STREAT Enterprises Pty Ltd

A case study

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Full Report

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Executive Summary

The STREAT Enterprises impact investment was a highly innovative response to the difficulty Australian social enterprises experience accessing adequate capital to fund development and growth. At the time, it raised the interest of many in the social enterprise ecosystem as a possible solution to the problem of accessing capital for many not-for-profit (NFP) social enterprises.

STREAT Enterprises Pty Ltd commenced trading in March 2012.

In February 2016, the Board of STREAT Enterprises Pty Ltd resolved to wind up the entity. From its time of incorporation, STREAT Enterprises presented ongoing operational challenges for management and struggled to achieve its financial objectives. Despite impressive social impact, STREAT management identified a lack of working capital, tensions between social impact and financial performance and low profitability as significant challenges. Also, STREAT Enterprises had not yielded the expected financial returns to its shareholders, having paid one, below-target dividend in its first year of operation and no dividends in the subsequent three years.

This retrospective case study identifies ten 'lessons' learned from STREAT Enterprises Pty Ltd. These lessons are relevant to this case but also important for any NFP social enterprise looking to implement a subsidiary, for-profit structure to raise equity capital. They are:

i. Ensure alignment in the priorities of all parties
ii. Make sure the strategy is clear
iii. Explore the down-side risks for all parties
iv. Forecast multiple scenarios
v. Reflect the strategic intent in the modelling
vi. Clarify roles and responsibilities of all actors
vii. Knowledge and cultural asymmetries hinder alignment
viii. Distinct strategic objectives require distinct governance and management
ix. Resources are needed for shareholder engagement
x. Be aware of the implications of strategic changes

Background

In late 2011, STREAT Ltd, a not-for-profit social (NFP) enterprise that provides employment/training and support to young people marginalised from education, employment and housing, had the opportunity to acquire two cafes and a coffee roasting business. To raise the capital required for the acquisition, the STREAT Ltd Board decided to incorporate a subsidiary, proprietary limited (Pty Ltd) for-profit company that would enable them to raise equity capital through issuing shares in the Pty Ltd company.

The subsequent Pty Ltd entity, STREAT Enterprises, incorporated in February 2012, and the café and coffee roasting assets were transferred to its balance sheet on 29th March 2012. The acquisition was funded by $300,000 raised from impact investors, representing 50% of the shares in the new company, with STREAT Ltd retaining the remaining 50% share. The investors were: Donkey Wheel Foundation ($150,000, 25%); Hub and Spokes Pty Ltd (using the business name 'Small Giants' - $50,000, 8.3%); the J & S McKinnon Foundation Pty Ltd ($50,000, 8.3%); together with $50,000 (8.3%) of equity retained by the former owners Fair Business (Australia) Pty Ltd.

The impact investment was facilitated by the Shareholders Agreement, prepared by Holding Redlich Lawyers, dated 20th March 2012. A Management Agreement, also prepared by Holding Redlich Lawyers, vested responsibility for the management of the STREAT Enterprises Pty Ltd businesses in STREAT Ltd in exchange for a management fee of 12% of total revenue plus labour costs.

This impact investment transaction, and particularly the company structure that enabled it, was highly innovative at the time. It raised the interest of many in the social enterprise ecosystem as a possible solution to the difficulty many NFP social enterprises have accessing adequate development capital.

In February 2016, the Board of STREAT Enterprises Pty Ltd resolved to wind up the entity. From its time of incorporation, STREAT Enterprises struggled to achieve its financial objectives and presented ongoing operational challenges for management. Despite impressive social impact, in a February 2016 communication to shareholders, STREAT management identified a lack of working capital, tensions between social impact and financial performance as significant challenges. STREAT Enterprises had not yielded the expected financial returns to the impact investors, having paid one, below-target dividend in its first year of operation and no further dividends in the subsequent three years of operation.

It was agreed that:

i. Both STREAT Enterprises cafes would be sold/closed (McKillop Street and Flemington) and the STREAT Coffee business would be transferred to STREAT Limited.
ii. STREAT Limited and the STREAT Enterprises shareholders would enter into an agreement to repay initial investment from the profits of STREAT Coffee at a rate of 50% of STREAT Coffee Profits annually until the initial $300,000 investment is repaid or until 30th June 2021 – whichever is sooner.
iii. The repayment to investors is after a $104,339 debt accrued by STREAT Enterprises Pty Ltd to STREAT Limited is repaid in full.

STREAT today

Ten years on from its conception, STREAT is now a large and complex social enterprise, achieving significant social impact. The growth since the STREAT Enterprises initiative is evidenced in STREAT's November 2018 communication materials to the former STREAT Enterprises' investors, which highlights the investors' contribution to the achievement of a forty-fold increase in the number of young people supported annually since 2011.

STREAT is now achieving retention rates of 82% in their Main Course program and six months post exiting the program, 86% of graduates are employed or in further training. STREAT estimate that in their first decade of operation they have saved state and federal governments in excess of $16 million in avoided services including *health* (ambulances, emergency departments, hospitals, mental health services), *housing* (homelessness services and community housing), *welfare* (allowances, transfers) and *justice* (police, court, prison and community-based detention).

Figure 1 shows the relative growth in revenue that STREAT has achieved since its inception, with 85% of revenue from trade forecast for the 2020/21 Financial Year. STREAT has had significant growth in trading income, enabled first through STREAT Enterprises (Year 4) and the Cromwell Manor development, which came online in 2017 (year 9). The Cromwell development was funded through a blend of philanthropy and $2.5 million of debt-based impact investment.

STREAT continues to grow and innovate. In 2018, they opened a new RMIT kiosk site, a weekly bakery and coffee market stall at the Alphington Farmer's Market, and a new internal cafe at Arup's new HQ on Collins Street. They also have a pipeline of new cafe sites and opportunities for 2019 and beyond.

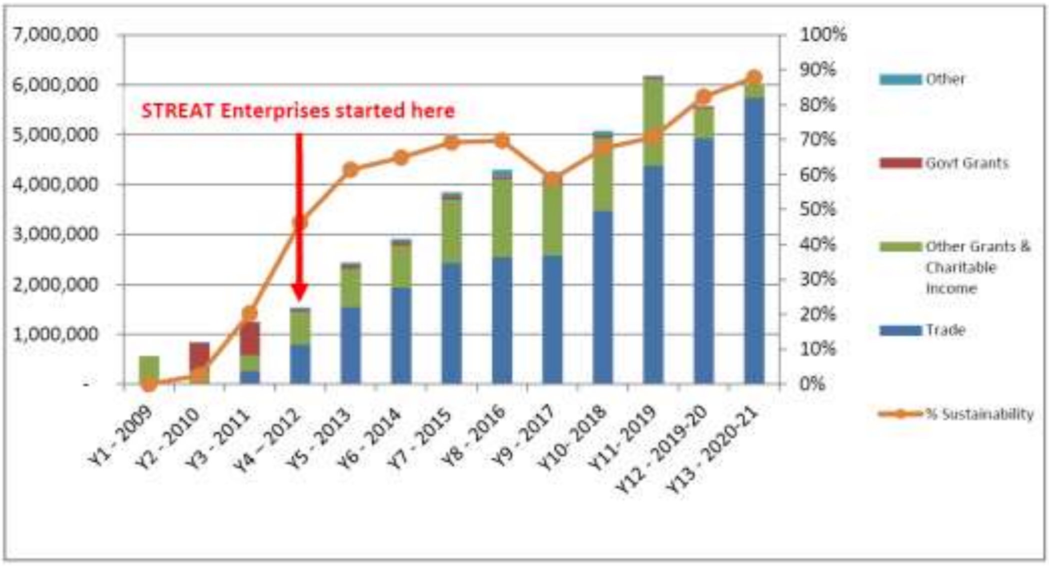

Figure 1: STREAT's relative sources and quantum of income. Source: STREAT November 2018.

