

## **WINNER: ANZAM CASE WRITING COMPETITION – 2015**

### **Case Study: Indigiearth: Ingredients for a thriving social enterprise**

**Danielle Logue  
Alexandra Pitsis  
Sonya Pearce  
John Chelliah**

**University of Technology Sydney**

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#### **CASE ABSTRACT**

Sharon Winsor was not intent on becoming one of Australia's leading female Indigenous entrepreneurs, it was rather unexpected. In seeking to escape from an abusive relationship and provide for her family, she turned to her knowledge of native foods and love of 'wild harvesting' from her childhood, to develop a thriving business. Her traditional knowledge of harvesting native foods led to the creation of products such as lemon myrtle sweet chilli sauce, Davidson plum syrup, and cosmetics using ingredients such as Kakadu plum, emu oil, lemon myrtle, and wild berry. Sharon finds herself in a position where increased opportunities for international expansion demand increased volume and scale from her rural operations, where she is working with Indigenous communities.

Sharon is faced with three key challenges about the future of Indigiearth:

1. How can Indigiearth achieve scale while maintaining profitability?
2. How can Indigiearth protect its competitive advantage in the face of increased local agricultural competition, as Indigenous crops increase in value?
3. How can traditional knowledge be both shared and protected for community development (jobs and wealth creation) and for future generations?

These challenges determine how Indigiearth is structured and organized, with whom Sharon needs to partner to develop the Indigenous food industry, and how it will need to work with stakeholders on the issue of traditional knowledge while meeting the growing needs of the company. Sharon has a passion for her native products and wanted to preserve the knowledge and respect that goes into her products – the dilemmas she faced put her under immense pressure.

## CASE

### Indigiearth: Ingredients for a thriving social enterprise

#### EARLY DAYS OF INDIGIEARTH

Growing up in Gunnedah and Coonabarabran in NSW, outback Australia, Sharon remembered her Mother taking her 'wild harvesting'. Here she would fill her stomach with food from the bush, 'bush tucker' as it was described, giving her the energy she needed for all that her childhood had in store. These were beautiful days that she would later recall to see her through some dark and difficult times. As a child, she loved wild harvesting and this developed into a great passion for native foods. From there she also developed a deep desire to explore the extraordinary fruits, plants, vegetable and nuts and how these could be used creatively in food and other items.

Many years later as an adult, she endured an abusive partner and lack of resources – which made her put her energy in making a better life for herself and the future of the child she carried. Sharon, being a Ngemba Weilwan<sup>1</sup> woman, had drawn courage from the things her Mother had taught her; how to be strong, persistent and determined and how to have a better life.

With her great love and connection to her culture, Sharon established a small catering company in 1996 called Thulli Dreaming, this company also offered traditional dance performances from the Ngemba tribe and cultural awareness training. This business was small scale for the first eight years with most of the catering activity taking place in her home kitchen. As the business began to grow, Sharon employed casual staff on an ad hoc basis, but most of the time the work was left to her. Over the years, Sharon began incorporating other products that maintained the heart of Indigenous spirit and her business began to grow in ways she hadn't imagined.

In 2010, Indigiearth was launched officially. Thulli Dreaming had transformed into Indigiearth, continuing to provide cultural services, but now also offered a range of contemporary skincare and food products and natural bottled spring water<sup>2</sup>. Meeting the demand for her native produce required her business to scale. Sharon now employs 5 full time staff and 3 part time staff. After developing into a larger business, Indigiearth relocated in 2012 to a regional wine and food growing area in Australia called Mudgee<sup>3</sup>. **See Exhibit 1 – Map of Mudgee.**

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<sup>1</sup> Ngemba Wailwan is a tribe who inhabited the area between Gilgandra and Brewarrina but centred around Warren and the Macquarie Marshes in NSW, Australia.

<sup>2</sup> <http://indigiearth.com.au/collections>

<sup>3</sup> <http://www.visitmudgeeregion.com.au/locations/indigiearth>

## INDIGIEARTH TODAY

Indigiearth is an Australian Propriety Company Limited by Shares. The company is wholly Indigenous owned and operated and is also a Traditional Aboriginal Dance Company.

As someone who ran a profitable business, Sharon focussed on being competitive and *“showing we were as good as anyone else....we didn’t want any handouts...”*. Sharon simply wanted to make sure the food and agricultural techniques of her people were not lost, and that her community could prosper. In this way, Sharon is often described as a social entrepreneur. This focus on applying business solutions to social problems reflected the concept of social entrepreneur that emerged in the 1980s, popularised by the work of Muhammad Yunus (the Nobel-Prize-winning professor who pioneered the concept of microfinance).

