

FROM NEED TO OPPORTUNITY

BUILDING VIBRANT RURAL COMMUNITIES



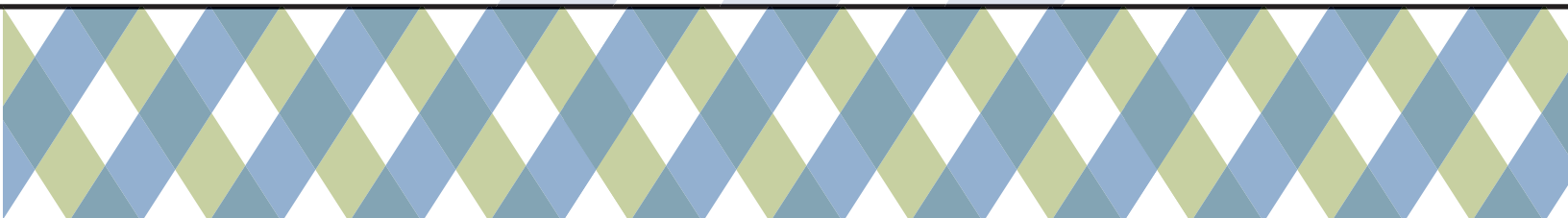
SERA - SOCIAL ENTERPRISE RURAL ALLIANCE

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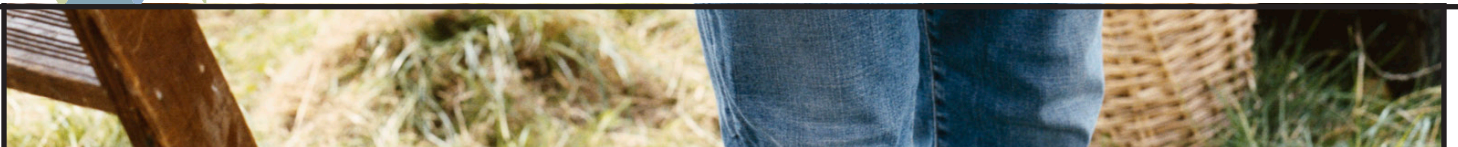
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1.0

WHAT IT'S ALL ABOUT



Canada's rural communities cannot afford to stand still. Change is inevitable, and the choices we make today will shape the potential of the rural towns, villages and hamlets that make up our countryside.

As rural communities face converging pressures that threaten the vitality and stability of their community, social enterprises create resilience by empowering community members to affect change. Through the research that we have condensed in this guide, we hope to set out a vision of vibrant and strong rural communities that will be genuinely sustainable – socially, economically and environmentally. The current needs in our communities provide us with an opportunity to create and develop the necessary tools for rural revitalization.

Social enterprise presents an important opportunity for rural communities. It is a way of meeting needs from within the community and generating added value that blends social, environmental and economic benefits. It is not a silver bullet, but it is one important tool in the toolbox for creating vibrant communities with good jobs and thriving local economies.

Social enterprise is a business that engages in the sale of goods and services to work towards an unwavering social mission. It is a concept with strong rural roots in Canada and a proven model for meeting community needs unmet by the public or private sectors.

Rural communities have a great number of unique strengths which they bring to the development of a social enterprise, including a range of skills, a solid sense of community, and an abundance of physical and human assets. The community benefits from the enterprise through both the financial value of the goods and services it produces, but also its social and environmental impacts. Some common examples of rural social enterprises include car cooperatives, retail stores, employment and training businesses, community wellness centers, and farmers' markets.

From Need to Opportunity is a guide developed to assist interested practitioners in building vibrant rural communities through social enterprise. It is designed to inspire you and to get you thinking about the possibilities in your own community.

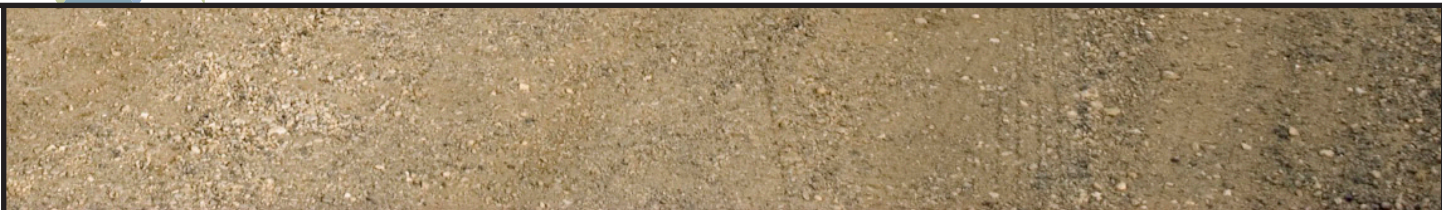
When a death occurred in the small town of Fromville, family members of the deceased were forced to pay thousands of dollars for a funeral. Many in the community could not afford the expense. Some local community members saw this need, got together and transformed an empty local church into a cooperatively owned funeral home. Now, the Fromville Funeral Co-op is a profitable social enterprise and local residents have an affordable option for holding funerals right in their community. This is just one example of how groups are finding innovative ways to turn need into opportunity by utilizing local resources.



2.0



BACKGROUND



2.1 Introduction

Through this guide, the Social Enterprise Rural Alliance (SERA) is seeking to engage and educate rural communities on how social enterprises can be developed to meet a growing list of social needs as well as job and wealth creation.

This guide provides a framework for the development of social enterprises in rural communities. The guide contains the following:

- An outline of the basic concept of social enterprise including our five principles of social enterprise;
- A sense of the need, value and opportunities for social enterprise in rural communities;
- A description of the steps of development for social enterprises guiding practitioners through useful resources and tools;
- A look at the big picture of social enterprise in Canada, the context and support, and a direction for moving forward;
- An exhibit of inspiring stories gathered from the visionary individuals and groups that are operating social enterprises in rural areas from select locations across the country.