STREAT Ltd recently issued a memo to the STREAT Enterprises shareholders detailing strong growth of STREAT Coffee (the roastery asset/business originally acquired as part of STREAT Enterprises Pty Ltd). STREAT Ltd has consequently signalled that they expect to start repayments to investors in the 2019/20 financial year and are confident of reaching full financial self-sufficiency by 2021.

Methodology for this case study

This retrospective case study was conducted at the request of STREAT Ltd. It employs qualitative methods including semi-structured interviews (n = 10) and review and analysis of archival materials such as Board minutes, communications to investors, audited financial statements and legal agreements. Interviews were conducted between June and August 2018. Interviews were recorded and subsequently transcribed, and then analysed using NVivio 12 analysis software using inductive content analysis.

All interviewees agreed to be named as part of this research. They were:

- Danny Almagor – Small Giants, Impact Investor.
- Mark Daniels – Social Traders, sector expert.
- Col Duthie – Chair, Donkey Wheel Foundation (July 2008 – June 2010; January 2016 – Present) and Director, STREAT Enterprises Pty Ltd (February 2016 – February 2016) and STREAT Ltd (February 2017 – Present); Donkey Wheel Foundation was an advisor to STREAT and Impact Investor in STREAT Enterprises Pty Ltd.
- Claire Kearney – Social Ventures Australia (November 2008 – March 2015). Social Ventures Australia (SVA) is an intermediary organisation that provided strategic advice to STREAT Ltd.
- Geoff Harris – Impact Investor and supporter of STREAT Ltd.
- John McKinnon – the J & S McKinnon Foundation, Impact Investor.
- Jen Miller – Chief Operating Officer, STREAT Ltd (March 2012 – December 2015).
- Dawn O'Neil - Director, STREAT Ltd (January 2007 – June 2017*) and STREAT Enterprises Pty Ltd (March 2012 – June 2017) with a leave of absence from leave of absence between 2009 and 2011.
- Rebecca (Bec) Scott – Co-Founder, CEO and Director of STREAT Ltd and STREAT Enterprises Pty Ltd.
- Paul Steele – CEO, Donkey Wheel Foundation and deal advisor to STREAT in his capacity as CEO of Donkey Wheel Foundation.

The authors are grateful for the generous contributions of all interviewees in this case study.

Findings

Context of the deal

Several themes emerged from the research that inform a picture of the context in which the STREAT Enterprises impact investment was developed and executed. This context is an important consideration of this retrospective case study as it locates an ambition for growth and innovation in the reality of what was, at the time, a highly resource constrained and relatively inexperienced organisation.

A time-limited business opportunity

STREAT Enterprises Pty Ltd developed in response to an offer by Fair Business to sell their café and coffee roasting businesses, trading then as 'The Social Roasting Company'. The offer was time limited – and time pressured.

> *"So he [CEO of Fair Business] said you're going to have to make a decision really, really fast because we want to sell them fast. So he gave me - I can't remember - it was probably one or two months, but it was a short amount of time." (Bec)*

This time pressure influenced many aspects of the deal planning and execution. Significantly, it drove the decision to look to equity capital rather than debt, as Paul Steele, CEO of Donkey Wheel Foundation, explains:

> *"To purchase those particular assets on a debt basis, we knew it was going to take about a year or so to get to where you needed to go." (Paul)*

While the acquisition of the Social Roasting Company was reactive, it did align with the strategic objectives that had been identified in the work STREAT Ltd was doing with Donkey Wheel and Social Ventures Australia (SVA).

> *"… the opportunity came up I think slightly early and so we were reacting to a deal in the context of some bigger strategic questions." (Paul)*

The overarching strategic question was how STREAT could scale its social impact, but prior to the Social Roasting Company opportunity, the option of cafes was not necessarily the chosen vehicle to achieve this.

> *"So the scaling was the strategy but not cafes. The thing that made sense to us was that you could see that we would be still scaling in hospitality and it was clear, there's*

a clear line of sight very fast to the fact that you could scale our social impact. So whilst we hadn't ever thought about getting in the cafes … it was in line very much with our strategic plan at the time to scale our social impact." (Bec)

STREAT was still a start-up and facing its own financial challenges

Prior to STREAT Enterprises, STREAT had been trading for two years and had two coffee carts. It was still in start-up phase and had not reached cash positive operations. Importantly, STREAT Ltd did not have sufficient cash assets to realise the Social Roasting Company acquisition alone; the FY2011 Financial Statements show a net cash operating loss of $222,712 and total cash balance of $121,734.

Therefore, the STREAT Enterprises deal occurred in the context of a parent company still formulating and facing its own viability challenges; if 2012 had followed the same course as 2011, STREAT Ltd would not have had sufficient cash reserves to continue to operate.

STREAT's nascence as an organisation was reflected in both its level of resourcing, and the inexperience of its staff. At the time, STREAT had no in-house knowledge of café operations and management, and limited financial management capacity, which then consisted of a part-time book-keeper.

"STREAT was taking over from two coffee carts … I don't think that the knowledge was there to actually realistically model P&Ls on the other side and realistically come up with some assumptions about how well or otherwise the business had been managed." (Jen)

" … but I think the thing we did miss is having a real - somebody who'd just done 100 cafes - like if we had a Jen in the mix in that early stage I think it would have transformed how we thought about the business model. So the business modelling wasn't done well." (Paul)

The approach had no real precedents

Compounding the time pressure placed on STREAT to undertake due diligence and raise the capital to purchase the businesses, was the lack of any real precedents. By late 2011, Social Traders had made a small number of non-commercial, unsecured loans to social enterprises, but there was no precedent of a small NFP developing a for-profit, *non-wholly-owned* subsidiary to raise equity capital. The lack of precedents meant that there was no 'playbook' for this deal, and everyone was learning by doing.

"I think it's also true that the investors went into it knowing it was carving - it was new territory. So all of those, John, Danny, Paul with the Donkey Wheel hat on - all of those people are, let's do something because it hasn't been done before and try to break new ground. So certainly that was the spirit which it was entered into." (Col)

Lessons learned

The STREAT Enterprises case provides a rich source of lessons learned for social enterprise financing and development. This retrospective case study has identified ten key lessons for those considering using a subsidiary for-profit company to raise capital to support a NFP social enterprise's development. These lessons are discussed below in detail.

