course the Shared Value Project.
- Ask consultancy companies like PWC, Deloitte, KPMG and EY to champion South Australia as a leader in the Purpose Economy and how shared value provides a framework for doing this.

- Support the community sector to understand how to work better with the private sector – in particular by moving away from seeing the private sector solely as a ‘source of sponsorship’ model and more towards seeing the private sector as a partner for creating value together.

RESOURCES

10. Develop and attract more entrepreneurs

- University programs and challenges like the Australian eChallenge and Venture Dorm have potential to attract new talent to South Australia, they need to be supported to attract new talent to try new ideas, products and services, learning from successful initiatives abroad (like Mass Challenge and Start Up Chile).
- The government investment attraction arm should seek to offer time-limited, free access to co-working spaces for newly relocated social entrepreneurs.
- The Small Business Commissioner should consider what could be done to reduce red tape for social enterprises.
- Create a special cohort, track or group of purpose-driven entrepreneurs and organisations within the existing entrepreneurship infrastructure to allow for more cross-pollination between groups rather than creating new, siloed programs.

11. Social Procurement

- The Government Industry Participation Advocate should take a leadership role in driving social procurement in the public sector.
- Companies that provide advisory services to South Australian companies, like the big four accounting firms, should consider how they can support greater understanding of how to drive social impact from private sector procurement.
- Better measure the social impact that is already being delivered through government and business procurement policies.
- Showcase success stories to build awareness about the impact social procurement is having in SA and around the world.

12. Impact Investing

- Develop an impact investment strategy for South Australia including things like:
 - How to attract more purpose-driven investment into South Australia and enable purpose-based business to scale their impact.
 - Consider how social impact can be a higher criterion for deciding which companies to attract to South Australian.
 - Consider how best to strengthen the South Australian government, community and private sector capacity to measure social impact.
- Include non-financial returns in measurement of the operations of the South Australian Venture Capital Fund.

13. Leverage Gig City

- State government and Councils should consider how to leverage the new Gigabit Technology in Adelaide’s CBD to support social innovation and the purpose economy in particular for the delivery of the United Nations Development Goals in South Australia and around the world.
- Government should encourage and celebrate those businesses using Gigabit Technology for social good and should consider how to improve access to the technology for social service organisations.
- Find other new ways, including challenges, to connect social innovation with the IT sector and unlock a wealth of knowledge and resources that can support problem-solving and the growth of the Purpose Economy.

The Opportunity of the Purpose Economy

The fastest growing part of the South Australian economy in recent years and into the foreseeable future is the Purpose Economy. If you were to take an industry perspective on the concept of the Purpose Economy it would represent the fastest growing part of South Australia's economy. Importantly this is not measured by wealth creation and profit which is all too often enjoyed by the few and not the many, it is instead measured by growth in employment.

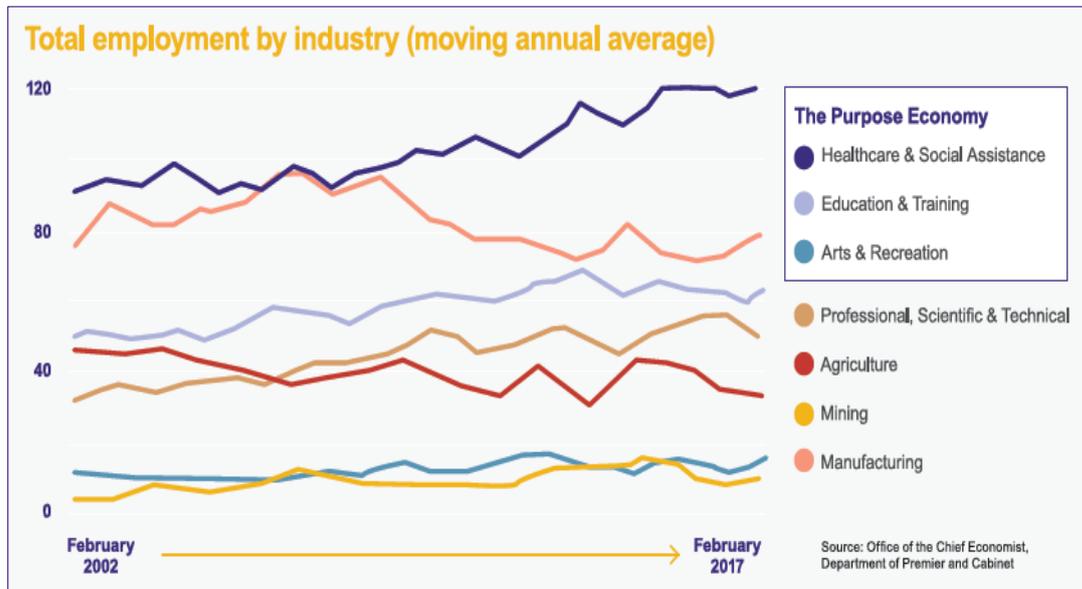


Figure 1. Total employment by industry. Office of the Chief Economist, Department of Premier and Cabinet.

Governments in South Australia have traditionally invested in infrastructure in sectors including defence, manufacturing, mining and information technologies. However, it is actually the Purpose Economy that has the strongest employment growth projections.