2.2 Purpose and Scope

This guide has been designed as a resource to assist and inspire rural communities to utilize social enterprise and take action on issues of poverty, housing, education, food security, and other issues facing rural communities. By applying social enterprise concepts to a rural Canadian context, the guide will do the following:

- **Excite** - Build excitement about the opportunities to utilize social enterprise in rural communities;
- **Educate** - Educate communities about the benefits of social enterprise;
- **Prepare** - Create a resource for individuals and organizations interested in starting a social enterprise in rural communities
- **Support** - Give direction to and garner support for the development of the Social Enterprise Rural Alliance.

This guide is by no means a complete examination of all the work related to rural social enterprises in Canada. It is a starting point for exploration and a unique report which provides a framework relevant to rural practitioners in Canada.



2.3 Who is SERA?

The **Social Enterprise Rural Alliance (SERA)** has been created as a multi-sectoral, collaborative social network where participants engage in dialogue and action around rural social enterprise. The network, based in the Region of Durham, Ontario is currently in the beginning stages of development and includes academics, business people, non-profit managers, community practitioners, and local government officials.

This guide is the first step in a series of activities working to enhance the social economy and connect rural communities across Canada to build a movement for rural social enterprise. SERA seeks to become a mechanism to promote and support social enterprises in rural communities by providing technical support, networking opportunities, and knowledge to help rural communities understand and implement practical solutions to the challenges that rural Canada is facing.

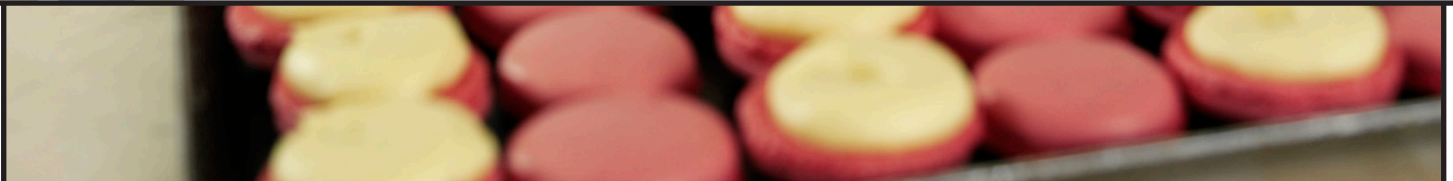




3.0



UNDERSTANDING SOCIAL ENTERPRISE



3.0 Understanding Social Enterprise

Until twenty years ago the term ‘social enterprise’ was rarely used or known in Canada, but the practice of social enterprise has been around for hundreds of years. Well known examples include co-operatives and credit unions as well as the Salvation Army’s thrift shops. These organizations work toward a larger social purpose by engaging in the trading of goods and/or services.

Recently, the concept of social enterprise has been generating a great deal of attention worldwide as hope for addressing major unmet needs of society. The following section provides a brief overview of social enterprise and introduces key concepts.



3.1 History

The historical roots of social enterprise are traced back to Rochdale, England (Institute for Social Entrepreneurs, 2008; Pearce, 2003). It was here that the first co-operative was formed in 1844 by twenty-eight workingmen as an alternative to suffering under exploitive factory owners and shopkeepers. This event marks the beginning of the growth in numbers of social enterprises in England and France (Pearce, 2003).

In the early 20th century, a movement around social enterprise emerged in Canada (Centre for Community Enterprise, 2008). A range of social enterprises surfaced as a response to the struggle against the injustices of oppressive companies and unfair prices. The social enterprises created included the organization of farmers in the Prairies, fishermen in the Maritimes, as well as co-operatives and credit unions in Quebec.

Growth in the social enterprise movement has varied across the globe, with countries in Europe, Japan and the province of Quebec having some of the most established social

economies. In the United Kingdom for example, there are more than 55,000 social enterprises, making up more than 1% of the country’s GDP (Doherty, Foster, Mason, Meehan, Meehan, Rotheroe, & Royce, 2008).

Social enterprise has been made popular worldwide by examples such as the Grameen Bank spearheaded by Nobel Prize winner Muhammed Yunus. This social enterprise was established to provide banking services to the rural poor in Bangladesh. Today, its services assist over 2.4 million disadvantaged persons manage money and businesses by giving micro-loans and providing a variety of other services.

Closer to home, examples of social enterprises include Mountain Equipment Co-op, a large consumer cooperative in several major cities that sells outdoor gear and clothing while striving to be socially and environmentally responsible; Inner-City Renovations, a non-profit renovations business in Winnipeg which provides quality jobs for 26 inner-city residents; and Potluck Café, a café and catering service which employs and trains residents facing barriers to employment in Vancouver’s Downtown Eastside.

In the early 20th century, a similar movement around social enterprise emerged in Canada. A range of social enterprises surfaced as a response to the struggle against the injustices of oppressive companies and unfair prices.

3.2 Definition

Definitions of social enterprise are still being developed and there is no one definition consistently used in conversations today. The term can be defined by a multitude of criteria including legal structure, governance structure, level of profit, and social aims.

For the purpose of this report, we adopt a definition similar to the common definition used in the UK (Doherty et al., 2008).

A social enterprise is a business engaging in the sales of goods and services to work toward a primarily social and/or environmental purpose.

Social enterprises are established to meet social needs or problems. Its social mission is central to the business and is absolutely unwavering (Armstrong, 2009). The assets and profits of social enterprises are used to create community benefits furthering the social mission, unlike typical corporations where the main purpose is to generate wealth for its shareholders.

Social enterprises meet social needs directly through their products or services, rather than indirectly through socially responsible business practices, such as corporate philanthropy or environmentally friendly operations, or through the unrelated business activities of non-profits (Centre for Social Enterprise, 2008).

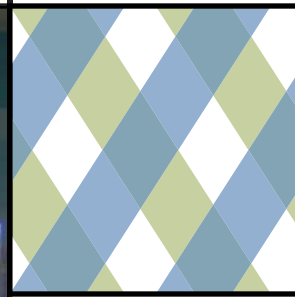
Social enterprises can also be called social business enterprises, non-profit enterprises, social economy businesses, social purpose businesses, or social ventures, although some researchers and practitioners make distinctions between these terms.

