

The WISE system builders series:

Lessons from the quiet architects of more inclusive employment in Australia

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CENTRE
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IMPACT



white box
ENTERPRISES

Case study

How White Box
Enterprises
is innovating new
approaches to scale
the impacts
of WISEs

Image credit: Mel, an employee of Beacon Laundry, one of four jobs-focused social enterprises incubated by White Box Enterprises.

White Box Enterprises is a leader in the development of large-scale jobs-focused social enterprises with a goal to create 5,000 jobs by 2030 for people who face complex barriers to work.

At the same time, they are tackling the systemic barriers that need to be shifted in order for social enterprises to thrive and are driving innovative sector initiatives through collaborations with peer enterprises and cross-sector partners.

This case study highlights the impacts and challenges of White Box Enterprises' systems transformation initiatives, and why philanthropy, impact investors and governments who share the goal of building more inclusive employment practices should take notice of this often-invisible area of work among social enterprises.



The backstory:

A multi-year research program

This case study is part of a multi-year research project to unpack the role of cross-sector collaboration in enabling Work Integration Social Enterprises (WISEs) to scale innovative employment models that support Australians experiencing disadvantage.

The research aims to fill a gap in empirical knowledge about WISEs, which are enterprises that operate like most other small-to-medium sized businesses but have a distinct social mission to create meaningful jobs for Australians who face the most complex barriers to employment.

New evidence has emerged which compares the effectiveness of WISEs in creating sustained employment opportunities compared to traditional employment services¹ for those most distant from the labour market. These findings are compelling, particularly in terms of value to government, as WISEs are typically found to absorb public costs and create greater public value than existing employment services.



Sector change won't happen without leadership in systems change initiatives by bold and visionary WISE intermediaries deeply invested in collaborative processes and building the capacity of the sector to collectively scale our impact."

White Box Enterprises



In times of increasing uncertainty the only way to predict the future is to design it."

R. Buckminster Fuller, architect, systems theorist, philosopher and futurist

A number of well-established WISEs, with aspirations to scale their inclusive work models to benefit more Australians, have been looking beyond their own operational backyards and stepping up to lead innovative cross-sector trials and initiatives.

In many cases, this cross-sectoral collaboration has been necessary to achieve scale, given that, despite the compelling value WISEs deliver to governments, they are not recognised or supported in governments' employment services systems, thereby hampering their growth.

For the WISEs leading these ecosystem growth strategies (on top of managing their own enterprises), it's hard work to sustain and resource. This is often due to the "invisible" and under-valued nature of the work despite the role it plays in driving social innovation to address the complex social problems experienced by marginalised jobseekers.

To evaluate the effectiveness of these emerging cross-sector collaborations, the research project focuses on the work of three Australian WISEs – STREAT, White Box Enterprises and Jigsaw – each of which is leading transformational projects to indirectly address social problems on a large scale by growing a supportive social enterprise ecosystem.

This case study – one of a series of three – aims to share a summary of the research findings and build awareness of the ways in which potential partners – such as philanthropy, governments and business who share the goal of building more inclusive employment practices – can help the WISE sector to scale.

The research is being undertaken by PhD Candidate Sally McGeoch, through the Centre for Social Impact Swinburne, under the supervision Professor Jo Barraket AM and Dr Krzysztof Dembek. It draws on data collected between December 2021 and May 2024.

¹Taylor Fry (2023). Costs and benefits comparison of social enterprise employment and Disability Employment Services. www.whiteboxenterprises.com.au/wp-content/uploads/2023/11/WBE_PB03-Costs-and-benefits-analysis-final.pdf; STREAT (2022). STREAT's First Decade Report 2010-2020. www.streat.com.au/wp-content/uploads/2022/06/streats_first_decade_report_-_from_2010_to_2020.pdf

White Box Enterprises: On a mission to mainstream jobs-focused social enterprise

White Box Enterprises (WBE) is an intermediary that works with social enterprises, governments, investors and philanthropists to build, support and advocate for large-scale jobs-focused social enterprises or WISEs.

It wants to see social enterprises in every community across Australia, so that every individual can access meaningful and full award wage employment. To achieve this, it is building large-scale jobs-focused social enterprises by matching an untapped market opportunity with the skills and needs of individuals who are often overlooked by the mainstream jobs market.

WBE's newest WISE, Beacon Laundry, launched in February 2024 in the Northern Rivers region of NSW, an area which experiences almost double the state's average unemployment rate. In its first three months, it has already employed 75 locals, many of whom had been long term unemployed, in its commercial laundry servicing the local Byron accommodation market.

Since launching in 2019, WBE has enabled the creation of close to 800 jobs across its enterprises and partner WISEs, and raised more than \$50 million in philanthropic funding and investment to support these initiatives.

WBE's vision for system transformation

WBE has explicitly focused on systems change as part of its strategy since inception, informed by its Founder's experience of leading WISE.

It set out to build more large-scale WISEs but also wants to make it easier for them to scale based on the superior outcomes they create for those that face complex barriers to work.