Ensure alignment in the priorities of all parties

At a highest level, all parties to the impact investment deal were aligned in their reasons for becoming involved: they all wanted to see social impact. However, some more nuanced motivations emerged through the interview process.

From STREAT's perspective, the deal and its structure were driven by the desire to take advantage of the time-limited opportunity to buy the Social Roasting Company, so as to grow STREAT's social impact and achieve financial sustainability.

Two of the three initial impact investors whom we interviewed (Donkey Wheel Foundation and Small Giants) indicated that support for STREAT due to mission-alignment and confidence in the organisation and its founders were central to their choice to participate in the deal.

However, two other significant interrelated motivations drove all three investors:

(i) a *financial return* (in addition to the social impact); and

(ii) the desire to *build the social impact investment market* through demonstrating that financial returns and social impact were not mutually exclusive.

While recognising that they could achieve superior returns through other investments, all three investors we interviewed signalled strongly that they were participating to generate market-related returns through a social impact vehicle.

"... the original documents were talking seven per cent return over time and that was our expectation. We ... weren't expecting any huge capital gain or exit strategy or anything, but thought there might be a dividend stream come out of this." (John)

"We're not going to donate hundreds of thousands, but if it's an investment and we're confident we can do it and we can get a return, we can allocate a much larger portion and we can probably bring others along ..." (Danny)

Underpinning the financial-return objectives of the McKinnon Foundation, the Donkey Wheel Foundation and Small Giants, was a strong desire to grow the impact investing field by demonstrating through this deal that money could be made by investing in social impact ventures.

"So we were, at the time ... really keen to see this sort of alternative financial models and social business, we'd done a call on the whole impact investing thing, to encourage that and to see it scale and grow and have examples of it out there. So that was a major motivation, was I'd become aware that it's possible, that you could invest, you make money out of things that had a primary social mission, here was an example, okay we want to support it, we want to see it be successful, we want to see more people doing this sort of thing." (John)

"... we want to show that the investor can get returns as much as the actual impact of what they're doing. Why? Because if you focus on the impact over the investors, this will be a once-off and I'll never happen again. The idea of unlocking not 300,000 but three million or 30 million or 300 million, dissipates. So for us, the agenda has to be more than just the kids, right?" (Danny)

"... there was an absolute dedication to saying we wanted to use the impact investment space, we wanted to find commercial capital." (Paul)

In contrast, at the time, although STREAT and its Board were keen to build the impact investment market, they were primarily intent on securing STREAT's financial position and growing their impact first.

"... rapidly scaling social impact and rapidly scaling our business operations to try and get to financial sustainability. So we had two goals." (Bec)

Whilst the distinction between STREAT's motivation and that of the impact investors is subtle, it is significant. The impact investing field-building motivation of the three initial impact investors meant that for the McKinnon Foundation, the Donkey Wheel Foundation and Small Giants, financial performance and returns were on equal footing to the delivery of social impact. Only Geoff Harris, who came into STREAT Enterprises as a shareholder when he bought out Fair Business' share in 2013, was not looking for any capital return.

> *"...for me it was a social cause ... it's a $50,000 donation to me, more than anything else, although providing an investment model for outside investors is vital to attract capital into the social enterprise space." (Geoff)*

Operationally, STREAT management preferenced social impact ahead of the investment's financial performance. For example, the McKillop Street café consistently presented a financial strain on the STREAT Enterprises business, but its financial losses were in tension with the social impact McKillop Street was delivering, despite STREAT Enterprises being unable to pay dividends to investors.

> *"...It was like what are we going to do about McKillop? But it was doing so much social good - it had such social impact and for an organisation that up until then had only had a little cart, we could really increase the number of kids that we could help. Ironically when you have a slow café, that café is the best place to train really, really high needs kids." (Bec)*

> *"We just wanted to minimise the losses, so I think we really quickly abandoned hope of making a profit out of McKillop, but we just didn't want to lose money." (Bec)*

> *"so the debt should never have been built up and the continuation of nonviable businesses shouldn't have been continued just because it supported STREAT ... - so understanding the separation I think got missed there somewhere." (Paul)*

Make sure the strategy is clear

This difference in priorities – between growing STREAT Ltd's viability and impact, and growing the social impact investment field more broadly – was further compounded by a level of confusion around the strategy that enabled STREAT to achieve its objectives.

Our interviews revealed considerable divergence in participants' understanding of this strategy; investors believed that scaling would take place through the new Pty Ltd subsidiary, whilst STREAT Ltd's management and Board did not.

The significance of this misalignment is profound: a strategy to grow business operations through STREAT Enterprises would be much more likely to achieve the investors' expectations of impact investment field-building. Not pursuing this strategy, instead choosing to grow STREAT Ltd's business operations, would not.

> *"I would have taken a lot of convincing to put a new business into STREAT Enterprises and I didn't even know I needed convincing, if that makes sense? …Like it wasn't even on the table; I'd never even thought about it - it was such a shock when they said that they were disappointed that that hadn't happened because I didn't feel - we hadn't decided not to do it. I didn't know it was even thought of." (Jen)*

> *"Absolutely the initial concept for STREAT Enterprises was bring in more capital to buy more assets, aka more physical locations to be able to grow STREAT." (Paul)*

> *"I think its objectives, as a separate business, that was going to make money as well as take on STREAT staff, I don't think that was ever clear enough, that has a separate purpose which was to be a sustainable business on its own." (John)*

This strategic misalignment is illustrated by the tension that occurred when the opportunity to add new sites to the STREAT stable arose. When STREAT was offered operation of the PwC café, STREAT Ltd saw it as an opportunity to grow its operations and impact, whilst some investors commented that it should have been added to the STREAT Enterprises operations to boost those underperforming businesses.

> *"I remember when it came up, the café at the bottom of the PwC building and I remember they said basically this is free, you've got the free venue. I remember having a conversation with Bec, where she said 'this is going to go into STREAT Limited'. I said, 'no, put it into STREAT Enterprises, build STREAT Enterprises'. At that point the cafes in STREAT Enterprises weren't doing as well as we thought. …. the café at the bottom of PwC was a strong one, and there were a few others that were opportunities - any good opportunity wasn't taken to STREAT Enterprises." (Danny)*

Explore the down-side risks for all parties

The subtle but significant misalignment in priorities between STREAT and its investors, and the lack of strategic clarity, serves to illustrate the complexity of putting together a multi-investor impact investment. It was not that STREAT wasn't aware of the motivations of the investors, as Bec Scott recalls:

"…it was around giving the investors flexibility and a potentially bigger return and I think that was seen as attractive because there was this strong sense of wanting to do some things early in the investment market and show that these things could work." (Bec)

However, it was not clear at the time that growing the impact of STREAT and the field-building and financial performance priorities for the investors would only be mutually achievable under the best-case scenario, if the businesses performed as forecast.