A number of writers and organizations define social enterprise as the trading arm of the third or non-profit sector (ECOTEC, 2003), such as when a non-profit engages in the sales of goods or services to fund their core organizational activities. Others go further and define social enterprises as strictly those organizations that seek to provide employment for disadvantaged persons.

In this guide, we do not constrain social enterprises to belonging to a specific sector or organizational type. A wider definition allows for the development of a stronger movement that promotes a variety of innovative, alternative business models best suited to address the wide range of social needs existing in rural communities across the country. For our purposes, developing arbitrary boundaries around what is a social enterprise is not particularly helpful. It is really a matter of who identifies with its concepts.

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3.3 A Business with Principles

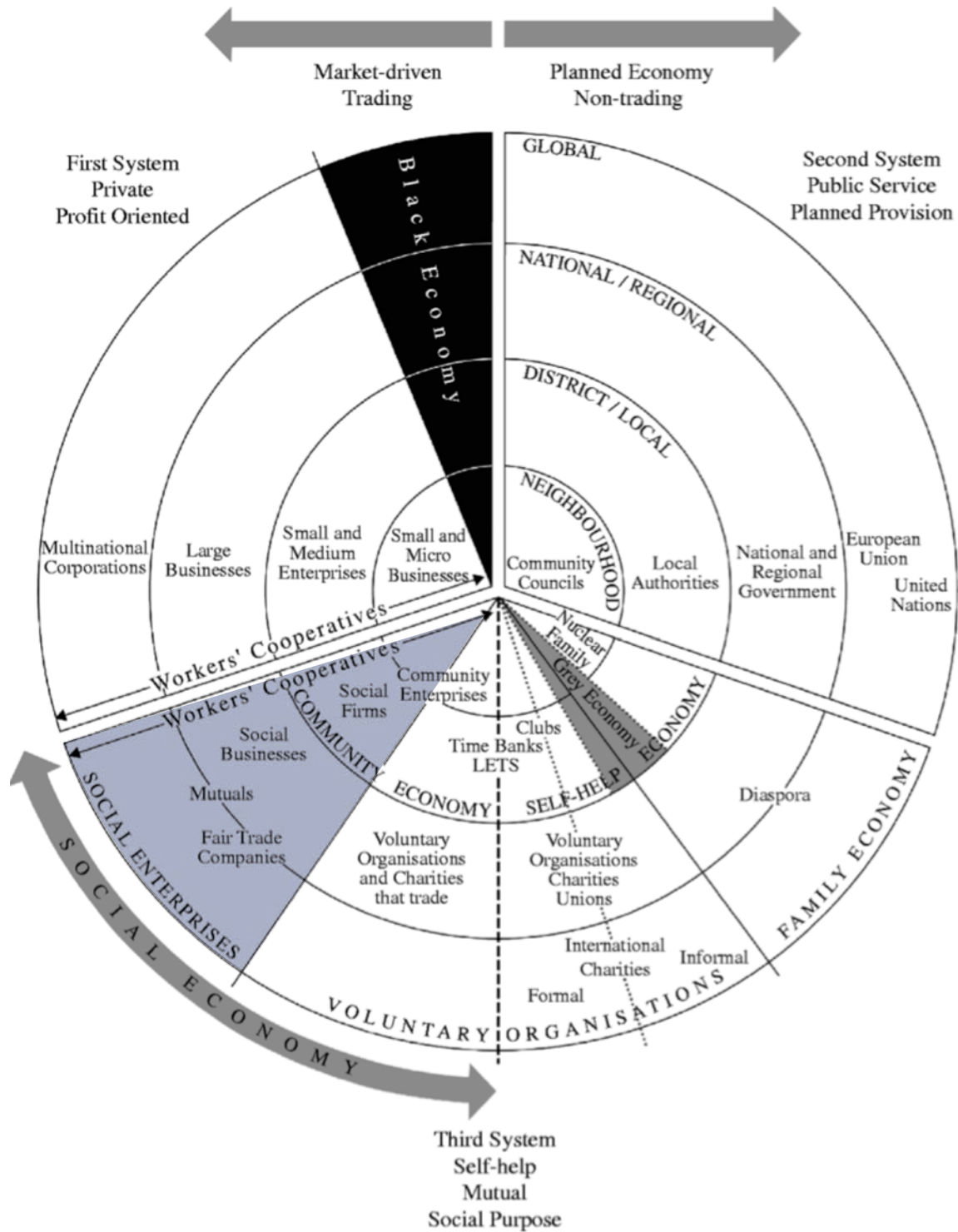
Below are five guiding principles for social enterprises developed out of interviews with social enterprise practitioners across the country:

1. **Social enterprise is a hopeful and dynamic tool used to meet community needs.**
2. **Social enterprise finds opportunities in social, environmental and economic challenges.**
3. **Social enterprise empowers communities to address their needs from within.**
4. **Social enterprise is a hybrid business model that commits to the pursuit of multiple bottom lines.**
5. **Social enterprise uses its assets and profits for community benefit and is accountable to the wider community.**

3.4 Place in the Wider Economy

Social enterprises are part of the wider social economy with most falling between the private market and the public sector, to what is often referred to as the non-profit or third sector. However, social enterprise can also operate within the boundaries of the private and public sectors.