Adopting the Purpose Economy as a strategic pillar in the future economy development plans for South Australia has many benefits for the state and for its citizens. The most important benefit of the Purpose Economy is that it leads to both **job creation across multiple industries** (and at the same time can address social and environmental challenges). This is more efficient, sustainable and fair. We need to change our thinking about how we support economic development. To do this we have to move beyond notions of the 'traditional economy'.

The Traditional Economy

A traditional economy has three primary sectors: private, public and community.

In the **traditional economy**, the private sector is often seen as the sole driver of job and wealth creation while the public and social sectors concentrate on the provision of public services, such as healthcare, education, disability services, elderly services, homelessness, environmental protection, etc. In the traditional economy social service organisations depend wholly on public and philanthropic support to fund their activities.

There has been much discussion in recent years about the emergence of a fourth economic sector. This is what we refer to as the **Purpose Economy**.

In the **Purpose Economy** there is a more diverse spectrum of organisations utilising new business models and the sectors are not so explicitly defined.

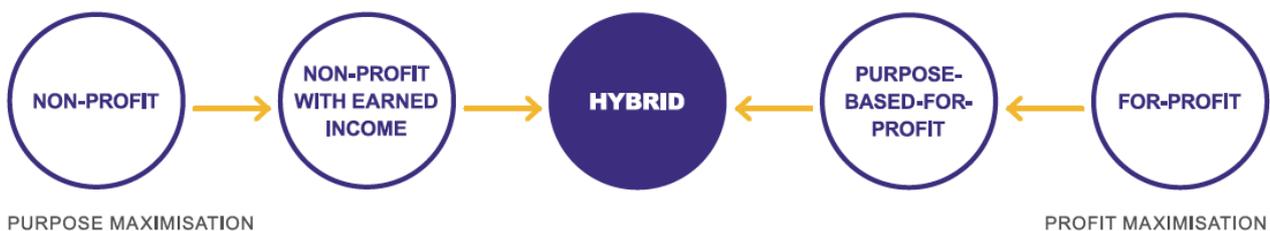


Figure 2. Social Enterprise Spectrum: Blending Purpose and Profit.

In this new spectrum of organisations there are new and innovative business models being created to improve the sustainability of their service provision. B corporations, co-operatives and mutuals are forms of business models that have gained increasing popularity in the private and public sectors.

Key Insight: Co-operatives

- o *A French study comparing tech startups to the co-operative model showed that co-operative businesses have lower failure rates than traditional corporations and small businesses - after the first year and after five years of business - Business Council of Co-operatives and Mutuals*
- o *Co-operative entrepreneurs do better than the 'heroic individual' entrepreneurs – especially at creating jobs. – The Guardian*

Key Insight: B-Corporations

- o *B Corps, or for-benefit corporations, are for-profit companies certified by the B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. – Bcorporation.net*
- o *There are at least six B Corps in SA*
- o *Today, there is a growing community of more than 2,100 Certified B Corps from 50 countries and over 130 industries working together toward 1 unifying goal: to redefine success in business.*



FURTHER READING – [SHARED VALUE PROJECT WEBSITE](#), [BCCM WEBSITE](#), [B-LABS AUSTRALIA](#)

The increasing emphasis on Corporate Social Responsibility is putting pressure on the role of traditional businesses worldwide. Ernst & Young recently launched the Beacon Institute ‘... to inspire and amplify the growing movement of purpose-led businesses.’ In a recent study of 1,500 leaders of major businesses in 10 industries around the globe, the Beacon Institute discovered that only 15% of respondents said their company’s main purpose is to maximise shareholder value. Instead, creating value for a broader set of stakeholders, including employees, society and the environment, was ranked as the number one priority. As reported in *CEO Today*, 61% of executives surveyed by the Beacon Institute said that **purpose and profit clearly aren’t mutually exclusive**. The term ‘shared value’ is now used to describe an approach to business in which generating economic value and social value are integrated.

Social Enterprises

‘Social Enterprises’ are for-profit companies that are created specifically to solve societal challenges. A decade ago, social enterprises may have been considered as ‘niche’ or ‘soft’ business models. More recently this view has changed. Probono Australia reported in June 2017 that there are over 20,000 registered social enterprises in Australia. They further state that as ‘awareness has grown, the policy environment is now far more positive and conducive. Philanthropy and social investors are highly engaged. And we are also seeing tangible evidence of both government and the private sector wanting to realise positive social outcomes through social procurement, and in particular, buying goods and services from social enterprise.’
Probono Australia

A local example is KIK Innovation. One part of what they do is to establish coffee shops to employ and train disadvantaged youth. The purpose of the business is to support young people, but it does so by selling goods, tapping into the market and using a traditional business model instead of relying on government or philanthropic support.



Figure 3. KIK Coffee – A social enterprise helping young people achieve.



FURTHER READING – [KIK INNOVATION](#), [GOGO EVENTS](#)

Charities with Earned income

Social Enterprises are not just start up's 'Charities with Earned Income' also form part of the family. Often called social businesses, they are a new business model wherein a non-profit organisation generates income for itself by selling products and services. Historically, public and philanthropic capital have been the only sources of funding available for the provision of social services provided by government and charities however 'business as usual' is unsustainable as funding becomes smaller and more competitive.

Charities with earned income are sometimes able to create more and better paying jobs than traditional charities that rely wholly on government and philanthropic support. They are also often able to be **more innovative and risk-taking** than traditional charities because their earned revenue is not restricted in the same way that government and philanthropic support can be. A South Australian example of this is Beau's Pet Hotel, owned and operated by the Guide Dogs SA-NT, the profits support the provision of services to South Australians living with a disability.