"… 'if the enterprise fails, we fail'. So we have to protect the enterprise for the sake of the cause. It's a hard one and philosophically it's not like we're right and they're wrong. It's really hard." (Danny)

Analysis of the 'downside risks' – asking what happens if this doesn't work – for each party would have assisted with this process, as is illustrated in the table below (Table 1). From Table 1, we can see that all expectations of the initial impact investors would have only be achieved under a best-case scenario, if STREAT Enterprises performed at or above its financial forecast.

Table 1: Analysis of financial risk scenarios for each initial party to the STREAT Enterprises Impact Investment

Driving motivation to participate			Financial Scenarios		
		Objective	Businesses are not financially sustainable	Businesses are financially sustainable but perform below forecast	Businesses perform at or above financial forecast
STREAT		Maximise social impact and improve financial viability	Partly achieved#	Achieved	Achieved
Impact Investors	DWF SG	Support STREAT to purchase SRC	Achieved*	Achieved*	Achieved
Impact Investors	DWF SG MF	Achieve a financial return	Not achieved	Not achieved	Achieved
Impact Investors	DWF SG MF	Demonstrating financial and social returns for social impact investment field-building	Not achieved	Not achieved	Achieved

Social impact can still be achieved in short term

* Impact investment immediately achieves this

Forecast multiple scenarios

Table 1 highlights the importance of financial forecasting for setting the expectations of all parties. There is evidence that limited time and the ground-breaking nature of the STREAT Enterprises impact investment contributed to the development of what proved to be overly optimistic financial forecasts.

> *"… what became really apparent quite quickly was that the initial forecasts that we'd put to the investors were so far out that there is no way we could reach it. Not only did we think that we could pay them potentially seven per cent return on investment, plus we could take a 12 per cent management fee out of the business as well for STREAT doing its stuff. We couldn't even get close to it…" (Bec)*

A desire to raise the funds and a lack of direct café experience in the STREAT team and their advisors contributed an optimistic lens to the forecasts. At the time, all parties were inexperienced; STREAT had only raised grant capital, and this was Donkey Wheel and SVA's first foray into supporting a direct impact investment into a social enterprise. Furthermore, STREAT was relying on advisors for the deal with no cafe/hospitality expertise and very little impact investment experience to assist with the forecasts and coordinate the deal.[1]

> *"…well we made some assumptions based on both sales and costs, so we thought that we could increase the sales of those businesses overall. If you looked at a place like McKillop it was completely empty, tumbleweeds… I think we would have been going 'Do you reckon you can get another 20 per cent out of it?', But no one who's part of those conversations is from hospitality." (Bec)*

> *"… cafes are fairly basic models too and so not overly difficult, but I think the thing we did miss is having a real - somebody who'd just done 100 cafes" (Paul)*

After the impact investment deal was executed, STREAT Ltd recruited Jen Miller as its operations manager. Jen, who had expertise in café management and operations, assessed the original forecasts as unrealistic and the cafes in need of capital improvement.

> *"For a number of years, we were packing coffee on the top of a freezer and when the chef needs fries, he comes out and knocks you off your perch and rightly so, the customers needed their fries, but you know, difficult situation. I think the assumptions around what the business could achieve and who it could sell to and what that might mean financially were inaccurate." (Jen)*

Paul Steele highlighted the implications of the optimistic forecasting; the forecast suggested that there would be sufficient surpluses from STREAT Enterprise's to enable a management fee to be paid to STREAT. When this was not the case, the model and its strategic intent were compromised:

> *"There was the management fee between the two [STREAT Ltd and STREAT Enterprises], which made sense on the modelling. When the modelling didn't live up to it, well then that had to get dropped and a few things changed. So it not playing out as well did mean that the modelling was a big issue …". (Paul)*

Whilst it is not possible to completely mitigate the risks presented by the assumptions that underpin the forecasts, it is advisable to get as much certainty around as many variables as possible. For

[1] Bec was assisted pro bono to prepare the financial forecasts that informed the impact investment deal by a former SVA employee who had been part of the not-for-profit consulting team for 2 years.

example, arrangements to control for forecast increases in lease payments, as suggested by Paul Steele:

> *"I think even as part of the transition it would have been good to have landlord conversations that locked in options based on what we already knew. I think most of the landlords probably would have done that at that point in time, given that for them stability's always a better thing." (Paul)*

Reflect the strategic intent in the modelling

The original strategic purpose of STREAT Enterprises was to raise the capital to grow and financially secure STREAT's impact. However, the financial modelling that informed the capital raise from investors focused on the cost of acquisition of the Social Roasting Company business; it did not include the capital required to enable STREAT Ltd to upgrade its systems, processes and resourcing to successfully implement the acquisition as forecast or to realise its broader objectives to scale.

Instead, STREAT Ltd aimed to achieve a significant growth in its operations with only a small increase in resources. The STREAT Consolidated Financial Statements (Ltd and Enterprises), show that STREAT's total revenue from trade grew by 200% between 2011 and 2012 (with the on-boarding of STREAT Enterprises), while employee expenses for the same period only grew by 10.8%.

> *"I think they had good management, but it was STREAT's management, never had its own structures, hence it was undercapitalised, didn't have the money to employ its own people, but that should have been part of the thing at the start, was let's do this properly." (John)*

The result of focusing on the cost of purchase rather than the cost of successfully merging the entities and growing the capacity of STREAT to operate three new businesses led some interviewees to suggest the deal was undercapitalised.

> *" … we didn't have any working capital, and that was a significant challenge. In hindsight we realised that we should have raised working capital at the same time as the capital to purchase the assets. Not having working capital meant that we had no cash buffer …". (Dawn)*

> *"… there were no reserves and we were still grant reliant and every single year …. I just really wish we'd had a couple more dollars to go at it …". (Jen)*

Raising sufficient capital for STREAT to successfully implement the merger would have seen the deal better positioned to achieve the bigger-picture strategic intent of growing STREAT (as a consolidated entity) and addressing its financially precarious position.

Instead, the lack of working capital was further compounded by unforeseen operating deficits, which resulted in a debt accruing between STREAT Ltd and STREAT Enterprises.

> *"It was basically STREAT Enterprises not paying its invoices to STREAT Limited. So STREAT Ltd was always the employer of all of the staff for salary sacrifice and all of that sort of stuff, all of those bits and pieces in the background, so STREAT would pay all the staff and then at the end of the month you would sort of raise an internal invoice and they'd just never pay it. So it would be put to the loan account instead." (Jen)*

Clarify roles and responsibilities of intermediaries and advisors

Compounding the optimism of the financial forecasting process was a lack of clarity around roles and responsibilities of the various actors in the process, particularly the deal advisors/intermediaries. Central to this was confusion about the role that SVA played; with many assuming that the financial forecasts had been prepared by SVA and/or that they had done detailed due diligence on the deal.

In reality, the person preparing the forecasts was a former SVA employee who had left SVA by the time the forecasting was occurring and was assisting STREAT to undertake the financial modelling pro bono. During our interviews, Claire Kearney, the senior SVA manager overseeing their relationship with STREAT at the time, confirmed that SVA did not conduct due diligence on the forecasts and was not involved in the modelling.