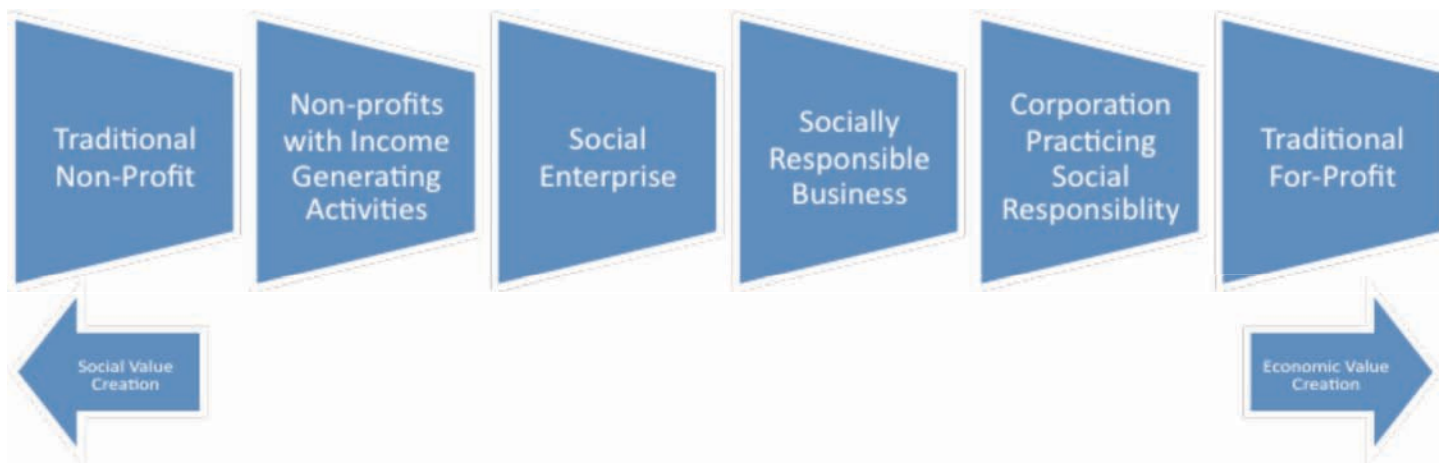
As illustrated below, Pearce (2003) separates the economy into the private, public, and mutual (or third) systems. He also distinguished between the market driven economy and the planned economy. This diagram is useful to see where social enterprises fit in the larger economy and the variety of social enterprises that can exist.



Three Systems of the Economy Model (Pearce, 2003)

The figure on the previous page also shows the range of social enterprises that exist (although the model was developed in the UK). Examples of social enterprises that Pearce identifies include fair trade companies, mutuals, social business, social firms, community enterprises, and workers' cooperatives. Certainly the boundaries that he creates are blurry in practical application.

When thinking about business as a spectrum with emphasis toward social value creation on one end (typically relying on government and foundations for income) to emphasis toward economic value creation on the other (relying on the sales of products and services for income), social enterprises operate in the grey area between traditional non-profits and the for-profit sector. The figure below shows where social enterprise fit's in the business spectrum.



The Social Enterprise Spectrum (Dees, 1998)

TIP:

For many non-profits, starting a social enterprise requires a significant cultural shift as they take on entrepreneurial attitudes, sales goals and investment evaluations.



4.0



OPPORTUNITY FOR RURAL COMMUNITIES



4.1 Why Social Enterprise?

As many rural communities face major threats with little resources, social enterprise can provide positive contributions to the social, environmental and economic fabric of rural communities. Social enterprises can be a tool to achieve a wide range of social goals using a self-financing model.

4.2 The Need

“What does an entrepreneur do? The first thing is they’ve given themselves permission to see a problem. Most people don’t want to see problems. Once you see a problem and you keep looking at it you’ll find an answer.”

– Bill Dryden, Founder of Ashoka

Rural communities across the country face a range of pressures including disappearing primary industries, low-incomes, out-migration of youth to urban areas, aging populations, lack of affordable housing, increasing unemployment, disparity between the rich and the poor, environmental degradation, and downloading from provincial and federal governments. With limited resources, the vitality and stability of these communities are being threatened. This combination of social and economic needs in rural communities can be met simultaneously through social enterprise.

As the social safety net deteriorates and the public sector is deemed too costly and ineffective to address many needs in rural communities, new ways of addressing these social, environmental and economic problems must be sought. Economic restructuring and a renewed focus on social and environmental outcomes are required to tackle current community needs unmet by the private or public sectors. Social enterprise is a proven model as communities work toward wealth and job creation, economic diversification of the local economy, and sustainable development.

One Rural Example – Durham, ON

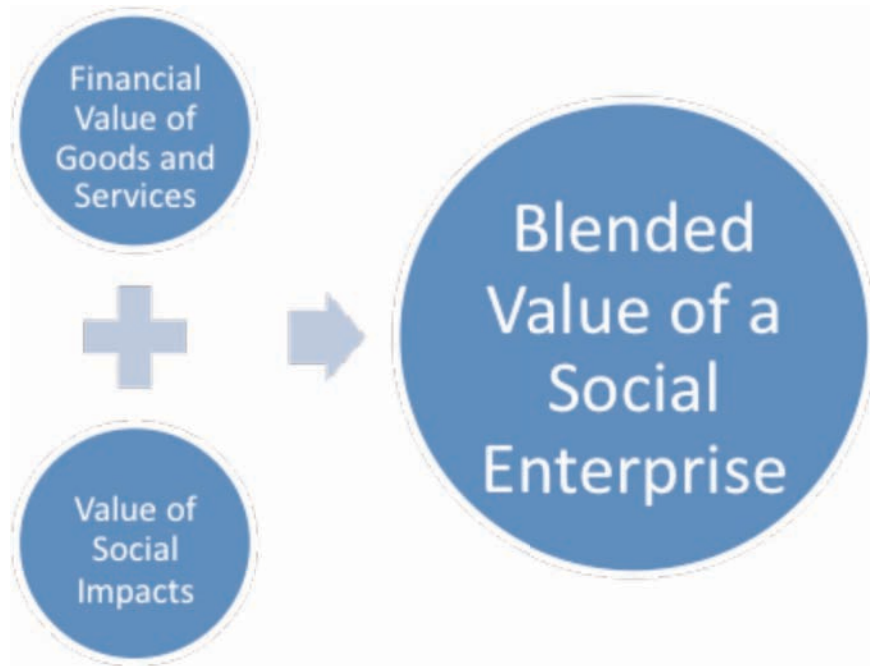
In the north part of Durham Region where SERA was conceived a first impression of wealth conceals a more complex truth in this rural area. According to the most recent census conducted in 2006, Brock Township experienced a 1.1% population decrease since 2001, compared to a 10.7% increase in the Region of Durham and a 6.6% increases in the Province of Ontario. Statistics show that only 35% of the employed labour force, 15 years and older living within Brock Township remain in the township to work. Many, until now, have commuted south for employment in the automotive manufacturing sector and the recent downturn has resulted in many jobs lost locally. In addition, North Durham also shows an increasing vacancy of industrial and commercial buildings, and recent Greenbelt Legislation and the Lake Simcoe Protection Plan will considerably limit future household growth in the northern townships (Brock, Scugog and Uxbridge).