Figure 4. Beau's Pet Hotel – An enterprise to support the work of Guide Dogs SA-NT

Social Procurement

Local, state and federal governments spend millions of taxpayers' dollars on a range of goods and services yearly. There is a significant opportunity to grow the Purpose Economy by identifying and creating supply and service channels between these government contracts and the community. Known as 'social procurement', the effect of normal government business can have a much larger social impact including employment and training, local sustainability, service innovation and social inclusion. For example, the state government may look to create and support social enterprises that train and employ long-term unemployed in the maintenance of public housing. More procurement opportunities like this in the public sector should be explored by an industry participation advocate. The private sector has a strong role to play in supporting social procurement. Companies that provide advisory services to South Australian companies, like the big four accounting firms, should consider how they can support greater understanding of how to drive social impact from private sector procurement.

More work should also be done to better measure the social impact that is already being delivered through government and business procurement policies. The South Australian community should consider how it could better showcase success stories and build awareness about the impact social procurement is and can have in SA and around the world.

How to Build a Purpose Economy in South Australia

The economic, social and political environment in South Australia has the potential for SA to be recognised internationally as leaders in the Purpose Economy. There are unique conditions in this state that could cause the Purpose Economy to flourish and be a powerful source of job creation and high-quality social services. With strong leadership and commitment to action, **South Australia could even become a global leader and pioneer in the Purpose Economy.**

This development must come from two directions – **bottom up and top down**. The bottom up development of the Purpose Economy is the creation of *new* businesses and organisations that combine both profit and social impact. These would be new start-ups, charities, conferences, competitions, prizes and more who embody the principles of the Purpose Economy, including the integration of purpose and profit.



Suzi Sosa presenting at the Impact Index Workshop

The top down development of the Purpose Economy is the activation of large, existing players like government, universities and large corporations into the movement. Their participation includes supportive regulation, funding, convening and leadership. Some corporations may take more significant steps, such as integrating purpose into their old business models, but usually the larger the organisation the slower the change.

If South Australia is serious about prioritizing and building a strong Purpose Economy it will have to find ways to support the bottom up development of new organisations and businesses, as well as the top down engagement of existing players in government, universities and corporations.



Millennials

One of the greatest opportunities worldwide in prioritising the Purpose Economy is to **engage millennials**. Research shows that millennials want to work for purpose-driven organisations and shop from purpose-driven companies.

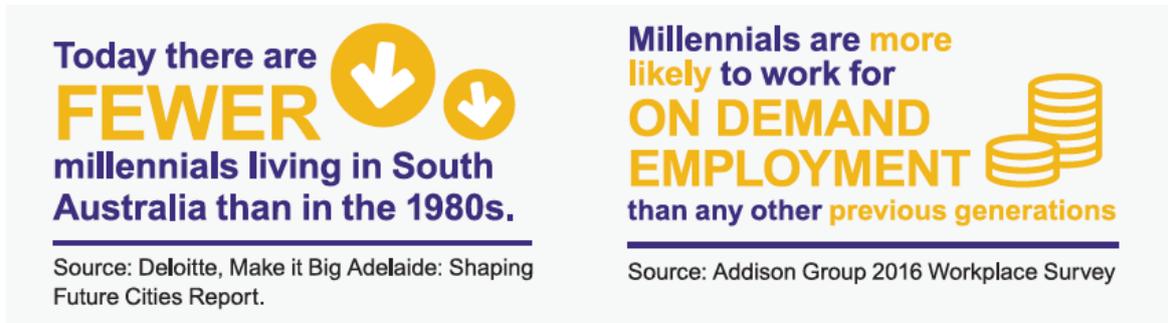
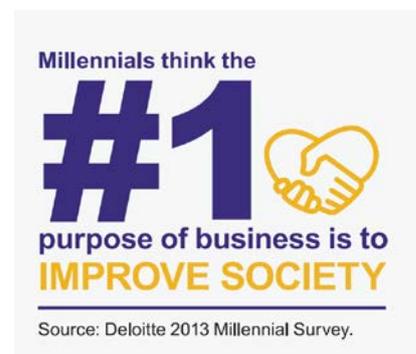


Figure 5. Millennial Survey Results from Deloitte and Addison Group Research

Cities, states and countries that want to retain and attract top millennial talent will have to create and maintain social and professional ecosystems that:

- support the kinds of companies that this generation wants to shop from and work for e.g. social enterprises, BCorps, companies with a strong and genuine sense of purpose
- create spaces for innovation and creativity for millennials to take risks and try new ideas
- make real world connections where they can learn and develop new skills and bodies of knowledge
- express their ideas and problem solve real world problems
- Recognise the value of millennial ways of thinking and doing.



Two-way mentoring programs are providing corporations and organisations with intrinsic benefits through young talent retention and wisdom sharing.

Universities have a key role to play in supporting industries to understand the needs and values of millennials through more innovative approaches to work-integrated learning, with more mentoring programs and knowledge exchanges with millennials and industry.

South Australia should develop a strategy for attracting more millennials to start business in SA, for retaining millennials and for encouraging others to return.