The early days of any start-up are challenging. Sharon received advice early in her business life from a government agency who advised her that Thullii Dreaming could only function as a “hobby”. This made Sharon’s life difficult as she attempted to access financial support, common to all entrepreneurs seeking to scale. As Sharon recalled “...When I first started there wasn't a lot of support around in the community, so I had to find those positive things within close proximity of me, of wanting to develop and grow - there wasn't a lot of growers. There wasn't a lot of support for small business - Aboriginal business particularly back then. It was finding that - there wasn't much around, so I just had to dig deep and I really believed in what I wanted to do. My passion for it just overcome anything else and just kept me going to do it.” An early contract with a large hotel chain for her cosmetic products provided Sharon with early stage capital to expand. As the Indigiearth website states:

... Our extensive range of Indigiearth Natural Earth Products has been developed specifically for the hotel and tourism sector. Launched in 2010, Indigiearth Natural Earth Products hotel amenities bring a luxurious new twist to guest care products. Using natural, certified organic ingredients from Mother Earth, we are able to promote and showcase all-Australian products within clean, contemporary packaging.

Indigiearth went from its initial days of being run solo, with only one staff member, to now employing six full time and five part time/casual staff. Since being established in 2010, the business has grown exponentially.

Indigiearth, in its first year of trading had business turnover of \$80K. Over the following years, Sharon’s passion and persistence paid off with success for all the hard work showing up in the figures. Turnover in 2013-14 was over \$360K, an increase from the first year of business of 450%. The latest figures for 2014-15 show an upward trend with the turnover just over \$420K, an increase of 17% from the previous year.

Indigiearth now exports to Europe, with plans to export to Japan and China. Indigiearth products have a universal appeal with many of the products unique due to the knowledge applied in creating them. **Exhibit 2 – Selected Indigiearth products.**

Recently, Sharon also established a partnership with BP, one of the world's largest energy companies. In this partnership, a range of Indigiearth's Australian native products were sold in selected BP stores nationally. The partnership and sale of Indigiearth products saw 50 cents from each product sold at selected regional BP sites going towards supporting the Australian Literacy and Numeracy Foundation's (ALNF) early language and literacy program for Indigenous children.<sup>4</sup>

### **ON BEING AN INDIGENOUS ENTREPRENEUR & PROTECTING INDIGENOUS KNOWLEDGE**

Indigenous entrepreneurs in Australia face many more challenges to most other entrepreneurs. In addition to the usual blockers and inhibitors, dealing with access to finances, peer support and motivation and access to innovation networks, there are a number of embedded structural problems that add complexity and difficulty (Foley 2006). These include a lack of resources, networks and access to business mentors who can assist in giving advice and support on best practices for actualising the products and services of the Indigenous entrepreneur. In addition, there is also a level of racism experienced (Foley 2006)<sup>5</sup>, as Sharon points out "There's racism from other people... - one example I've had is from a corporate company - is I've had - and quite a senior executive...who had asked me why would I even identify as being Aboriginal when I could pass as being white fellow and why would I even bother".

A core part of Sharon's competitive advantage is Indigenous knowledge and harvesting practices that are used to develop her products. Indigenous knowledge and Indigenous foods is symbiotic, both exist because food is a manifestation of culture by acts of harvesting and consumption. In fact this is replicated the world over in many cultures and nuanced by regions and groups. Native food, hunting and cooking practices are integral to Aboriginal culture, often part of stories handed down over thousands of years, reflecting stories of country and people. In addition, beyond protecting traditional knowledge systems, given current concerns about agriculture and its effect on climate, Indigenous harvesting methods may also provide more sustainable practices for the Australian landscape.

