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Fundraising and philanthropy – the whole pie or the cherry on top?

Fruit2Work has established valuable philanthropic relationships whilst building income streams that don't rely on generosity. We explore their success.

By Fiona Atkinson



There are **42,000 people** in custody in Australia, our **imprisonment rate** increased from 167 to 201 per 100,000 adults from 2012 to 2022, and almost half our prison population (**42.7%**) will return to prison within two years of their release date. Sobering facts indeed.

But there *are* solutions that work. And one is working so well that the **recidivism** rate is 0%. Certified social enterprise and registered charity Fruit2Work (F2W) – and its new sister organisation, Recycle4Change – provide employment and purpose to some of the most marginalised people in the country. How they fund that effort is an inspiring mix of business smarts and opportunistic philanthropic pursuit.

I caught up with the organisation's Group Growth Manager **Stuart Borg** to find out more.

About Fruit2Work

F2W delivers fruit and grocery boxes to businesses across Melbourne and Geelong. 95% of the F2W workforce are people exiting or impacted by the justice system. This video paints a picture of F2W purpose and impact:



Simon Fenech, featured in the video, was a kickboxing champion before he became addicted to crystal meth in 2008. Tragedy and prison followed, and Simon struggled to put his life back together upon release, not least because he found it impossible to secure employment. Fortunately, a caseworker told him about F2W – “... today, I’m the general manager... because somebody gave me a chance,” says Simon.

Within F2W’s supportive framework, employees access more than meaningful employment; they gain a sense of community and receive support as they navigate housing, family reconnection and their long-term careers. For example, in the **Build A Better You (BABY) program** staff can confide in each other and share experiences in a safe, non-judgemental environment. The program offers addiction rehabilitation, anger management, mentoring, coaching, financial training and ways to build healthy relationships.

“It’s just crazy – we often get asked if we are cheating the stats or if we are cherry picking staff,” shares Stuart with respect to the 0% recidivism rate. “The answer is no, we are not, we are just doing something that works.”

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Meet Kong! 🍌

Kong has been a cherished member of the Fruit2Work family for a year and a half now, and there's nothing that brings him more joy than seeing the smiles on our customer's faces when delivering their orders.

His journey with the Fruit2Work team has provided him with a job and a place where he truly belongs. It has nurtured his confidence, honed his communication and work skills, and opened the doors to an exciting future filled with dreams of starting a family and exploring the world.

He knows firsthand what it's like to be given a chance and is extremely proud to be part of a company dedicated to creating opportunities for others.

We're proud of how far Kong has come and incredibly grateful to have him as part of our team 🍌

p.s. If you're looking for a sweet treat, Kong recommends banana cake and apple pie! (made with our fresh fruit, of course 🍌)



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Meet Brad 🍌

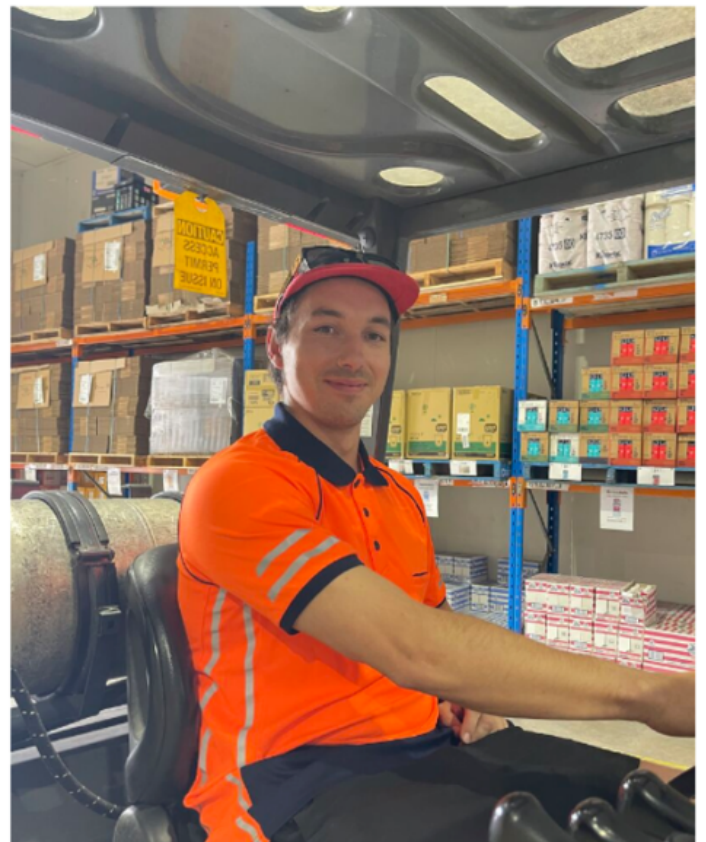
In just six weeks, Brad's experience with Fruit2Work has been nothing short of transformative, both professionally and personally by providing him with financial stability, improving his relationships and given him skills as a delivery driver and improved his organisation and time management.