FURTHER READING – [MAKE IT BIG ADELAIDE](#)

Strong Existing Culture and Infrastructure

The creation and development of the Purpose Economy depends on the presence and successful interaction of certain key infrastructure components, including talent, knowledge and capital. These infrastructure components are needed for the wellbeing of traditional economy as well, and so there has been substantial focus on developing these resources, but effort needs to be focused on how we can tap into them to accelerate the Purpose Economy.

There are four main assets that can help South Australia become a global leader in the Purpose Economy:

- a strong existing infrastructure
- multiple current economic sectors that align well with the Purpose Economy
- the potential to engage corporations for shared value
- a strong desire by governments to drive innovation

Start-Up Ecosystem

South Australia has a history of inventions and entrepreneurship that stretches right back to the state's founders 180 years ago. The local entrepreneurial ecosystem has more than tripled in size since 2013, going from 30 to 130 programs, and boasts two of the world's top five accelerators.

As part of this SA has seen a rapid growth in the start-up community, demonstrated by the quadrupling of Startup Adelaide membership in the last two years; and a number of groundbreaking startups emerging in a range of fields including health tech, virtual reality, artificial intelligence, renewables and clean tech just to name a few.

As such South Australia's existing start-up ecosystem is a key asset in the development of the Purpose Economy. There is no need to replicate this infrastructure for purpose-driven organisations. Instead, my recommendation is to create a special cohort or track or group of purpose-driven entrepreneurs and organisations within the existing infrastructure. So, for example, instead of building a new start-up accelerator for purpose-driven organisations, existing accelerators should be expanded to include more purpose-driven entrepreneurs, allowing for cross-pollination of ideas and greater integration of purpose into new businesses.



Figure 6. Suzi Sosa – Keynote speaker at the Social Capital Conference, Adelaide 2017

Creative Ecosystem

South Australia has a strong creative ecosystem, including the festival and arts groups. Events like the Adelaide Fringe (which is the biggest selling open access arts festival in Australia), and places like Carclew and the Jam Factory attract international participants from a range of backgrounds. Many of the participants in the Creative Economy often include some of the most powerful commentary on social issues in their work. The kinds of skills and interests of participants in the Creative Economy tend to align well with the skills and interests of people in the Purpose Economy, and millennials are often attracted to both (Creative Industries and Purpose Economy).

South Australia is already attracting diverse, creative, innovative talent to the state with its existing festivals and programming and should think about how to expand upon this to attract talent for the Purpose Economy. In particular to take what is good about your Mad March festival period and ensure these kinds of benefits can be realised throughout the year.

The growth and expansion of South by Southwest (SXSW) Festival in Austin is but one example of how creative, entrepreneurial and purpose-driven ecosystems can flourish and complement one another. Starting in 1987, with a focus on the creative industries of music and film, the festival now includes hundreds of tracks focused on entrepreneurship and innovation under its 'Start-Up Village.' SXSW also added a 'Social Good Hub' during SXSW week and launched two new independent conferences focused on social impact – SXSW Edu (focused on education) and SXSW Eco (focused on environment and sustainability).



Figure 7. Social Good Hub – Raising awareness in the broader community

South Australia should be more proactive in thinking about how to leverage the existing strong creative ecosystem to accelerate development of the Purpose Economy. There is huge potential for global innovation by leveraging the creative and innovative skills of creatives to solve social problems. Techniques such as 'human-centred design', lauded by Melinda Gates as changing the most lives in the developing world, are powerful tools to uncover disruptive solutions to long-standing social challenges. South Australia could become a hub of design + technology + social impact, and pioneer innovative solutions to some of the world's biggest challenges. You need to better showcase the talents you have in this space and the opportunities for growth.



FURTHER READING – [SXSW SOCIAL GOOD HUB](#)

Technology Infrastructure

Despite the relatively small size (population and economy) of South Australia, the State Government has been making significant and important investments in technology infrastructure.



Figure 8. Suzi Sosa talking to tech start-ups about the purpose economy

'In one roundtable of technology professionals that I hosted during my visit, participants emphasised their desire to support social impact work but their lack of knowledge about how to engage.' Suzi Sosa.

In 2017, the State Government launched its \$7.6 million Gig City initiative. The fibre optic network provides synchronous 10 Gigabit internet speeds, supporting new and fast-growing business types, such as big-data and video/multi-media companies. Innovative, large scale projects such as Tesla's 100-megawatt lithium battery has put South Australia on the world tech radar. It is clear from these examples that the government of South Australia recognises the value of technology investments in fuelling economic growth and connecting the state to the burgeoning industries of the future.



High profile technical investments clearly have the potential to drive economic growth. However, there is also capacity and opportunity for these projects to align with global visions such as the Global Sustainability Development goals to ensure that social and environmental considerations are also fostered. How can the government leverage the interest and learnings from major tech projects to build and innovate in the Purpose Economy? Possible opportunities include tax incentives for projects demonstrating strong social impact, employment diversity and inclusion standards, competitions and hackathons such as 'Techfugees' that bridge technology and social justice issues.

Key Insight:

Achieving the United Nations global goals for sustainable development will create at least \$12 trillion (U.S.) in opportunities in four economic systems examined by a UN Commission (Source: [Forbes](#), 2017)



Figure 9. United National Global Sustainability Development Goals

Universities

There is a growing understanding from tertiary institutions that their student cohorts want to be agencies for change. South Australian Universities have responded to this and appear to be early adopters of the role of the Purpose Economy in the entrepreneurship ecosystem.