In addition, non-profit organizations across the country have recently been facing diminished government funding and are struggling to find the necessary financial support to meet their social missions. Many non-profits see social enterprise as a method to further their social missions, utilize valuable organizational assets to generate revenue, and diversify funding sources (Enterprising Non-Profits, 2005).

Check out the story on Parrsboro Band Association on page 55 for an example of a community that is coming together to address local needs by establishing innovative social enterprises.

4.3 The Value

Social enterprises in their very nature deliver multiple benefits simultaneously, providing social, environmental and economic value. The benefits of a social enterprise go beyond the goods it sells or the services it provides. Everyone in a community can benefit from the development of social enterprises: public authorities, the business community, voluntary and community organizations, and individual residents. Social enterprises have blended value, not only the financial value of the goods or services provided, but also its positive social impacts.



As the mission and operations of these enterprises differ widely, social enterprises do not all deliver the same benefits, yet many commonalities can be drawn. The Plunkett Foundation, a UK based organization that promotes and supports co-operatives and social enterprises in rural communities worldwide, broadly classifies rural social enterprise as falling into three categories: community service, rural collaboration, and community development (Plunkett Foundation, 2007).





Some of the key benefits that social enterprises can bring to rural communities are listed below:

- **In many rural areas, the financial reward for providing services can be marginal, making it unattractive to mainstream businesses. Social enterprises present a promising vehicle to provide these services as they recognize the added social and environmental values.**
- **Social enterprises provide innovative ways of achieving a variety of social objectives by making connections across functional boundaries.**
- **Social enterprises create a revenue generating business that creates funds to support a social mission.**
- **Social enterprises offer control over services instead of having services dictated by funders.**
- **The entrepreneurial culture that is created around social enterprise is arguably one of the most valuable results as it inspires creative, solutions-focused problem solving.**
- **Social enterprises are rooted in local communities. They are often locally owned and aware of local needs and aspirations, helping to contribute to vibrant local economies and larger community goals.**
- **A great number of social enterprises maintain meaningful employment and training opportunities, creating real wealth for community members who are currently ignored or undervalued in the labour market.**
- **Social enterprises can help non-profit organizations diversify traditional sources of funding to be less reliant on grants and public subsidies. This can also increase organizational capacity, improve reputation and attract donors (Enterprising Non-Profits, 2008).**
- **Social enterprises create informal social support networks and this interaction can bring a sense of belonging and safety to the community.**
- **There are many opportunities in social enterprise for individuals and groups who want the challenge and satisfaction of running a successful business, while working for a social purpose.**

Social enterprise's future role in creating and maintaining strong rural economies could be critical to the development of sustainable and vibrant rural communities – with real social, economic, employment and environmental benefits. A strong local economy can help to tackle social disadvantage and social exclusion in rural areas as well as support the social and financial wellbeing of its residents by providing meaningful employment opportunities that can help address existing low rural wages. A vibrant rural economy can offer those living in rural areas better opportunities for work in their local communities, helping to reduce the out migration of younger people and retain skilled future graduates through more and better quality local employment.

4.4 Social Enterprise as Empowerment and Democracy

Social enterprise is about giving community citizens a voice and control over local decisions and services (Plunkett Foundation, 2008). ***It is a way of shifting power, influence and responsibility into the hands of communities and individual citizens.*** Social enterprises help local citizens affect change in the larger systems in which the community operates. It is a way to increase the number of active citizens helping to run local services. Often people want to be involved and have their say, but the structure and culture of politics and business in the community alienates and deters them (Plunkett Foundation, 2008).

Social enterprises help to develop good community spirit and a local sense of belonging and place. They empower individuals and groups of people by providing a way they

Social enterprises help to develop good community spirit and a local sense of belonging and place. They empower individuals and groups of people by providing a way they can affect positive change in their own communities.

can effect positive change in their own communities. There are many inspiring individuals and community groups who have taken collective action to bring about change through social enterprise.

When citizens are able to have a greater amount of local control, this creates resilience in these rural communities, as local collective action is one of the most effective ways of tackling rural needs and maintaining a vibrant rural community life over the long-term. In addition, historic evidence indicates that significant community development takes place only when local community people are committed to investing themselves and their resources in the effort (Kretzmann & John McKnight, 1993), such as through social enterprise.





4.5 Possible Market Opportunities

The market opportunities for rural social enterprises are vast, demonstrated by the large variety of successful enterprises that currently exist. Each opportunity needs to be assessed depending on its local market and the resources available to meet the need. Market opportunities for social enterprises exist where there is overlap between social needs and business opportunities. To further investigate opportunities, market research must be done to conduct an environmental scan, assess competition, as well as analyze threats and opportunities for the venture.

The following are possible areas for successful rural ventures that both address the need in rural communities and offer possible viable business models.

- Transportation
- Affordable housing
- Agriculture and food security
- Seniors' services
- Health and social services
- Household services
- Community facilities
- Communications (e.g. internet)
- Recreation activities
- Waste management
- Utilizing natural lands
- Arts and crafts
- Carbon credits/offsets
- Education programs
- Child-care
- Green energy
- Youth engagement
- Financial services
- Tourism

Example Market Opportunity 1: Transportation

Many rural communities are faced with a lack of public transportation leaving those without the ability to drive or without access to a vehicle with very limited mobility. The hardship associated with reduced mobility is often heightened because of the isolated and dispersed nature of these communities and the limited availability of services. Effective enterprise-based models of rural community transport can provide choices for the movement of people and goods which can contribute to a vibrant and sustainable rural community.