One of the most rewarding aspects of Brad's journey at Fruit2Work has been the overwhelmingly positive feedback he's received from the team which has boosted his self-worth, given him a positive outlook for the future and kindled his passion for a career in youth services and youth justice.

He absolutely loves the business model of Fruit2Work and loves being part of a company built on creating chances for people who were in a similar situation to him.

The highlight of his day? Getting to work with Kong (Check out our post about Kong from last week!) and we love having the dynamic duo as part of our team! 🍌

Keep up the great work Brad 🍌



Two posts from the Fruit2Work [LinkedIn page](#) that share stories of impact.

F2W started as an initiative of nonprofit Whitelion, where (now F2W 'Chief Chance Creator') **[Rob Brown](#)** worked in 2017. Seeing the potential, he used his own funds to purchase F2W from the organisation and get it off the ground. Of course, Rob could not foresee that three years later his B2B-focused social enterprise would be trying to keep the doors open in the most locked-down city in the world. But the organisation adapted, using F2W's vehicles to deliver air-conditioning and ventilation units to schools across Victoria.

The social enterprise brought in revenue of \$3,098,879 in FY23. Expenses were \$2,951,587 (including the organisation's support services for staff). So big bucks are not what this business is about. The riches lie in the impact. Let's explore the revenue mix and the role of fundraising and philanthropy.

Fundraising and Fruit2Work

“We are a business first and foremost,” says Stuart. “A business that does not exist to make a profit, but a surplus.” And where does fundraising fit into the picture? “[Philanthropic] funding is important to us, but we believe we won’t be able to operate efficiently or effectively if we rely too heavily on it.”

With this belief, the organisation has clearly defined the role for philanthropic support and that is expansion. “We don’t want to be dependent on philanthropy... but philanthropy does allow us to *grow* the business,” shares Stuart.

“We’ve proven that the model works, and now philanthropists and foundations are coming in, wanting us to take it nationally or to start other businesses.”

Funding for expansion

New Melbourne depots have opened with funding from Paul Ramsay Foundation. Operations are currently based in Laverton, but sites will soon open in Hallam and (possibly) Geelong. “In the last three years, we’ve doubled sales every year. We can’t keep up with demand from one location. We’ve outgrown our premises” says Stuart.

Paul Ramsay Foundation gave F2W a place on its Social Enterprise Growth Incubator program, facilitated by [Sefa](#). Running over 10 months, Stuart and members of the F2W management team have made several trips to Sydney to knowledge-share with other social enterprises, connect with industry contacts and pick the brains of consultants and experts that include IT, culture, sales and marketing specialists.

“We’re at that stage where we really want to ensure we are true to our core purpose,” says Stuart. “The incubator course helps us with that. A prime example was the opportunity to talk about the employment of juveniles in F2W – and for now we have decided the [governance] would be too resource-intensive.”

F2W was approached by an anonymous donor earlier this year, interested in helping the business expand to Queensland. The team will begin operations in Brisbane in January 2024 with the donor supporting the cost of the warehouse, office and capital expenditure (CapEx) items such as fridges. Support from another donor will help F2W begin its first NSW operations later next year.

Ventures new

Anyone running a successful for-purpose organisation knows that ‘business as usual’ often contributes the most impact and the requirement to create something ‘shiny and new’ to qualify for grant funding can be frustrating. But sometimes a new opportunity *does* make sense, providing a means to extend a service in a different way.

Social enterprises are, by definition, enterprising and this often means seeking out the next project that will contribute to people and planet. F2W are no exception and they have leaned on philanthropy to launch the latest branch of their business, [Recycle4Change](#).

Container deposit schemes offer consumers a financial incentive to return eligible drink containers (usually 10 cents per container). Launched in SA in 1977, NT, NSW, ACT QLD and WA followed, with VIC's scheme coming into effect in November 2023 (Tasmania will begin its scheme in 2024).

Not ones to miss an opportunity (that makes sense), F2W tendered to become a refund point and recently opened their Recycle4Change (R4C) depot in Geelong with council approval pending for a second site in Point Cook. R4C currently employs 16 casual staff (part of a team of 85 across R4C and F2W). 95% are female or youth, made possible because the operation has more of a '9 to 5' work structure than F2W with less heavy lifting. These new R4C team members will soon have access to the Build a Better You (BABY) program.

Already, there are special stories. Stuart shares that one of the R4C Operations Leads was in prison, for the second time just three months ago. "He's now running the operation, managing the staff, he's transformed an empty warehouse into a pumping vibrant environment. I put him on the steepest learning curve I have ever given a new staff member and he's absolutely flying. It's his commitment and appreciation for the opportunity that has got him here, with assistance from his team and our wider organisation. He has a dream to reconnect with his children – that is something we will try to assist him with."