There is evidence in all of the major South Australian universities of the inclusion of social entrepreneurship theory and practice. The New Venture Institute at Flinders University partnered with The [Festival of Good Humans](#) to deliver the [Online Impact Boot camp](#). The four-week virtual boot camp was designed to help purpose-driven Australians deep dive into social impact innovation, technology and collaboration opportunities on a global scale. The Australian eChallenge is run by the Entrepreneurship Commercialisation and Innovation Centre (ECIC) at the University of Adelaide. It has been growing the entrepreneurship ecosystem in SA since 2001 and now operates in France and Italy. Typically the challenge focuses student teams on major issues such as climate response, medical innovations and cybersecurity. More recently, a social enterprise stream has been added with great success. The University of South Australia has also been exploring what more it can do in this space. These 'innovation nests' provide great launching pads for better appreciation of the Purpose Economy and the role it plays in the state's broader economic and social wellbeing.

Universities in South Australia could become very powerful engines of knowledge and talent in the Purpose Economy

Whilst the popularity of social enterprise and other purpose-based business models grows, more research is needed on the practice and implementation of these business models. SA's Universities could play a more proactive role in supporting the community to better understanding the Purpose Economy. In fact greater collaboration between the universities in South Australia with the practitioners of the Purpose Economy could lead to a position of global thought-leadership. For example the Universities could work together to develop greater capability in South Australia to measure social impact, in our regions, in community services, in pockets of social disadvantage, and in economic development.

Opportunity: In June last year The University of Adelaide became the first university in Australia to receive dual accreditation through the Accreditation Council for Entrepreneurial and Engaged Universities (ACEEU). There is an opportunity for all South Australian universities to apply for this accreditation and raise the status of South Australia in this space worldwide

Multiple Economic Sectors Aligned With Purpose

South Australia is famous for its food and wine and has a long history with manufacturing and mining, but it also has a strong foundation in innovation and social justice. Industries like tourism, wine, advanced manufacturing and biotechnology have large global markets and can impact millions of people world-wide. Rapid incorporation of social innovation into existing business models and corporate strategies could position South Australia as a global leader and generate further jobs, investment and wealth for the state. It could also assist in capitalising on emerging opportunities created by the growing demand for care services in both the Australian and the Asian market. The roll-out of the National Disability Insurance Scheme (NDIS) will be the single biggest job creator in the Northern suburbs in the coming years. Whilst disruptive to the traditional ways of delivering social assistance, the NDIS also invites innovative policy and business thinking to improve service delivery and outcomes for those living with a disability. The emergence of self-directed care in other sectors, such as the ‘ageing well’ sector also provides significant opportunities.

Below is a quick summary of the ways these existing sectors can be connected to the Purpose Economy:

Growth Industry	Opportunities for Social Impact
<i>Healthcare and Biomedical</i>	<ul style="list-style-type: none"> • Ageing well, ageing in place • Mentally healthy workplaces • Cancer research and treatments • Obesity and chronic disease solutions • Disability solutions • Lifesaving drugs and treatments • Mentally healthy workplaces
<i>Renewable Energy and Mining</i>	<ul style="list-style-type: none"> • Solutions to reduce carbon • Solutions to reduce negative ecological impacts of mining and other extractive industries • More efficient technologies for energy • Pioneering lithium batteries and other disruptive energy sources
<i>Creative Industries</i>	<ul style="list-style-type: none"> • Innovations in education • Build empathy and resilience through film, music and art • Community empowerment solutions • Programming to support mental health
<i>Information Technology</i>	<ul style="list-style-type: none"> • Using big data for insights into social issues (healthcare, education, etc.) • Platforms and apps for social impact
<i>Tourism, wine and food</i>	<ul style="list-style-type: none"> • More sustainable solutions to food production • Support of organic farming • Ecotourism

Engaging Corporations for Shared Value

Corporations can play a key role in accelerating the Purpose Economy in South Australia, and there are many ways they can add value. For example, corporations make millions of dollars of investments and philanthropic contributions annually. If these dollars can be directed toward organisations that **blend social impact with sustainable business models**, they can accelerate the Purpose Economy. There are also thousands of trained professionals who are employed by corporations and who can become valuable advisors, mentors and board members to purpose-led organisations, providing essential technical know-how to help these organisations scale. Finally, by transforming their own practices to become more mindful of their social and environmental impacts and to intentionally integrate beneficial activities, these corporations can help to resolve major social and environmental challenges. These activities encourage businesses to integrate purpose through all elements of their work, generating economic and social value.