Yet, protecting and commercialising Indigenous knowledge is a challenging issue facing many countries<sup>6</sup>. For example, Indigenous knowledge still struggles to attract intellectual property protections which could provide many opportunities as assets for Indigenous communities. Marinova et al (2006) identified the world's first case of intellectual property accreditation process that allowed Indigenous people known as Kutkabubba in sandalwood

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<sup>4</sup> [http://www.supplynation.org.au/resources/BP\\_Indigiearth](http://www.supplynation.org.au/resources/BP_Indigiearth)

<sup>5</sup> See Indigenous Australian Entrepreneurs: Not all Community Organisations, Not all in the Outback D. Foley Discussion Paper No. 279/2006

<http://caepi.anu.edu.au/Publications/DP/2006DP279.php>

<sup>6</sup> <http://frankellawyers.com.au/media/report/culture.pdf>

territory to be recognised as 'traditional owners' of land and for their management, and knowledge of sandalwood. In addition they were also given a share of the profits for the commercial activities involving the commercial aspects of the sandalwood oil. Marinova et al (2006) reported that "...Indigenous knowledge is often defined as being holistic and collectively owned, and an appropriate protection should allow for maintaining the cultural and physical environment that has generated it. The current ways of protecting intellectual property are limited in their scope for recognizing indigenous rights to indigenous knowledge" (Marinova et al, 2006:587).

Like other Indigenous cultures across the global context, Sharon, handled with care her private knowledge of the land, her culture and the special knowledge of harvesting and caring for crops that are critical to her business.

Sharon uses technical knowledge passed down to her over the years to coordinate the many activities around wild harvesting. Sharon also enhances this with intuitive skills and goes on to say:

"I always do things culturally appropriate first - and if it feels ok, then I progress. If I get a bad feeling and it doesn't feel right, I just won't do it. My culture and spirituality has always guided me through on my journey. Whether it is personal or business - that's who I am and I have to stay true to that".<sup>7</sup>

## **INTERNATIONAL MARKET GROWTH AND EXPANSION**

In 2005 it was estimated that the fledgling native food industry was worth an around \$14 million annually. The CSIRO scientists believe export for native foods is yet to reach its full potential<sup>8</sup>. More recently, Michael Clarke, Principal Researcher on the Australian Native Food Industry Stocktake in 2012 outlined that:

"With large international companies such as Bonne Maman creating products to include Australian native species in their products, plus interest from The United States, Europe and many Asian countries, the demand could well exceed those expectations and continue to increase at a rapid rate,"<sup>9</sup>

One of the issues that emerged in terms of developing a healthy delivery to the international market rests on the ability to find good supply sources for the manufacture of products now in demand. Dr Ryder from the CSIRO reported that the export potential is yet to be realised because it can't be guaranteed regular supplies of high quality produce. Another critical issue identified was the need to find better ways to commercialise native foods before they are appropriated overseas and sold back to Australia and other export markets.

There are unique issues that Sharon faces in the international expansion of Indigiearth, especially in obtaining the food and cosmetic ingredients, some which are short in supply

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<sup>7</sup> Sharon Winsor, CEO/Founder Indigiearth, project communications (21 July 2015)

<sup>8</sup> [http://www.clw.csiro.au/publications/farming\\_ahead/2005/7-9%20FA%20MAY%202005\\_160.pdf](http://www.clw.csiro.au/publications/farming_ahead/2005/7-9%20FA%20MAY%202005_160.pdf)

<sup>9</sup> <http://www.foodmag.com.au/Features/The-Australian-native-food-industry-the-next-big-b>

and require specialised knowledge for their production. Sharon plays a key role in developing and encouraging other Indigenous communities to establish their own businesses, Sharon says:

“A lot of the products, especially the native jams and the sauces and the chutneys I source the native fruits back from Aboriginal communities around the country where I can..and where I can’t, I’m actually helping some communities set up their own native produce business, or you know, wild harvesting so that we can purchase fruits back from communities and the income, employment stays in their own communities”<sup>10</sup>

In addition Sharon needs to consider bringing on board the right type of investors and partners. These issues build a complex momentum where Sharon needs to consider the tension between maintaining traditional agricultural techniques and meeting demand. At the same time this great opportunity for expansion appears in tension with the desire to scale and build a sustainable supply chain.

As Sharon develops a strategy for international expansion, she requires additional investors in order to finance a growing business. These finances are required to purchase new equipment for the production and packaging; also more staff to access more suppliers and development of a larger scale sales framework. After winning a number of prestigious awards, is Sharon is ready to embrace expansion?

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<sup>10</sup> [https://www.youtube.com/watch?v=l\\_S7g7I99w](https://www.youtube.com/watch?v=l_S7g7I99w)

## SUMMARY

In summary, Sharon faces the following critical questions:

1. How can Sharon structure her operations to ensure the supply of native foods, in gaining more certainty in the value chain, but also to ensure the protection of traditional knowledge?