> *"...she then left SVA and kind of stayed connected then with Bec and did a lot of the pro bono work, I think around the financial modelling of the deal, but that wasn't in her SVA capacity. She'd left SVA by that stage... we [SVA] weren't one of the parties at the table when this was negotiated or structured together; we were that one step removed being updated on it." (Claire)*

SVA's assertion of an 'arms length' involvement in the STREAT Enterprises deal is supported by the STREAT Ltd November 24th 2011 Board Meeting Agenda and Minutes. These documents state that SVA agreed to assist STREAT with securing social investment in $1.5 million for STREAT 2012 subject to STREAT raising the first $300,000 of investment specific to the Social Roasting Company acquisition:

> *"There was discussion about SVA agreeing to undertake a larger fundraise of $1.5 million for STREAT in 2012 … As STREAT believed it was in a position to do the immediate fundraise for the acquisition of the Social Roasting Company sites, this would not form part of SVA's work." (STREAT Ltd, Board Minutes, 24/11/2011).*

Only months prior to the acquisition SVA had been involved in undertaking extensive business modelling for STREAT's growth strategy across the coming decade. The key SVA staff member who undertook this piece of modelling work then continued the acquisition modelling (using her prior modelling as a base) after leaving SVA. This led to confusion with some investors assuming that SVA had been involved in the financial modelling and had undertaken due diligence on the STREAT Enterprises transaction.

> *"The forecasting model was all done by SVA. The rest of the construction work really came back to - we kind of did that as a Donkey Wheel/STREAT ..." (Paul)*

Similarly, SVA understood that Paul Steele who was the deal advisor and coordinator (Donkey Wheel) was playing a role in the detailed financial modelling and due diligence as part of his role:

> *"...well, certainly my understanding, and as STREAT's primary point of contact within SVA, was that Paul was, especially during that structuring and everything, he was almost - he was Bec's right hand man and he was really leading it all." (Claire)*

The assumed roles of both SVA and Donkey Wheel lent significant legitimacy to the STREAT Enterprises transaction with the other investors.

> *"… we sort of came in, I think, reasonably late in the piece and said, yeah, we'd like to be involved pretty much trusting what had already been done…we trusted the advice … that they were sort of the consultants who put this together and relied on that, I suppose." (John)*

> *"...We were in early start-up so we just didn't have the capacity or capability to do a deal like this on our own. We were so reliant on others to guide us and advise us. Donkey Wheel approved Paul to work intensively on the deal with us for months, so Paul and I kind of divided and conquered the huge list of tasks. There were whole parts of the process that he managed almost solely. For example, we didn't know any*

investors, they were all brought to the table by Paul. We weren't even part of the early conversations with any of them. Originally we wanted to raise debt but Paul came back from the various investor conversations and said that the investors wanted equity instead. (Bec)

In hindsight, there appears to have been a lack of clarity about the roles and responsibilities of the intermediaries, which left gaps in the work needed to critically evaluate the viability of the deal. It appears that a circle of endorsement emerged from this situation, which rendered all parties overly optimistic about the opportunity:

i. The investors assumed that the forecasts had been produced and rigorously tested by the intermediaries;
ii. STREAT's management and Board trusted the advice they were receiving without fully appreciating the risks;
iii. The investors' decision to invest signalled endorsement of the deal by a group of sophisticated and knowledgeable investors.

A lesson for future projects of this nature, particularly when working with early stage and inexperienced social enterprises is for greater clarity in roles and responsibilities of all parties, but particularly any consulting or intermediary support. It is important that both development of the financial forecasts and rigorous due diligence of these is undertaken. These roles could be assigned as:

i. *Preparation of the initial business forecasts* – generally the enterprise seeking investment and/or consultants acting on their behalf.
ii. *Independent or separate due diligence and testing of the assumptions behind the forecasts* – such as by the lead investor and/or investment intermediary responsible for attracting investors.

Knowledge and cultural asymmetries hinder alignment

STREAT came to this impact investment deal as a very new, not yet financially sustainable, social enterprise. Similarly, this was the first time that the impact investors had made a direct investment in a social enterprise. For all, this was the first time in Australia that a for-profit subsidiary had been established by a not-for-profit social enterprise to raise *equity* capital.

There is some evidence from our interviews that the originality of the STREAT Enterprises structure masked some knowledge and cultural asymmetries between the parties. For example, STREAT's management and Board had little knowledge of equity capital and how shareholder engagement differs from managing relationships with grant-makers.

> *"…all of us were unfamiliar with managing equity capital compared with other forms of funding (that we had significant experience with) and consequently we didn't put in place systems and processes to monitor that capital investment or report to investors in the way that we really should have." (Dawn)*

> *"...God I wish we'd known what equity was going to mean. It just created all of these extra burdens for us that we were too small and too young to understand, let alone manage. I remember begging Paul for assurance that equity wouldn't create any extra administrative and governance burdens for us and him telling me it would all be fine. But we've just had years and years of headaches. There's just so much extra administration, so many damn inter-company financial transactions, so much extra complexity and cost in the annual audit process, such different investor relationship management. We just didn't know what we didn't know, and we placed so much trust in others to make key decisions for us. Knowing what I know now, if I could go back in time and change just one thing, I'd never, ever do the deal as equity at the stage we were at." (Bec)*

At the same time, the investors underestimated the corporate knowledge and culture required to manage equity capital – for them it was second nature, for STREAT it was new territory.

> *"So when you receive a grant effectively it becomes your money. While you have a reporting relationship or respectful and thankful relationship with a grantor essentially it's your money to do with … I think there's something in the way that the investment was taken that essentially ran with it without a sense of feeling like it was someone else's money that was being managed." (Col)*

> *"… there is a contract around capital and how you'll use it. I don't think that kind of contract was really well understood. In fact I think it got translated back into more of a donation type model … I think the Board got lost in that a little bit, in terms of really not quite understanding what I believe was a higher level of responsibility around that capital than maybe what was attributed to it." (Paul)*

Despite these capability and cultural asymmetries, there was a desire from investors to provide equity rather than debt capital, as Danny Almagor explains:

"I think I was like, let's go equity because the difference in equity is that this is actually building a real business, imagine that we then raise $20 million. Imagine - because with an equity model, there's no end to this. With a debt model, it's a non-profit. The intention that we are trying to bring is making this a genuine, long-term, sustainable commercial model that means that investors come in." (Danny)

These comments suggest an assumed expectation of shared responsibility and control familiar to those experienced with commercial equity structures. However, culturally and experientially, this was a leap for the STREAT Ltd Board, hence the decision to limit the impact investors' joint shareholding to 50%.

The SVA case study (see Figure 1) documenting the deal, developed at the time of its execution highlights the tension between: (i) the requirement for STREAT to raise all the capital required; (ii) a desire to retain control of the assets; and (iii) the profits required if investors were to be repaid at the rate specified in the Information Memorandum. The valuation assumed annual profits of at least $42,000 (after the 12% of revenues management fee paid to STREAT Ltd) to provide the forecast return to investors[2].

