



Vanguard Laundry

Putting the Enterprise in Social Enterprise

This case study is designed to help those interested or engaged in impact measurement by providing insights into the learnings from the development and ongoing evolution of Vanguard Laundry's Outcome and Impact Measurement (OIM) processes.

Key take outs

- **Increased focus on financial sustainability supports growth and social impact outcomes** – emphasis on the longer-term sustainability of the commercial side of the business has helped achieve social impact and provide a foundation for growth
- **Investment in internal capability and strategic direction have been key** – building business acumen and skills has provided a strong foundation to deliver enterprise and social impact goals
- **Transparency can support access to funding** – being clear and open in communicating how a social enterprise works and the impact an enterprise is having can attract funding



About Vanguard Laundry

Vanguard Laundry is a social enterprise laundry service in Toowoomba, Queensland, and surrounding areas. It provides supported employment pathways for people with a lived experience of social disadvantage, who have a history of long-term unemployment. The enterprise offers direct employment opportunities within the laundry and hosts an in-house Social Impact Centre to support staff transition to other employment, education or training.

Established in conjunction with Momentum Mental Health (previously known as the Toowoomba Clubhouse), Vanguard Laundry's mission is to build a positive, open employment environment that supports pathways from unemployment to a sustained livelihood. Vanguard provides supported employment opportunities for people experiencing disadvantage that impacts their ability to work, to gain experience of employment and new skills. This support enables employees to transition to other employment opportunities outside of Vanguard Laundry. It supports their economic inclusion and generates positive attitudinal shifts in the broader community about people with a lived experience of social disadvantage.

Vanguard Laundry was established in 2016 with over \$7 million in funding, finance and in-kind support from a range of corporate, philanthropic and government funding bodies. Vanguard Laundry aims to achieve its social mission through the operation of a sustainable, profit-making business and are currently exploring a range of possibilities to grow existing operations and expand the model to other areas. To do this the enterprise is working to improve its financial sustainability, independence and operational capacity to ensure it is positioned for growth.

What is a social enterprise?

While there is no legal definition of social enterprise within Australia, the Finding Australia's Social Enterprises Sectors (FASES) project by Swinburne University; Social Traders; and the Centre for Social Impact define social enterprises as organisations that:

- are led by an economic, social, cultural or environmental mission with public or community benefit
- trade to fulfil a mission
- derive a substantial portion of income from trade
- reinvest the majority of profit or surplus to fulfil their mission.

Social enterprises are distinguished from not-for-profit organisations as activities within social enterprises are resourced or funded from profit created by commercial activities, rather than primarily through donations and grant funding.

Source: Centre for Social Impact Swinburne (2016). Finding Australia's Social Enterprise Sector 2016: Final Report, <https://www.socialtraders.com.au/wp-content/uploads/2016/07/FASES-2016-full-report-final.pdf>



Focus on financial sustainability supports growth and impact

The social enterprise life cycle (Figure 1) provides a useful frame for understanding the different stages of social enterprise and entrepreneurship progression. Like for-profit business, social enterprises grow through a series of changes and life cycles. As social enterprises mature they face different challenges and decisions that impact the scale and identity of the organisation.

Figure 1. Social enterprise life cycle

1 - Idea development

- Entrepreneur has developed and tested core concept, idea and financial model.
- Desired outcome and core mission is framed.

2 - Start-up

- The idea becomes reality.
- A team is built with tasks and duties allocated to staff.
- The enterprise accessing different types of funding.

3 - Consolidation

- The enterprise is consolidated and well established.
- Focus on improved reporting and monitoring.
- Improved systems and procedures progressively implemented.



4 - Growth

- Improved practice and experience creates opportunities for innovation.
- The enterprise seeks access to resources to replicate or increase sales.

Now operational for nearly 5 years, Vanguard Laundry is progressing from a period of consolidation into a focus on growth. In order to achieve the organisation's desired social impact in the long-term (transitioning people into longer-term employment), Vanguard Laundry management identified that the enterprise had to be financially sustainable.

The renewed focus on financial sustainability involved an enterprise-wide process of identifying potential opportunities for improvement across all aspects of the enterprise. The opportunities identified did not just relate to how Vanguard Laundry was working to support staff transition to other employment, but also focussed on how laundry operations could continue to increase productive capacity and efficiency.

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The best social enterprise decisions have good outcomes for both the business and social impact.

Vanguard Management



Adapted and modified from both https://socialventures.com.au/assets/Business_Planning_Guide_for_Social_Enterprise.pdf and <http://pilgrimprojects.co.uk/clients/apu/wise/wise4.pdf>

One of the key outcomes of this process was increased clarity over the two aspects of Vanguard Laundry as a social enterprise and that both the social and enterprise functions of the organisation have equal importance.

Figure 2 below outlines how Vanguard Laundry presents the operational structure of their social enterprise.

Figure 2. Vanguard Laundry functions



Clearly defining the two functions of the organisation was a key element of the increased focus on financial sustainability. It allowed for investment in the improvement of the enterprise function to be viewed as an opportunity to support the social function and to increase the impact of the enterprise rather than having to balance competing priorities.



Investing in people and strategy

Over the past 12-18 months Vanguard Laundry has recognised the importance of having the right people and structures to support the organisation achieve its impact goals and to help continued growth and maturity.