The Plunkett Foundation looked at some possible business models to provide transportation solutions. The five generic types of community transportation operations that use social enterprise approaches are: community-owned minibus, community-owned village routes, community mini-bus hire services, community transportation services and social transportation services (Plunkett Foundation, 2006). Another model is co-operative car share programs such as Nelson Car Share Cooperative, located in Nelson, BC, which is discussed further on page 56. The Plunkett Foundation (2006) found that it was difficult for many of these enterprises to sustain operation without some grants or subsidies.

Social enterprise approaches to maintaining a strong local food industry is thus becoming an increasingly popular and important sector for farmers and consumers alike.

RESOURCE:

Foodshare has produced a great guide to developing a good food box in your community. Check it out here:
http://www.foodshare.net/publications_04.htm

Effective enterprise-based models of rural community transport can provide choices for the movement of people and goods which can contribute to a vibrant and sustainable rural community.

RESOURCE:

The Plunkett Foundation has produced a valuable document outlining enterprising approaches to rural community transport. The document can be found at:
<http://www.plunkett.co.uk/templates/asset-relay.cfm?frmAssetFileID=269>

Example Market Opportunity 2: Food Security

As large big box stores and supermarkets are lowering food prices and taking over more and more of the food industry, connections between farmers and consumers have disappeared and the number of small farms has decreased over the last decade, greatly affecting the livelihood of many rural communities.

Social enterprise approaches to maintaining a strong local food industry is thus becoming an increasingly popular and important sector for farmers and consumers alike. The benefits of “eating local” are numerous: farmers are paid a fair price for produce, ‘food miles’ are reduced -the distance between the farm and the consumer-, community members are reconnected to their local farmers and the food they produce, as well as, local economies experience a boost.

The various forms of local food social enterprises across Canada range from bulk buying “Good Food Box” programs, local food delivery services, farmers markets, pocket markets, producer and consumer co-operatives, and community supported agriculture (CSA).

Equiterre in Quebec, is Canada’s largest CSA organization, delivering to an estimated 20,000 people at over 300 locations in Quebec. A variety of other similar programs exist across Canada and many are looking to develop social enterprises within their foundation, as a way to become economically self-sustaining. According to Foodshare, a Toronto based program, over 20 new Good Food Box programs have been instigated in the last ten years in Ontario alone.

One example is the Huron Good Food Box which provides Huron County residents with local vegetables and fruits monthly. It is a community-based project that relies on volunteers. It buys in large quantities from local producers allowing consumers to get better pricing.

4.6 Assets of Rural Communities

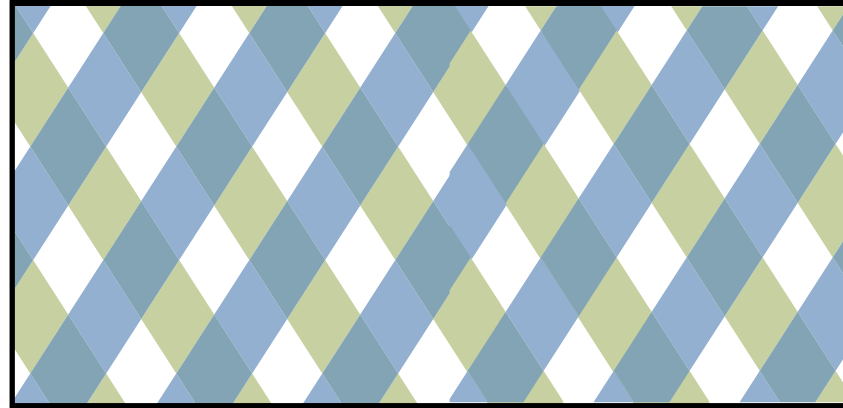
Rural communities have a great number of strengths that they bring to the development, operation and growth of social enterprises. Each community boasts a unique set of assets upon which social enterprises can be built.

First and foremost, rural communities have a number of very skilled residents who are committed to improving their community. A simple inventory of skills and capacities of local residents would show a vast and often surprising array of talents and skills that could be mobilized in a social enterprise. Also, it is common that individuals living in rural areas have an independent, enterprising attitude that enhances the culture of the social enterprise sector.

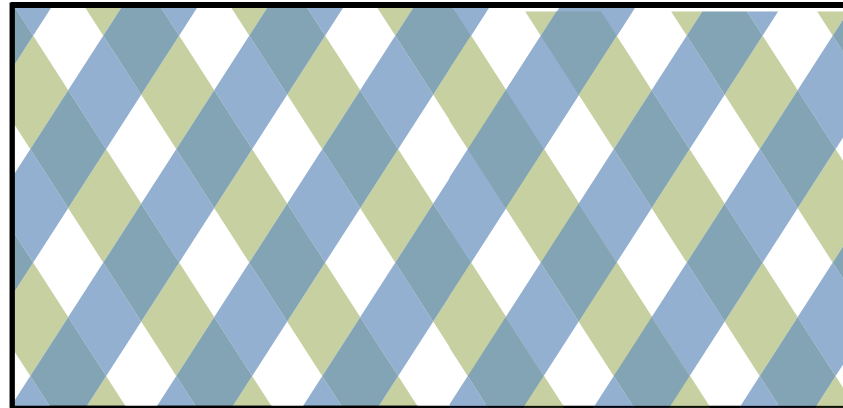
Many rural areas have a solid sense of community: people know their neighbours and they have close connections with many local organizations and their local municipality. There also tends to be more public awareness and “buy-in” into the need to support local enterprises and individuals making it easier to attract employees, volunteers, board members, and customers.

Rural communities have an abundance of physical assets, but often not the infrastructure, that are very different from their urban counterparts including an array of natural resources such as land, fields and forests. The rural environment supports a diverse array of economic opportunities.

One example of a social enterprise built from community assets was the Revelstoke Community Forest Corporation based in the town of Revelstoke, B.C. It is a community-owned forest corporation that took advantage of an opportunity to secure forest land in efforts to maintain local control over resources.