Sharon can organize operations and supply of native food by focusing on the concepts of share value. The case study illustrates how pursuing shared value is much more than social entrepreneurs trying to balance financial and social goals. As a strategy this involves reconceiving products and markets, redefining productivity in the value chain and enabling local cluster development. These elements can tease out aspects relating to how to improve the protection of traditional knowledge by allowing a focus on various levels of the value chain and its relationship to local issues that drive supply.

2. What are the challenges in scaling social enterprises? What are the advantages over other forms of start-ups in attracting investment?

The case study explores the scale and size of social enterprises and how the social mission (of Indigenous development and protection of Indigenous knowledge) is a competitive advantage. Discussions around how dual missions function in an organizational form (often called 'hybrid organization'), in addition to the emergence of new legal corporate forms for such hybrid organizations (for example, Benefit Corporation in the USA, and Community Interest Corporations (CICs) in the UK. Selecting a legal structure and forms a common challenge for social enterprises with significant impact on investment and growth options. This connects to the recent global emergence of impact investors, and access to impact investing markets, as another consideration for social enterprises seeking scale. Other challenges include human resource management and recruitment, and the management of customers and beneficiaries.

3. How can Indigiearth protect its competitive advantage, and traditional knowledge, in the face of increased local agricultural competition, as Indigenous crops increase in value?

The case study illustrates broader economic and societal issues of the commercialization of indigenous knowledge – facing many countries. Discussion may include that it was its first mover advantage; responding to industry demand for native foods; low barriers to entry and teasing out that the combination of social purpose and profit make it competitive and a barrier to entry for others. Sharon may include a competitive strategy on how to differentiate and legitimate her organizations against traditional for-profit firms in existing markets, especially in building barriers to entry, and also in creating new markets.

4. What issues are faced by Sharon to grow her business to include international expansion?

There are many critical concerns for Sharon when it comes international expansion of Indigiearth. These relate to how ingredients for her products are sourced i.e. food and cosmetic ingredients. As outlined in the case study, regular and consistent supply of some of the ingredients are in question. Sharon may need to consider new ways of sourcing ingredients by liaising and collaborating with Indigenous communities to further establish enterprises aligned with her ethos. This would include a sensitivity to the issues of supply chain, availability of crops, cycles and socio-environmental issues that could affect availability of key components needed for expansion of Sharon's business.



**Exhibit 1 – Maps of Mudgee**



**Australia: arrow pointing to Mudgee**

## Exhibit 2: Selected Indigiearth products

### Selection of Native Skin care products



### Selection of food products



### Exhibit 3

Sharon Winsor has been nominated for the prestigious 2014 Telstra women in business award, recognising her success and perseverance in developing a range of genuine products showcasing her Indigenous heritage under the Indigiearth label.

Indigiearth is a wholly Indigenous owned and operated company that produces a premium range of products using native Australian ingredients ingrained in traditional customs for more than 40,000 years.

Ms Winsor's success has been recognised by organisers of the Newcastle Food and Wine Expo, who have given her the opportunity to appear and offer cooking demonstrations alongside four celebrity chefs in late August.

"It is an honour to feature at the Newcastle Food and Wine Expo. I look forward to demonstrating the health benefits gained by eating the native foods Mother Earth has to offer," Ms Winsor said.

"This kind of activity is the reason why I am so passionate about what I do."

Indigiearth products include skin care, jams, spices, biscuits, teas and hotel amenities that are all ecologically friendly and made using the traditional native ingredients used in Aboriginal communities for centuries.

With the help of Supply Nation Australia, Indigiearth products can be found in regional BP service stations, several hotel chains, and duty free stores across Australia.

Apart from producing premium goods using native ingredients, Indigiearth supports regional communities by creating employment for Indigenous people.

As a community and Indigenous inspiration, Ms Winsor prides herself on sharing her culture and resurrecting the native way of life among her peers and the adolescent communities surrounding her.

Her reputation as an Indigenous ambassador and business leader saw her announced as the NSW Business Leader of the Year 2013.

She has previously been awarded the 2013 Business Leader Award, the 2010 AIMSC Supplier Diversity Award and held the privilege of becoming a finalist for the Gnunkai Indigenous Tourism Award in 2007 and 2009.

<http://www.mudgeeguardian.com.au/story/2504789/local-businesswoman-sharon-winsor-nominated-for-award/>

2013 NSW Business Leader

NSW Business Chamber



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