The improved financial sustainability of the organisation has allowed investment in governance, processes and skillsets to both support social outcomes for staff and improve the enterprise function of the laundry to maximise commercial output.

Bringing in skilled people

In late 2019 the Vanguard Laundry board appointed a Managing Director with not only extensive business expertise, but also specific knowledge and experience of running a commercial laundry. This helped to support continuous improvement within the laundry operations and supported a renewed focus on the strategic direction and funding of the organisation.

With the Managing Director focusing on the enterprise-side of the organisation, the Social Impact Manager was able to have an increased strategic focus on supporting employees to achieve transitions to external employment. In the past, the support of employees through their time at Vanguard Laundry and their transition to other employment was the sole responsibility of the Social Impact Manager. As employee numbers increased, the Social Impact Manager found it increasingly difficult to provide the level of support employees needed while also building and maintaining relationships with potential transition employers.

The improved financial situation of the enterprise allowed for investment in two additional staff roles, with tailored skillsets, to support employees to develop their employment skills while working within the laundry, and to transition to other employment or training opportunities. This supported the social impact team to develop processes and documents to gain a greater understanding of what works to support employees and why.



Implementing clear strategic direction

Improved financial sustainability also allowed for investment to be made in the development of a strategic vision for the organisation, created in collaboration with all staff. The vision identifies the core mission of Vanguard Laundry and supported the creation of other governance processes and structures. It also helped create a shared understanding of the organisation's core mission, which enables consistent decision making.

Vanguard Laundry's strategic direction

Vision



To remove employment barriers for disadvantaged individuals, enrich the lives of many and become the commercial laundry with a conscience.

Mission



To develop a sustainable, profit making business that empowers equal opportunities for disadvantaged individuals. We empower personal independence through earning a fair income, reducing reliance on welfare, increasing social connection and supporting health service programmes.

The strategic direction provides a clear articulation of why the enterprise exists. This has enabled Vanguard Laundry's leadership to identify not only what the organisation should be doing, but also what it shouldn't be doing.

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I'm a big believer that a strategy allows you to say no as well as yes.

Vanguard Management

This clarity of purpose has also supported implementation of processes and initiatives focused on achieving efficiencies across both the enterprise and social functions and has resulted in a record number of transitions to external employment.

While this approach required some tough conversations and a thorough analysis and refinement of the existing model, it enabled reflection across the business of what was working and what wasn't. The approach led to processes and structures that documented what different parts of the enterprise were doing and helped build an understanding of the commercial operating environment and the way in which it contributes to the organisation's mission.

A clear strategic direction also led to a better understanding of the type of target staff Vanguard Laundry can achieve best outcomes for. By examining the outcomes and experience of the employees currently in the organisation, along with those who had transitioned to other employment (both successfully and unsuccessfully), the social impact team has been able to identify those staff they are able to support most effectively to achieve transition outcomes. The organisation has begun to reap the benefits of increased commercial and social impact success by focusing on assisting those disadvantaged community members most aligned to their core mission and equipping those employees to thrive within a refined model of support.



Clear communication to funders on what being a social enterprise means

Throughout the start-up and consolidation phases of the enterprise, Vanguard Laundry has maintained a strong focus and investment in outcome and impact measurement (OIM). This provided the organisation with an evidence base around the social impacts they were achieving. As the organisation has matured, the focus of reporting has widened to how to communicate the nature of the organisation, as a social enterprise, to potential and existing funders.

Vanguard has developed a clear value proposition to funders that articulates and reports on the dual functions of the business in achieving social and enterprise outcomes. Separating out the two functions within financial reporting provides transparency regarding the financial sustainability of the enterprise function. This, in turn, provides a level of certainty regarding the funding (both from within the business and externally) required to support the social function.

This has enabled the Vanguard Laundry management to communicate a wholistic picture of the organisation to funders and to articulate how the different functions of being a social enterprise interact. Through this, it is able to meet its financial reporting requirements to funders and tell the story of how the organisation is achieving social impact and what difference that is making to the wider community.

That level of transparency has provided Vanguard Laundry with a point of difference. It has allowed the organisation to build longer-term relationships with mainstream funders. These funders are willing to support the enterprise as a result of its ability to display financial sustainability while achieving its social impact goals.

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From a funder's perspective if we can:

- 1) point to a financially viable business and
- 2) how successful they are in their social impact goals, why wouldn't we do the deal?

Vanguard funder



What does this mean for Vanguard Laundry's outcome and impact measurement?

Vanguard has always placed a strong emphasis on outcomes and impact measurement (OIM) through the ongoing evaluation being undertaken by the Centre for Social Impact (Swinburne).

Vanguard and the Centre for Social Impact (Swinburne) are currently working through opportunities to refine the outcome and impact measures to ensure that reporting of activities and outcomes support the organisation's vision. That work includes the opportunity to provide further insights regarding those staff the program works for (and those that it doesn't work for) and why. This will enable Vanguard Laundry to utilise ongoing learnings to direct where they invest human and investment capital to achieve both their growth and social impact ambitions.

This case study is the second in a series of case studies following Vanguard Laundry's approach to outcome and impact measurement (OIM) and how they use OIM to support growth and scale.

The case studies are funded by the Department of Social Services (DSS) to provide information to the social impact investing sector to better understand, define, measure and communicate their non-financial social outcomes and impact.