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TIP:

One widely used tool for identifying rural community strengths is called “community asset mapping”. This is a valuable tool for social enterprise as it involves collecting an inventory of all the good things about your community that can be used to collectively strategize about how to build on the assets through social enterprise in order to sustain and enhance them for future generations.

5.0

GUIDE TO DEVELOPING A SOCIAL ENTERPRISE



5.0 Guide to Developing a Social Enterprise

The process of developing a social enterprise is both extremely challenging and very rewarding work (Toronto Enterprise Fund, 2008). Just as starting a traditional business requires thorough consideration, careful planning and a range of resources, so too does starting and developing a social enterprise. In addition to traditional business planning, social enterprises also require additional considerations in efforts to blend social and economic value.

5.1 Design Options

There are many commonly discussed design options of social enterprise that can help to conceptualize possible models and forms social enterprises can take on.

The dimensions of social enterprise include:

- Purpose and motivation
- Social and economic aims
- Legal structures
- Enterprise integration
- Mission orientation
- Profit orientation
- Governance



5.1.1 Purpose and Motivation

Social enterprises sell many different products and services, filling a multiplicity of purposes from providing affordable seniors housing, to recycling, to providing funeral services for those who are typically excluded from the labour market.

Social enterprises have a range of operating motivations and satisfy multiple purposes. One demonstration of this is SARCAN Recycling's "triple E" benefit. This recycling division of the Saskatchewan Association of Rehabilitation works toward: employment creation, economic benefit of turning waste into dollars, and environmental benefit of taking products out of the waste stream.

Based on the operating motivations, the mission is developed, becoming one of the most important defining characteristics of the social enterprise.

TIP:

Developing a bold mission statement for the social enterprise with stakeholder input and buy-in can help to simplify decision making within the organization over the long-term.

5.1.2 Social and Financial Aims

The social enterprise spectrum highlights the pursuit of the double bottom line. The spectrum depicts the options that social enterprises face between ‘purely philanthropic’ goals and ‘purely commercial goals’. Dees (1998) goes on to suggest that there is not necessarily a dichotomy in meeting these social and financial goals, rather it is more of a continuum with many shades of grey. There is of course tension between social and financial aims of a social enterprise and many social enterprises see themselves in different places along the spectrum below.

		Purely Philanthropic	←————→	Purely Commercial
Motives, methods, and goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key stake-holders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

The Social Enterprise Spectrum (Dees, 1998)

TIP:

It is important to have conversations among decision makers and stakeholders about the trade-offs that exist within the operations of the social enterprise.

5.1.3 Legal Structures

Given the lack of regulation around social enterprise in Canada, social enterprises in Canada can take on a variety of different traditional legal structures. These include:

- sole proprietorships
- partnerships
- corporations
- co-operatives
- non-profits
- registered charities
- non-profits or charities that own a for-profit businesses (Bridge & Corriveau, 2009).

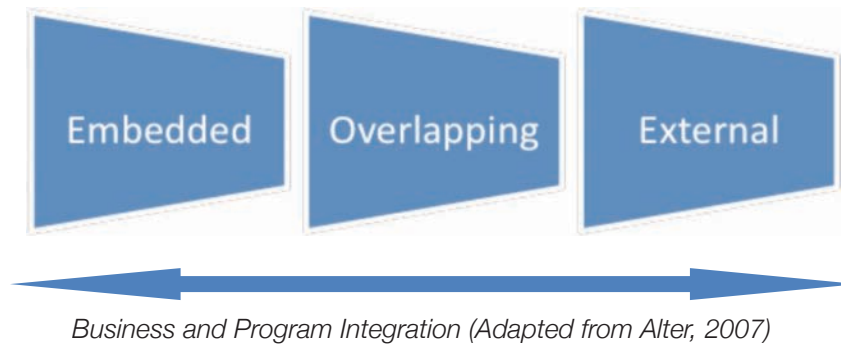
Additionally, some social enterprises take the form of an unincorporated association. Social enterprises can also be carried out as programs, projects, joint ventures, or other agreements.

TIP:

Consider the option of having the social enterprise become a registered charity, but ensure you understand all of its limitations. For more information see the *Legal and Political Context* section.

5.1.4 Enterprise Integration

A social enterprise can be a stand-alone organization or project or division of a parent organization. Most social enterprises in Canada are created through existing non-profit organizations, but as mentioned above there are many different structures. The degree to which a social enterprise is integrated into its parent entity (if a parent entity exists) ranges from embedded to overlapping to external (Armstrong, 2009).



This integration is determined by the strength of the links a social enterprise has with its parent organization (if a parent organization exists). For example, the Good Food Box Program that operates out of Foodshare in Toronto is directly embedded in the operational activities and resources of other programs at Foodshare and the organization as a whole. However, the East End Food Co-operative in Vancouver is its own legal entity, registered as a cooperative.

TIP:

When determining the structure of the social enterprise related to its parent organization, brainstorm the effects various structures will have on existing programs and operations.

5.1.5 Mission Orientation

The mission orientation of a social enterprise also determines how integrated it is with its parent organization. This can range from mission-centric to mission-related to mission-unrelated (Armstrong, 2007). Mission-centric is when a social enterprise is created for the purpose of advancing the mission of the organization using a self-financing model. Mission-related is when a social enterprise is somewhat related to the core social services of an organization. Mission-unrelated is when profit is the main motivation for creating a social enterprise that is not connected to the mission of the parent organization.



Range of Mission Motive (Armstrong, 2007)

For example, the non-profit organization Free the Children has developed a social enterprise called Me to We Responsible Style which sells ethically manufactured apparel. Free the Children's mission is to empower children in North America to take action to improve the lives of fellow children overseas. Thus, a social enterprise selling ethical apparel is arguably mission related for Free the Children.

TIP:

Social enterprises that are more closely aligned with the mission of their parent organization tend to have higher success rates because they have more organizational support and much of the knowledge and resources needed to carry out business already exist.

5.1.6 Profit Orientation

As mentioned previously, the level of profit orientation varies between social enterprises and this can depend on the legal structure of the organization. Quarter (1992) discusses non-profit social enterprises and distinguishes a social enterprise from a social economy business. He defines a social enterprise as a business that earns only a portion of its revenue from the market and the rest from supplemental assistance (such as grants, government funding, incentives, donations, and so on), whereas a social economy business earns its total revenue from the market.