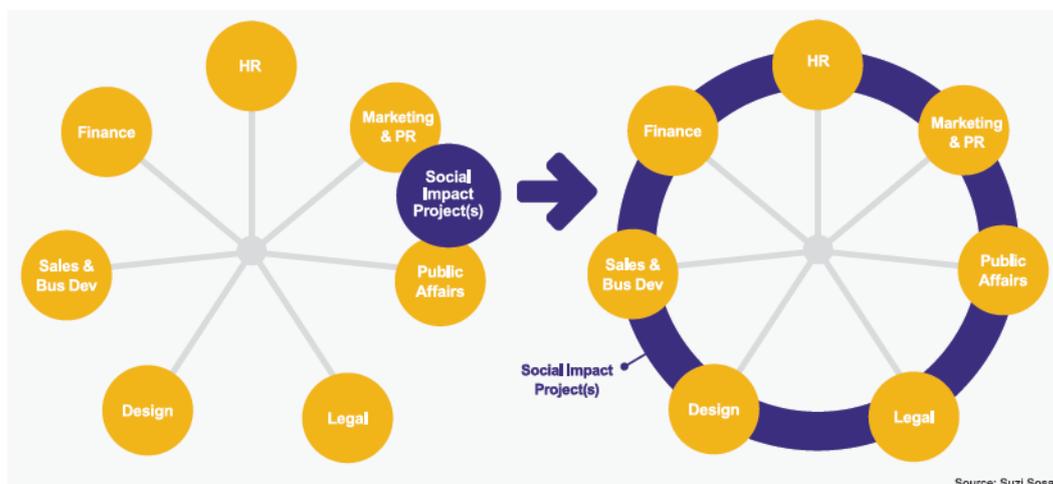


Figure 9. Social Impact becoming more integrated in all business units

South Australia has a strong business community, including many multinational corporations and a large cohort of regionally based or trading businesses. Unfortunately, of all the key stakeholders I met with during my visit to South Australia, it was clear that *corporations were currently the least engaged* in the Purpose Economy. They had very little understanding of what the Purpose Economy is and why it could be of value to them. There is a huge opportunity to educate and engage these businesses to become leaders in the Purpose Economy and to help them explore models of shared value.

South Australia should enthusiastically adopt the concept of 'shared value' in SA through the various leadership initiatives e.g. The SA Leaders Institute, Committee for Adelaide, SA Leaders and of course the Shared Value Project. Consultancy companies like PWC, Deloitte, KPMG and EY should champion South Australia as a leader in the Purpose Economy and support the companies they work with to understand how shared value provides a framework for doing this. The community sector also needs to consider how it can work better with the private sector – in particular by moving away from seeing the private sector solely as a source of sponsorship, and more as a partner for creating value together.



FURTHER READING – [THE SHARED VALUE PROJECT](#)

Evaluating the Ecosystem

Though we were able to cover considerable ground during my visit, developing a comprehensive set of recommendations to strengthen the Purpose Economy in South Australia, this requires more in-depth evaluation. The ecosystem is broad and consists of many parts. During my visit we engaged in two conversations about how to map and assess the health of the existing social innovation ecosystem.

The first conversation was a workshop to discuss the potential of an Impact Index, which would be a statewide map and ranking of all social innovation organisations similar in approach to the Fortune 500 or Inc 5000. The conversation was co-facilitated by Business Models Inc. and included a range of Social Capital Residencies partners and other organisations. During the workshop we explored the feasibility of this so-called Impact Index and how it might work, including how we would define what qualifies as a 'social innovation,' how we would find these organisations and programs, who would serve as judges to evaluate them, and what would be the value of this data. The potential value of such an Impact Index is to begin organising and connecting a community of organisations, to attract media and raise awareness, and to provide supporting stakeholders, including government, easier access to these organisations to engage them in services and/or provide financial support. Think of the Impact Index as an online database of all of South Australia's social innovation organisations.

A second conversation about assessing the health of South Australia's social innovation ecosystem was focused on a framework called the Rainforest Scorecard. This framework, developed by T2 Venture Creation, provides qualitative tools to assess the health of six areas of an innovation ecosystem: leadership, infrastructure, resources, activities, role models, and culture. What is powerful about the Rainforest Scorecard is that it provides standardised questions allowing a city, state or country to benchmark the health of its innovation ecosystem along these six dimensions and to track improvements over time.

Whether it's in the form of an Impact Index or a deep assessment using a tool like the Rainforest Scorecard, I strongly recommend investing in more detailed analysis of the health and players in the South Australia social innovation ecosystem. Increasing the profile and engagement of groups like the Social Impact Measurement Network Australia ([SIMNA](#)) will also help to deepen understanding of social impact measurement.

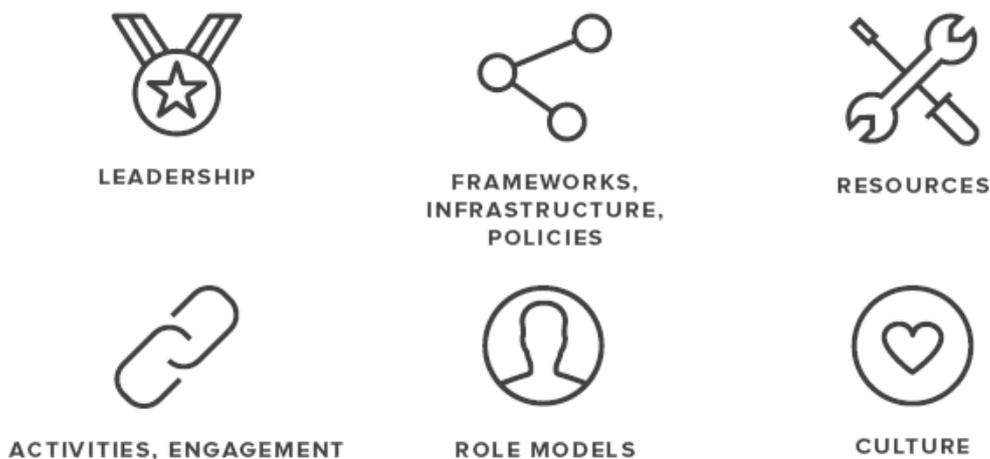


Figure 10. The six main focus areas of impact measurement of the rainforest scorecard.