One of their innovative systems-change initiatives is a three-year \$3.8 million Payment By Outcomes (PBO) trial in partnership with the federal government's Department of Social Services. It is the first of its kind outcomes payment trial in Australia and for WBE, it's been an opportunity to demonstrate the effectiveness of WISEs in delivering long-term employment outcomes for people with barriers to work, predominately people living with disability.

WBE's leadership of the PBO trial has also been driven by its goal of creating a more equitable employment services system where WISEs are paid based on the results or outcomes they achieve for disadvantaged job seekers in much the same way as traditional employment service providers.



Our mission at White Box is to mainstream social enterprise. To do this we're building our case with data so our country's key decision makers can see just how valuable social enterprises are to individuals, our communities and the economy."

White Box Enterprises

About White Box Enterprises (WBE)

- Established: 2019
- FY23 Revenue: \$3.1M
- Industry: Various – Finance, Property, Advisory
- HQ: Brisbane, with national projects
- Impact includes: enabling 800 jobs

WISEs created by WBE to date include:

- Australian Spatial Analytics
- Civik
- Civik People
- Beacon Laundry

Sector Innovation Projects

- Payment by Outcomes trial
- Sustainable Employment Loan Fund
- Social Enterprise World Forum 2022

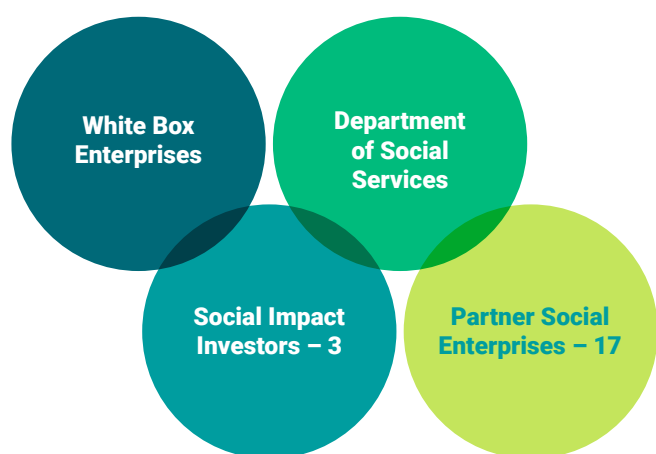
The Payment By Outcomes Trial

WBE has acted as an intermediary and aggregator in the PBO trial to demonstrate impact at scale. The trial involves 17 WISEs which receive outcome payments at key milestones for the jobs they create both while individuals are employed by their enterprise and after they have transitioned to another mainstream employer.

The trial is a promising development for participating WISEs who see outcomes payments from government as a long-term solution to the challenge of funding their "impact costs". These are the costs WISEs incur as a result of prioritising the creation of meaningful employment opportunities for people that face complex barriers to work – for example, if an employee requires specialist social or "wrap around" services to support them to succeed in their role. These services are currently funded by the WISEs and in many cases their philanthropic supporters.

WBE's innovative hybrid PBO model combines government payments with social impact investment and philanthropy. A philanthropic grant provided working capital for WBE to both develop the model and assist with the ongoing operational costs. The involvement of impact investors enabled WBE to provide upfront payments to WISE partners to support them to participate with the investors accessing a return when milestones were achievedⁱⁱ.

PBO Stakeholders



Undertaking the White Box Enterprises PBO has made me think about aggregator models or how we could achieve one to many investments which I may not have done if we hadn't had the PBO. It may not have been on my radar, not to the same extent."

Department of Social Services representative

Results to date show that participating social enterprises are effectively creating meaningful employment with retention rates more than double the rate achieved for the same cohort being placed directly into mainstream employment. As of December 2023, 93 people living with disability have been employed at award wages by the participating WISE. Twelve of these employees have transitioned to mainstream employment, fulfilling the ultimate goal for many social enterprises – to have provided the support and training to instil enough skill and confidence in the employees so as to successfully enter the mainstream workforce.

WBE is now seeking to scale outcomes payment models for WISE and estimates that they could have the potential to support up to 10,000 individuals, saving the government a projected \$183 million over five years.

PBO Impact

As of December 2023, trial results show:

132 participants enrolled in award-wage employment with a social enterprise

80% retention among employees

12 transitioned to work beyond the social enterprise

ⁱⁱSuchowerska, R., Moran, M., Ward-Christie, L. & Pullen, T. (2023). Evaluation of Payment by Outcomes Trial 3: First Interim Report. Centre for Social Impact, Swinburne University of Technology, Hawthorn, Australia.

Insights from WBE's cross-sector leadership

Cross-sector collaborations led by WISEs not only have the potential to lead to greater employment outcomes but also a range of other positive outcomes...

Social enterprise infrastructure projects like the PBO trial are a major attribute of an effective social enterprise ecosystem as they support a broad range of individual social enterprises while also benefiting the broader sector as a whole.