The result of the valuation was a structure in which the financial risk (input capital) was being borne by the impact investors, yet ownership was jointly shared with STREAT in a structure that in hindsight the investors didn't see as ideal.

"STREAT got their half for free ... Certainly 300 [thousand dollars] was raised and we got half the business for that, so effective valuation of 600 [thousand dollars] in that case." (John)

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[2] The 2010/11 Profit and Loss provided by the Social Roasting Company report total income of $1.034 million and a net profit of $68,330. Based on these figures, if the the 12% STREAT Management fee had been applied in 2010/11, it would have added a further $124,000 to expenses, which would have resulted in a cash loss.

“They were managing other people's money in terms of the assets and I think that was the mindset that was missing. … I probably would have done a better valuation piece on STREAT Enterprises itself, so I don't know that it was actually a 50/50 deal. It was probably more like an 80/20 deal and the investors should have had 80 per cent and a bit more control.” (Paul)

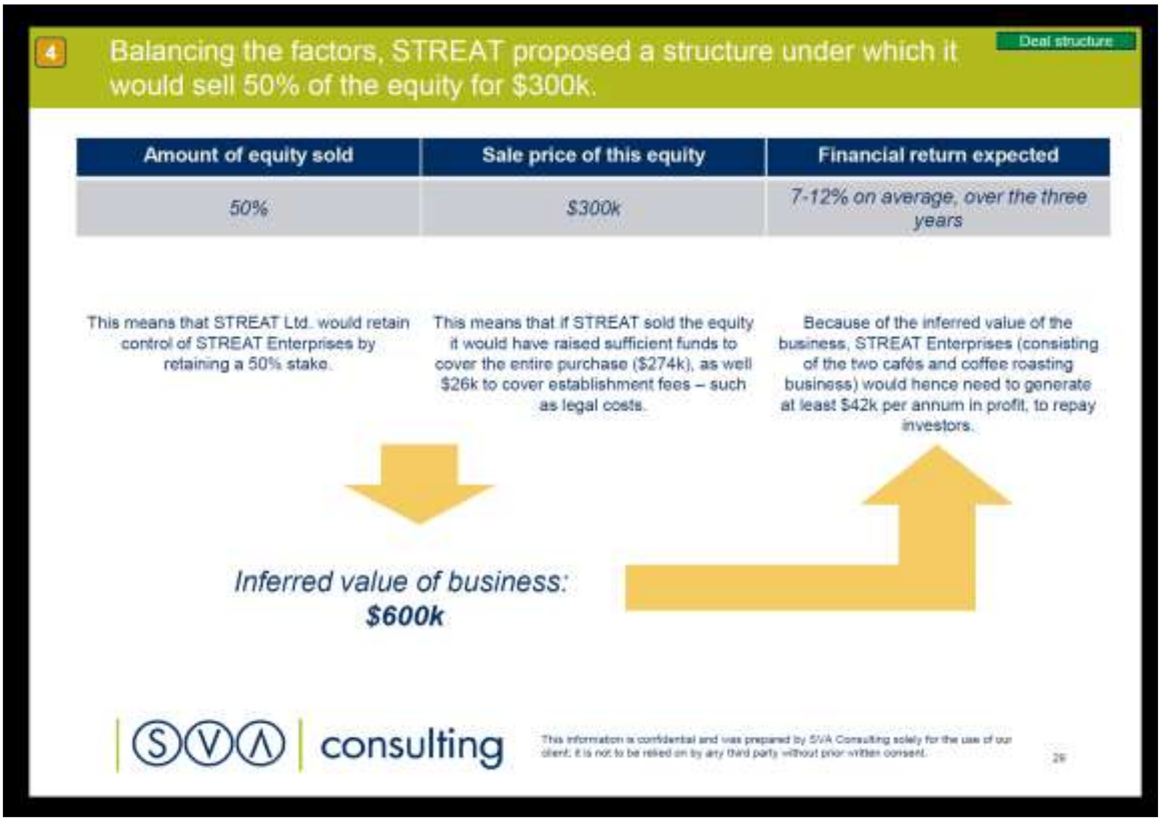

Figure 1: A page from SVA’s documentation of the deal structure (SVA, 2015).

Distinct strategic objectives require distinct governance and management

STREAT Enterprises had a contributory but different strategic intent to STREAT Ltd; the latter’s primary objective is to provide support and training for at-risk young people, whilst STREAT Enterprises was established to raise capital through a commercial mechanism to support STREAT Ltd’s growth. The Impact Investing field-building motivation of the three initial impact investors was not reflected in or aligned with STREAT's Ltd's strategic intent, although this nuance of this was not fully appreciated at the time and reflected in the governance of each entity[3].

It would have been beneficial to develop a separate strategy for STREAT Enterprises to increase the alignment in the role that the entity was playing in STREAT's overarching vision, whilst satisfying the financial expectations and Impact Investment field-building ambitions of the shareholders.

When interviewed for this case study, several people felt that there should have been greater acknowledgement of these subtle but important objectives, reflected in greater separation of each entities' Board composition and management, to ensure clearer decision-making.

> *"It could have worked, I think, if it had been taken seriously as 'this is a separate entity that has some separate objectives to that one, very much aligned but it's got some things that aren't the same as that one', so you have to have a separate Board with different people on that Board and they have to have a proper interaction between the two entities." (John)*

> *"In retrospect we shouldn't have just kept it [the Enterprises Board] as a small group of ourselves, we should have brought on more people with expertise and experience, even if they were not the investors themselves because none of them wanted to be actively on the board." (Dawn)*

STREAT gained advice from its auditors that, as it had the controlling share of STREAT Enterprises (50%), the annual financial statements of both entities should be consolidated. Therefore, the annual accounts for STREAT Enterprises were always reported as consolidated with STREAT Ltd. However, from a strategic and management perspective, consolidation may have contributed to confusion about the relative strategic role and performance of each entity and its constituent businesses.

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[3] The governance structure was an issue raised by the majority of interviewees. For the majority of its operation, the STREAT Enterprise's Board consisted of a small number of STREAT Ltd Directors, including the STREAT Ltd Chair and the STREAT CEO, Bec Scott, with no directors external to STREAT Ltd or STREAT Enterprises Pty Ltd. In early 2016, STREAT Ltd once again asked for an investor to come onto the STREAT Enterprises Board and Chair of the Donkey Wheel Foundation, Col Duthie joined the Board. By this time, the wind-up of the entity was imminent.

"So when you actually looked at all of the businesses side-by-side, you'd say this one is trading a bit above its budget and this one is trading a bit below, but it was never oh my gosh, STREAT Enterprises is in trouble if that makes sense? …Without a view of 'that bundle is STREAT Enterprises and that's we have to make a return on that for investors' …We did bundle it and we did worry about the fact that there wasn't much if anything dropping to the bottom line, but I don't think we shone a spotlight on it consistently enough." (Jen)

However, the resource demands of this also need to be considered. The failure to factor sufficient working capital into the transaction, meant that at a management level, there were limited resources to deploy to separated management and governance mechanisms.