The business processed over 600,000 containers in its first 25 days – containers that would otherwise have gone to landfill or become litter and micro-plastics. In a satisfying loop that will see F2W deliver fruit and milk and R4C collect and recycle containers from the same customers (in different trucks!), the organisation is asking its existing business clients to donate their containers (they'll receive a tax-deductible receipt).

Just like F2W, philanthropy has played an important role in bringing R4C to life. Lord Mayor's Charitable Foundation provided a \$100,000 grant. Other philanthropic supporters include Paul Ramsay Foundation, The Ian Potter Foundation and Westpac. Stuart believes this support is integral to the success of the first two to three years of operations but expects the business to be self-sustaining beyond that point.

R4C aims to recycle 200,000 million containers by 2028. No doubt they will change hundreds of lives along the way.

The wish-list

The leadership team see another role for philanthropy through adding valuable 'extras' to the wrap-around support they provide to their workforce – a psychologist, an employment transition manager, coaching for people in prison, or a minibus and driver for staff transport (F2W and R4C operate in locations with limited public transport).

The two businesses are running successfully without these 'wish-list' items, but Stuart and the team believe they would be a great fit for philanthropic support.

Managing philanthropic relationships

Responsibility for establishing and nurturing philanthropic support is shared amongst Rob, Stuart, Simon and (sales manager) Keith Fernandez with support from an Advisory Board who provide contacts and opportunities. “We don’t have a board who make us jump through hoops,” says Stuart.

As the organisation grows with expansion and new services, so too does time spent on relationships. Stuart estimates the four leaders are currently dedicating 10% of their time to securing/stewarding philanthropic relationships compared to 5% a year ago.

Final tips from Stuart

Before joining F2W in 2022, Stuart spent over a decade in GM/BDM roles for engineering and manufacturing companies. It would be fair to say he arrived at his current role with a corporate hat on, which is often an excellent viewpoint to look at philanthropy with fresh eyes. I ask him what he has learned about the philanthropic landscape, and this is what he shared:

- **It’s important to find the right donor or foundation** – they must have passion for what you do or an alignment with your organisation’s goals and purpose.
- **Take every chance to build networks** – for example, the Sefa training has been a great opportunity to meet new people and make new contacts.
- **Have a clear purpose and message** – do not lose sight of why your organisation exists – “Our Theory of Change clearly maps out our purpose, what we are doing to make that happen every day, and the impact that makes,” says Simon. (Click [here](#) and [here](#) for examples from the F2W Theory of Change).

Now for F&P’s takeaways!

- **Know what your core purpose is and avoid mission drift** – if a new program could limit your NFP delivering an existing service that already shifts the dial on the main issue you address, it may need more thought.
- **Have a clear Theory of Change** – that paints a powerful picture of the difference your organisation will make to the wider community, not just the immediate beneficiaries.
- **Ask someone unfamiliar with your organisation if it is clear to them what you do by looking at your website** – the concepts of both F2W and R4C are easy to grasp in seconds; they provide two valuable services with a workforce of people coming out of the justice system.
- **Share stories of impact** – and share them often.
- **Think about the other outcomes and impact achieved by your organisation alongside its core goal** – and consider if this presents new funding opportunities. R4C’s primary focus is employment for people exiting the justice system, but it delivers significant environmental benefits and provides monetary reward to people experiencing disadvantage, schools, sports clubs and any community members participating in the organisation’s Container Deposit Scheme.

- **Include programs in your fundraising portfolio that offer a source of stable, sustainable funding** – for F2W, this has been building a successful business with a growing customer base, which decreases dependence on philanthropic funding over time. A social enterprise may not be right for your nonprofit, but regular giving and gifts-in-wills are great sources of scalable long-term funding.
- **Be clear about what support funds what aspects of your work** – F2W have clearly defined that philanthropic support funds expansion and CapEx whilst their business keeps the wheels turning in daily operations. This clarity will help manage administration and expectations on all sides.
- **Think about the ‘nice to haves’ that philanthropy can fund** – F2W are earmarking items such as staff transport vehicles as potential ‘asks’ for philanthropic opportunities. It is worth having a ‘wish list’ you can access if relevant funding options present themselves.
- **Show funders you are adaptable** – as F2W were during COVID. Donors do not expect that Plan A will always run smoothly, but they do appreciate nonprofits that demonstrate problem-solving skills.
- **Consider support other than cash** – such as the Paul Ramsay Foundation Sefa course or R4C’s request for containers from F2W’s business customers.
- **Allocate time appropriately** – the F2W/R4C leadership team have increased the proportion of time they spend on philanthropic relationships during their period of expansion. If your team plans to significantly grow an area of income/fundraising, then you may need extra resources or to split your time in favour of the program you’re building (which may mean spending less time on other fundraising programs – there are only so many hours in the day).
- **Be enterprising!** That may sound trite, but F2W have grown rapidly because they put their business hats on and sought out opportunities. Nonprofits that are nimble, innovative and willing to try new ways of doing things (acknowledging they may not always work) often experience fast growth and success (and the favour of funders).

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