- **Demonstrating Impact:** The PBO trial has paved the way by developing a strong evidence base that demonstrates the public value of WISE and the importance of aggregation to achieve scale with lessons learned for future trials and initiatives both with the Australian government, impact investors and philanthropy. Research includes an evaluation of the first year of the trial by CSI Swinburneⁱⁱⁱ.
- **Building sector capacity:** WISE partners involved in the PBO trial have benefited through increased business sustainability and capacity. They have been able to divert time and energy that would have otherwise been spent chasing grants to cover their impact costs to enhance program effectiveness and invest in business development. They have also enhanced their impact reporting and understanding of outcomes contracting for future opportunities^{iv}.
- **Better policy delivery:** The deep engagement with social enterprises, government, impact investors and philanthropy in the co-design of the PBO trial has developed greater awareness and understanding across all partners of how to better collaborate and to effectively support WISEs to scale through outcomes funding. This learning will help inform future outcomes funding as well as broader social enterprise sector initiatives with government and investors.



I have gained much deeper insights in being involved in the pilot such as some of the issues for the participating social enterprises, their understanding of the criteria, and what WBE would do differently next time."

Social Impact Investing Representative



The PBO payments enabled us to look at how else we can refine our employment model, bring in specific training for our staff, and better resource our post placement support."

YourTown, PBO Partner

... but collaborations are complex, slow and emergent and require significant management and stewardship.

Although the sector welcomed in 2022 its first national representative body, Social Enterprise Australia, there remains historic fragmentation and a lack of collaborative infrastructure and governance models to enable aggregation and cross-sector collaboration.

- **Breaking new ground is hard:** WBE's PBO trial is "experimental and bespoke" as the model had never been used before. Many elements needed to be built from scratch including the development of a rate card for the payments and unique contracting arrangements. The WBE team seconded a full-time pro bono lawyer for 12 months to navigate the complexities of the cross-sector partnership.
- **Relationships take time:** It took a lot longer than expected for WBE to co-design the PBO trial and build trust in and awareness of their role as an aggregator. In particular, partner WISEs needed time to navigate the strict criteria of the PBO trial and determine if they were able to manage the requirements and reporting to participate. The government was also building its knowledge and capability in outcomes payments compared to traditional approaches of grant contracting.
- **Often invisible work:** WBE did a lot of "heavy lifting" on behalf of the sector and although they had some support from philanthropy and pre-payments from Government upfront it didn't cover the full costs of the establishment of the PBO trial which took close to two years. Due to the under-resourced nature of the sector, significant capacity building work was also required to support WISEs to participate, particularly as the majority of WISEs worked with diverse cohorts and had not rigorously reported on specific cohorts before.

ⁱⁱⁱ Ibid.

^{iv} Ibid.

Key takeaways for WISE supporters

A vital role can be played in supporting the emerging cross-collaboration and aggregation activity in the social enterprise sector by philanthropy, investors and governments who share the goal of building more inclusive employment practices:

- **Consider backing cross-collaborations to drive impact:** Fund mature WISEs to innovate and experiment with models to scale through cross-collaboration. Share risk and allow for flexibility and significant time investment to enable these collaborations to develop.
- **Pay attention to enabling factors when developing collaborations:** Focus on opportunities that build the business engines of WISEs and are aligned with their inclusive employment practices. Resourcing is required for leadership, learning and long-term engagement. Invest in processes that build a sense of reciprocity among collaborators through sharing power and building trust, to support relationships that grow beyond transactional to transformational.
- **Incentivise and encourage ecosystem investment from WISE and cross-sector partners:** Build systems awareness and shift culture among WISEs and their boards towards the important role they can play in ecosystem development. Strengthen sector networks and intermediaries to help convene, amplify connectivity, and stimulate collaborative initiatives. Support capacity building investments that encourage WISEs and others in the social sector to work together to build trust and opportunities for innovation.

Glossary

Aggregator: a component, person or entity that brings together (or aggregates) a set of related products or services in a system. They are commonly used to share knowledge, simplify or improve management, streamline operations, accessibility, optimise assets and infrastructure.

Award wage employment: employment at or above the "Award Wage" as defined by the Fair Work Commission; it does not include the "supported employment services award".

Cross-sector collaboration: the linking or sharing of information, resources, activities, and capabilities by organisations in two or more sectors (e.g. business, government, not-for-profit) to jointly achieve an outcome that could not be achieved by organisations in one sector alone".

Impact Costs: These are the costs WISEs incur as a result of prioritising the creation of meaningful employment opportunities for people that face complex barriers to work. With the growing focus on outcomes funding from government, philanthropy, and impact investment, understanding the nature of the Impact Costs that WISEs face has become increasingly important. For more information see: www.socialenterpriseaustralia.org.au/wise-impact-costs-report.

^{*}Bryson, J. M., Crosby, B. C., & Stone, M. M. (2015). Designing and Implementing Cross-Sector Collaborations: Needed and Challenging. Public Administration Review, 75(5), 647-663.

Thank you

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