There is evidence of blurring between the operations and governance of each entity, likely driven by constrained resources. For example, STREAT Ltd director Deanna Butterworth provided operations advice to STREAT Enterprises.

"Dianna Butterworth came on [the STREAT Ltd] Board and she again had a fantastic background in retail and food from Hudsons and McDonalds and franchised food outlets, you know, small margins, high turnover … Even though Dianna wasn't on the [STREAT Enterprises] Board, she was effectively our CFO , and financial adviser. She naturally had a lot to do with financially monitoring STREAT Enterprises because they were a critical part of STREAT." (Dawn)

Operationally, the failure to clarify the objectives of STREAT Enterprises as a business distinct from STREAT Ltd became lost in the budgeting process.

"I was definitely responsible for our operational budgets; the disconnect was the deal and the returns forecast versus the budget process. They weren't even connected. They were operational budgets." (Jen)

As a result of the blurring between STREAT Enterprises and STREAT Ltd, strategic and management decisions were made about Enterprises that were driven by the interests of STREAT Ltd's social impact, at the cost of fulfilling the financial objectives of STREAT Enterprises' investors. For example, the decision to absorb the financial losses of the McKillop Street café because it provided ideal support/training opportunities; effectively operating the café as a 'social program' despite the requirement to make financial returns for investors.

"I think we've always prioritised social impact probably over business sustainability. That's why we kept on making non-financial decisions, particularly around McKillop …" (Bec)

"So in the end what we did is we embraced some losses at McKillop because we needed to put some - we had some placements there … So again they're decisions that were made from an overarching STREAT perspective. There wasn't then a consideration of what the implications were going to be for the returns to investors which is symptomatic of - see it doesn't mean it was the wrong decision or a bad decision. It was a decision that was made without engaging the investors in that decision." (Col)

Resources are needed for shareholder engagement

The quote above from Col Duthie also highlights the weakness in the strategy used to inform and engage investors. These weaknesses are highlighted by two instances in particular: the continued operation of the McKillop Street café despite it not performing financially; and the creation of a debt between STREAT Enterprises and STREAT Ltd as a result of Enterprises not yielding sufficient financial returns to be able to pay the costs incurred, as per the Management Agreement.

The blurring between the entities' management and governance, led to a gradual accrual of debts when STREAT Ltd was not generating enough income to pay its costs as noted at p. 13. Had these entities been distinctly governed and managed, it may have been more apparent sooner that STREAT Enterprises was not viable in its own right. However, this was not something that came to the attention of either entities' directors and therefore, was not seen as a significant issue to raise with shareholders.

All of the investors interviewed raised the failure to clearly communicate the liability that was accruing as a significant management and governance oversight and is a significant point of disappointment for all investors.

"… the STREAT Limited Board to set up the loan account and to then start subsidising the losses from within STREAT Limited, I can completely get that that was a good management decision. But not to engage the investors in the fact that that was happening so there wasn't a governance conversation that then said well let's take this to its logical extension. What happens if we don't turn this around and it goes south?" (Col)

"…to build up a debt between STREAT Enterprises and STREAT was completely the wrong thing to do. So there wasn't I didn't believe an honouring of what was happening in STREAT Enterprises and the assets there. There should have been an earlier conversation and to my mind actually, even from a technical perspective, the shareholder's agreement basically said they couldn't do that…" (Paul)

"At the end of the day, wind up the business or walk away. The more you think about the debt, was like hold on, you accrued debt, which means we have not 50 grand at risk, we now have liability and you didn't bring us in … you didn't bring us in on the fact that this wasn't happening, that you were accruing liabilities on our behalf …" (Danny)

Similarly, there was a sense amongst STREAT management that STREAT Ltd bore the financial burden on the underperforming STREAT Enterprises' businesses.

"STREAT Ltd consistently carried the losses within Enterprises. For example, in 2013 when we were embarking upon building our flagship Cromwell site I talked to most of the investors about wanting to try and get further scale of the coffee roastery at Cromwell. But there was no appetite to put in extra money. So STREAT Ltd totally financed the new roastery and I think we felt like we were pretty alone and had to try and sort out any problems ourselves." (Bec)

Our interviews suggest that STREAT management and the STREAT Ltd Board, at the time, conflated the issues of STREAT Enterprises' governance structure (investors declining invitations to join the Board) with a requirement for more formalised shareholder communications and consultation.

"We should have insisted that there were some Board memberships of investors. Even though people didn't want to come onto the Board, if we'd insisted that actually we set up a Board that does have representation, I think that would have been ideal. We should have absolutely done quarterly or half-yearly reports at a minimum, but we hadn't even started doing that ourselves for our own business. We were so young that we didn't have all that reporting stuff yet." (Bec)

The assumption that STREAT's interests and those of the impact investors were aligned, when our analysis suggests a subtle but significant misalignment (see Table 1), resulted in decision making that was dominated by STREAT Ltd's interests and not those of the impact investors. That all investors declined a (verbal) invitation to join the STREAT Enterprises Board did not preclude greater levels of engagement and more formal communication with them to ensure that their interests were factored into the governance and management of STREAT Enterprises.

> *"I think what we did badly was we didn't have a formal regular way of communicating with people. It was lots and lots and lots of conversations with individual investors. So if you were an investor who was engaging with us regularly you had far more information …we should have just had at least formal quarterly…reports. Some investors we talked with at least monthly over the four years, others might be once a year. It was so variable depending on their level of interest and engagement. So from our end it felt we were always communicating with our investors, but it was patchy and not formal. And the other thing we should have done, if we'd insisted that we had say a half-yearly catch up, so maybe just a dinner where we talk about the quarterly report, we talk about the half-yearly results, that's always when we reforecast." (Bec)*

> *" …At different times, all Directors on the other [STREAT Ltd] Board raised the need to better communicate with the investors, in a more formal way. Our CEO was in regular communication with each of the investors informally and was reassuring that they were well informed. So the more formal communication didn't get the prioritisation it should have. There were so many other pressing priorities not the least of which was ensuring the sites were profitable. So that formal communication was much less often that it should have been." (Dawn)*

Upon reflection, STREAT management and former and current members of the Board recognise that investor engagement and communication were insufficient. Written communications were annual, and relatively general. In addition there were ad-hoc verbal communications between the investors and management. There were no structured investor briefings/meetings or discussions with the Chair and Board to gain investor perspectives on key strategic decisions such as the accumulation of the debt to STREAT Ltd or refurbishment of the cafes.