Government and Driving Innovation

The government of South Australia has a proven track record of supporting innovation. Programs like the [Fund My Neighbourhood](#) initiative and the [Share Economy Challenge](#) are examples of how the South Australian government has deployed its resources in ways that stimulate innovation. In addition, the large cohort of public sector ‘intrapreneurs’, government employees who seek to create and support innovation *within* the government, is another example of the deep spirit of innovation in the South Australian Government. The Australian Government has also declared strong support for innovation and entrepreneurship. The City of Adelaide has also been a powerful driver of support for social entrepreneurship, particularly through its social enterprise incubator – run by Business Models Inc. These resources must be engaged as a primary leader in the Purpose Economy in South Australia.



Suzi presenting at the Institute of Public Administration Australia (IPAA) showcase

There are many ways that the government can accelerate and strengthen the Purpose Economy in SA. First, the SA government can declare the Purpose Economy as a key pillar in future economic strategies for the state. Second, it can dedicate some strategic financial resources to support the Purpose Economy, such as a competitive prize to the best purpose-driven companies in the state.

The Government can also support purpose-driven businesses by giving them preferential treatment in government procurement processes, and can incentivise charities to adopt more sustainable business models by rewarding those who have them with government contracts and/or additional financial support. Third, the government can help build up the talent pool who are equipped to succeed in the Purpose Economy. For example, they can create social entrepreneurship programs for schools. In the short-term South Australia could attract more social entrepreneurs from other countries to the state to share their know-how with local leaders. By supporting existing incubators to more work on programs like [Start-Up Chile](#) or [MassChallenge](#), the government of South Australia could easily attract top quality social entrepreneurs from other countries to the state.

Threats to the Purpose Economy

As I see it from my time in South Australia, there are three main threats facing the development of the Purpose Economy in SA that need to be worked on:

- lack of clear alignment among leadership
- too few social entrepreneurs, and
- lack of appropriate capital.

Lack of Leadership Alignment

While some groups, like the Don Dunstan Foundation and TACSI, have clear intentions to nurture the Purpose Economy in South Australia, generally there is a lack of alignment among state leaders to make this a priority. One example of this lack of alignment is the number of suggested brands and taglines for Adelaide and/or the state, including ‘Beta City’, ‘Smart City’, ‘Gig City’, ‘Social Capital’, ‘Festival City’, ‘State of Wellbeing’. These brands reflect the priorities of a number of

groups who are each pushing for their own agenda. The City of Adelaide Strategic Plan prioritises 'Smart. Green. Livable. Creative' as the desired traits of the city.

If the Purpose Economy is going to become a significant economic engine for the state, it must become a key pillar of the economic strategy. This will require the government to articulate the value of the Purpose Economy and to influence its key stakeholders, like corporations, to engage. In addition, for those smaller organisations who are already early adopters in the Purpose Economy, creating stronger alignment in goals, messaging and strategy will increase the probability of success. The Don Dunstan Foundation is taking a huge step in this direction by attempting to map the opportunities and challenges facing the Purpose Economy as well as in articulating the value to the state in doing so, however the Don Dunstan Foundation is not an implementation vehicle and will not be able to 'launch' the Purpose Economy in South Australia.



Too Few Entrepreneurs

The Purpose Economy cannot flourish without an ongoing supply of new purpose-driven organisations, and this requires a cohort of social entrepreneurs who have the skills and ambition to launch these organisations, whether they are non-profit charities or purpose-driven businesses. These individuals will be the creators of innovative products and services *and* the innovative business models needed to create jobs, wealth and social value.

One of the key threats to the success of the Purpose Economy in South Australia is the very limited supply of entrepreneurs and social entrepreneurs.

There are short-term and long-term ways to build the supply of social entrepreneurs in South Australia. As I mentioned previously in this Report, integrating social entrepreneurship curricula into the South Australian education system is an effective way to engage young talent. That is a long-term strategy. In the short-term, South Australia can increase its supply of social entrepreneurs by recruiting from abroad. There are millions of experienced social entrepreneurs in other parts of the world, like India, Europe, Africa, Latin America and the United States, who could bring not only their ideas and experience but also their proven business models to South Australia. Other countries have implemented successful programs to recruit top entrepreneurial talent, like Start-Up Chile and MassChallenge, and a program similar to this could increase the supply of skilled social entrepreneurs in South Australia in a short period of time.

Lack of Capital

A third key threat to the vitality of the Purpose Economy in South Australia is the lack of capital for purpose-driven businesses and organisations. The Purpose Economy needs many different types of capital to thrive. Just as the Purpose Economy encompasses a broader spectrum of organisational types, it therefore also has a broader spectrum of capital needs.

The Purpose Economy needs many different types of capital to thrive.

Companies who are on the for-profit side of the Purpose Economy will need access to both equity and debt instruments. On the equity side, these social enterprises and purpose-driven businesses will need new forms of risk-tolerant and patient equity investment, such as 'impact investment' capital that values both impact and financial return. There will also need to be a range of investment capital that is willing to invest at different stages of the business lifecycle, such as Angel Investment, growth capital, and institutional venture investment. Traditional equity investment capital is not likely to be attracted to social enterprises – it's hard to get your initial investment back out. Non-profits that incorporate earned income will need access to debt capital as well as new types of philanthropic capital, such as venture philanthropy which is much more risk-tolerant than traditional philanthropic funding. There is a spectrum of investment needed.



While there is some action starting to happen around Impact Investing, particularly with the release of South Australia's first Social Impact Bond 'Aspire' which was over-subscribed, currently none of these forms of capital are widely available in South Australia. Lack of access to capital will threaten the survival of burgeoning enterprises and will also stymie efforts to attract new entrepreneurial talent to the state or to keep it here.

There have been recent efforts to improve access to capital for traditional start-up and growth-stage companies, such as the new \$100M Series A fund managed by Blue Sky Capital. One quick way to improve the supply of capital for the Purpose Economy would be to apportion some amount of these existing funds to invest in purpose-driven businesses. Social impact measurement is a crucial enabler of impact investing and SA currently has too little capacity to successfully measure impact, this needs to be addressed.

So what is...

Impact Investing: *A form of investment designed to achieve a measurable social/social/environmental and a financial return. Emerged in 2007 when discussing how to bring more capital into societal problems.*

Risk Tolerant Capital: *When someone invests in a high-risk venture to achieve a higher average return. Depends primarily on ability to handle a potential loss of investment.*

Angel Investment: *An affluent person decides to invest capital into a start-up business in exchange for convertible debt or equity ownership.*

Growth Capital: A term to define when mature companies wish to expand or restructure their operations to explore new markets.

Institutional Venture Investment: This type of funding includes venture capital from professionally managed funds that have between \$25 million and \$1 billion to invest in emerging growth companies.

Equity Investment: An equity investment is money invested in a company through the purchase of its shares. When people speak about equity investment, they generally refer to the buying of shares in the stock of a company traded on a stock exchange.

Venture Philanthropy: A form of philanthropic capital that is donated to a charity with a focus on growth activities. Typically it is thought of as applying the mindset and approach of venture capital to philanthropic projects.

Patient Capital: A form of investment capital that take a long-term approach and is willing to accept a return after 10+ years. The investor is willing to wait a longer period for a return in exchange for a larger social impact.

To consider these issues further I recommend the development of an Impact Investment Strategy for South Australia. Impact Investing Australia and the Social Impact Investment Network of SA need to take a leadership role in the development of this strategy.



FURTHER READING – [IMPACT INVESTING AUSTRALIA](#), THE [SOCIAL IMPACT INVESTMENT NETWORK OF SA \(SIINSA\)](#)

Next Steps

The recommendations included in this Report range widely from those that are relatively quick and straightforward to those that will take many years and many partners to fully achieve. It may be tempting to step back for an indefinite period of time and contemplate where to begin. But, South Australia must move swiftly if it is to capitalise on the opportunities of the Purpose Economy.

First, the South Australian economy is already in transition with the largest job growth coming from industries in the Purpose Economy. If government does not make the Purpose Economy a formal and explicit priority soon, including articulating expectations and investing capital to support social enterprises, then it risks losing out on the opportunity for greater social impact and wealth creation.

Second, the Purpose Economy is expanding exponentially around the world, and if South Australia does not move quickly to secure its position as a global leader, it will fall behind in the pack. One of the most significant consequences of this will be further acceleration of the millennial drain that the state is already experiencing. Having a strong and leading Purpose Economy will be key to retaining and attracting young talent in the future.

Finally, I would caution against the temptation to act incrementally with small efforts that multiply slowly into a bigger strategy. This will take too long and you will miss the boat. To capture the value of the Purpose Economy for both job creation and social impact, South Australia must be bold and take risks. You will have to make immediate investments, such as identifying clear ongoing leadership for this initiative, dedicating financial, human and other resources, and thinking very big. There will be some sacred cows, like branding or existing influencers, that will need to be challenged, and some tough decisions will have to be made. Government must have the courage to take a formal stance on the critical importance of the Purpose Economy and must use its convening and influencing power to draw corporates into the conversation.

South Australia is unusually positioned to capitalise on a global opportunity where it already has several strategic advantages. The state can become a global pioneer in modelling a new era of capitalism in which social value and financial return are more symbiotic. The next step is to commit to a multi-year strategy, identify a clear leader and to act. The opportunity is at your doorstep to be national and global pioneers. Take it!

Schedule of Events

Date	Title	Format
3/7/17	Entrepreneur Week Launch	Keynote speaker
	Business Models Inc.	Meeting
	Brand SA	Media interview
4/7/17	Education, Commercialisation and Entrepreneurship	Roundtable
	Probono Australia	Media interview
	Department of Premier and Cabinet, Government of South	Meeting
	Impact Index	Workshop
5/7/17	Corporates and the Purpose Economy	Roundtable
	Filmed interview	Video (available online)
	Technology and Social Impact	Roundtable
	Partners Cocktail Reception	
6/7/17	IPAA Intrapreneurship Forum	Keynote speaker
	Lord Mayor Martin Haese	Meeting
7/7/17	Social Capital Conference	Keynote speaker
	eChallenge – University of Adelaide	Meeting
	Blue Sky Investment	Meeting
	Stretton Centre	Meeting
	Investment Attraction – SA	Meeting

Thank you to our partners

Presenting Partners



Major Partners



Residencies Partners



Contributing Partners



Supporting Partners