> *"We always sent out a performance report at the end of the Financial Year, so there were always the audited financial statements. There was always a snapshot of how has the business gone this year from a social and financial impact, but a year's a long time to wait and if businesses are going badly you can lose a lot of money fast." (Bec)*

> *"… we've learnt so much as a result, and would do things quite differently if we did it again. It would be much more disciplined in our own written reporting processes and*

disclosures and, rather than relying on the CEO to verbally do all this. We could have then been earlier in alerting investors to the 'red flags' or the sites that were not performing as we had hoped. We would have brought them into the conversation earlier around what our questions were, and doubts around the future of particular sites within social STREAT Enterprises." (Dawn)

Our analysis suggests there were three key factors that contributed to STREAT's failure to successfully communicate with and engage all investors:

1. There were not sufficient resources to strategically and pro-actively engage as this function was never accounted for in the resource planning for STREAT Enterprises when the capital was raised, and was further exacerbated by the Cromwell Manor development (see next section);
2. There was a perception that the investors were too busy to engage; and
3. There was not sufficient experience within STREAT to appreciate that as a separate Pty Ltd structure, decision-making for STREAT Enterprises needed to be driven by the interests of that entity (not STREAT Ltd) and its shareholders.

Be aware of the implications of strategic changes

STREAT Ltd's decision to take advantage of an opportunity to develop a flagship site in Collingwood, supported philanthropically by Geoff Harris was a significant shift that impacted on the role that STREAT Enterprises would play as part of STREAT's overarching strategy. This opportunity emerged in 2013, the year after STREAT Enterprises was launched, as Geoff Harris became more involved in supporting STREAT. STREAT cites Cromwell as a $6.5 million project, which included a property valued at $2.5 million gifted by Geoff Harris to STREAT for 50 years with renovation and building works funded by $1.5 million in donation/grant capital and a $2.5 million impact investment loan. Cromwell opened in 2016 and includes a 100 seat café, catering business, event spaces, a bakery and the coffee roasting business brought over from STREAT Enterprises. There is some suggestion that the resource burden of realising the Cromwell development was to the detriment of a fledgling (and struggling) STREAT Enterprises.

"…all those things take a lot of energy and time to get established to train staff, to rearrange your rosters … whilst at the same time trying to raise $3 million for Cromwell." (Dawn)

> *"I was doing a lot more strategic work…particularly as Cromwell was coming on, so there was a lot more work in that kind of space. " (Paul)*

As early as 2013, STREAT Enterprises was a financial and resource burden for STREAT Ltd; the removal of the 12% management fee payment to STREAT Enterprises after a year of operation, meant that STREAT Ltd was effectively managing and operating the underperforming business pro bono, as the effort to realise the Cromwell opportunity escalated.

> *"Cromwell became all-consuming for STREAT almost to the point where it became what STREAT was doing, it was on about. So I think it's probably a reason rather than an excuse why STREAT Enterprises and the investors that were part of STREAT Enterprises kind of got - not dismissed but it was a lower priority to deal with that because Cromwell and that new investment from Geoff just became so much bigger." (Col)*

> *"The Cromwell project was such a massive project and in hindsight, definitely not at the time, but in hindsight, we might have seen some of the warning bells a little sooner or actioned it a little sooner. It was a very small team to be doing what we were doing." (Jen)*

There seems to have been a lack of consciousness on both the STREAT Ltd Board and the STREAT Enterprises Board about the future strategic value of STREAT Enterprises when the Cromwell opportunity emerged. Recalling that the STREAT Enterprises structure was a strategic response intended to grow STREAT's social impact and achieve financial sustainability, the Cromwell opportunity rendered the strategic intent of STREAT Enterprises redundant.

> *"It was looking like more investment was required for STREAT Enterprises and there just wasn't the business case to invest more in those sites which had a lot of physical limitations such as the size of the site, location, new competition, staffing challenges etc. It was clear that it was, financially and to achieve our social mission, better strategy to invest in the new Cromwell site which was going to have the stronger impact and opportunity to be financially self-sustaining." (Dawn)*

While on both the STREAT Ltd Board and the STREAT Enterprises Board did not, at the time, formally acknowledge the impact of Cromwell on the strategic role of STREAT Enterprises, the strategic shift that it represented was more apparent to investors.

"Cromwell came and I sort of felt that Cromwell saves STREAT Limited, so STREAT Limited will be safe, and let's close STREAT Enterprises." (Danny)

Furthermore, there is some suggestion that STREAT Enterprises continued to operate, despite its strategic redundancy, financial losses and accruing debts to STREAT Ltd because of the role it would play in success of the Cromwell-based growth strategy, both operationally and reputationally.

"…we held on to McKillop for longer than the finances might have suggested we should have done because it was one of the only placement venues before Cromwell came online." (Col)

"There was a sense of we've got to keep Kensington going. We've got to keep McKillop going. Even to the detriment at the end of the day to the investors, we'll keep them going because that's kind of our jump off point to Cromwell." (Paul)

"I think it helped people trust us when we went out there and said we're going to build Cromwell Street." (Jen)

Synthesis and conclusions

The STREAT Enterprises Pty Ltd impact investment was an innovative response to the issue of limited capital for social enterprise in Australia. Retrospective analysis suggests that for STREAT Enterprises to have been successful would have required a greater level of alignment between the opportunity, the investors and the context.

Austin et al[4] argue that social entrepreneurship is significantly different from commercial entrepreneurial processes as a result of: the market failure contexts in which they operate; the complexity and diversity of stakeholders; the impact of mission on profit margins; capital constraints and the complexity of performance measurement. The STREAT Enterprises case supports this assertion and demonstrates the challenge of applying commercial models culturally and technically.

In hindsight, it is clear that the level of complexity presented by the structure was a stretch for a very new, resource-constrained NFP organisation. From the outset, ambition, optimism and a strong desire to improve the life of STREAT's beneficiaries masked the subtle but significant misalignment

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[4] Austin, J., Stevenson, H., Wei-Skillern, J., 2012. Social and commercial entrepreneurship: same, different, or both? Revista de Administração 47, 370–384. https://doi.org/10.5700/rausp1055

and asymmetries between the organisation and the investors. The desire to raise the capital necessary for STREAT's growth over-rode the conservatism necessary when raising capital that is not a grant. Inexperience masked the implications of this, at the time. The significant role that intermediaries played in advising on and coordinating the deal led to both STREAT and the investors placing a large amount of trust in third parties. Similarly, the time-pressure imposed by the vendors contributed to less than ideal exploration of alignment and the downside risks of the transaction for all parties.

A key driver of the difficulties STREAT experienced in executing the structure and successfully operating the businesses was a failure to consider the full extent of the capital required as part of the initial forecasting. The financial model on which the deal was based narrowly focused on acquisition of the Social Roasting Company businesses. There was no capital allocated for the requisite transformation of STREAT from an operator of two coffee carts into a company managing a portfolio of hospitality ventures with a significantly more complex structure.

Once the capital was raised and STREAT was responsible for implementation of the deal, undercapitalisation, driven by the initial forecasts and poor revenue performance, drove operations that merged the management and governance of the two entities for the sake of economy. Resource paucity left little time and resources for investor engagement and reflection.

Despite these challenges, STREAT Enterprises Pty Ltd impact investment was a significant contributor to STREAT's ultimate success. The legitimacy gained by a willingness to adopt a highly innovative approach to capital raising gave legitimacy to the organisation and raised its profile with supporters, funders and customers, enabling STREAT to ultimately achieve its social impact purpose within a financially viable social enterprise structure.