One example of a social enterprise that relies heavily on supplemental assistance is the Nelson Women's Centre. It uses grants from the British Columbia Gaming Commission to fund the wages of its three employees. On the other end of the spectrum is the Right Stuff, a youth collating business that records profits of around \$14,000 a year after all expenses. For the purpose of this guide, both of these examples are included in our use of the term social enterprise.

A social enterprise can be financially self-sustaining, but many social enterprises struggle to make a profit. This often occurs because of the higher costs social enterprises may face to achieve their social purpose such as supporting employees that face barriers or sourcing out socially equitable/environmentally friendly products. The level of profit of a social enterprise may also change as the enterprise goes through the various stages of development and growth.

TIP:

It is important to be realistic and conservative when evaluating the feasibility and projecting the profits of social enterprises.

5.1.7 Governance

Many suggest that one unifying feature of a social enterprise is a democratic governance structure through either member ownership or stakeholder representation in organizational decision making (Pearce, 2003). In social enterprises there must be accountability to the larger community.

Decision making in social enterprise is traditionally not based on capital ownership, although capital owners

The Chantier recognizes some of the foundational principles of social enterprises to include a democratic decision-making process, participation, empowerment, as well as individual and collective accountability.

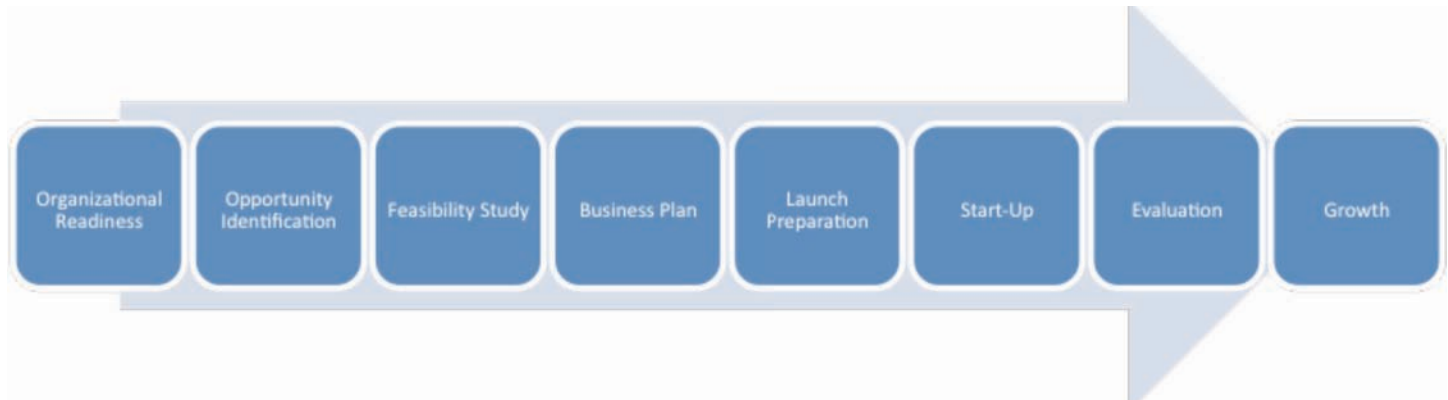
may play an important role; generally, decision-making is shared among many stakeholders. The users of the social enterprises services are generally represented in the governance structure. This can take the form of collective ownership, such is the case with a co-operative (Centre for Social Enterprise, 2008).

The Chantier de l'économie sociale, a membership organization that brings together organizations and networks in the social economy sector in Quebec, suggests that a social enterprise is founded on the values of solidarity, autonomy and citizenship. The Chantier recognizes some of the foundational principles of social enterprises to include a democratic decision-making process, participation, empowerment, as well as individual and collective accountability.

Establishing a democratic governance structure can be done by embracing a range of decision making procedures including consensus, dialogue, voting, and so on. To ensure stakeholder input many social enterprises establish advisory committees that consist of a range of stakeholder representatives and have regular avenues for receiving feedback from stakeholders, such as through open meetings or surveys.

5.2 Enterprise Development Continuum

The following guide to development uses Enterprising Non-Profits' Enterprise Development Continuum from the Canadian Social Enterprise Guide to structure considerations along the development path of a social enterprise.



(Adapted from Enterprising Non-Profit's Enterprise Development Continuum, 2009)

RESOURCE:

The Canadian Social Enterprise Guide is the most comprehensive manual for those who are seeking to start or develop a social enterprise in Canada. It is available for purchase from www.enterprisingnonprofits.ca and some sections are available for free on-line.

Resources for the Development of Employment Based Social Enterprises:

“Promising Practices Guide for Reducing Risk in the Creation of Employment Development Social Enterprises” by Chris Kantowicz discusses options for mitigating business risk in the development of employment based enterprises and offers some important considerations for assessing readiness, evaluating business opportunities, and conducting business planning. The guide is available here:

<http://www.enterprisingnonprofits.ca/resources/promising-practices-guide-reducing-risk-creation-employment-development-social-enterprises>

REDF (Roberts Enterprise Development Fund) offers many relevant publications related to business planning and management for employment-base social enterprises. “Growing a Social Purpose Enterprise” offers suggestions for employment-based social enterprises around decision making criteria, analysis, and securing buy-in. The paper is available here:

<http://www.redf.org/learn-from-redf/publications/118>

5.2.1 Organizational Readiness

Before a group of people or existing organization moves ahead in developing a social enterprise, it is vital that they take a “temperature check” to determine if they are adequately prepared for the challenges of starting a social enterprise (TEF, 2008). Asking some key questions before the process begins can help smooth the path of social enterprise development.

Enterprising Non-Profits (2005) suggests that there are three main categories to consider when assessing readiness for social enterprise development:

- **Organizational readiness;**
- **Social enterprise readiness; and**
- **Business readiness.**

There are many organizational barriers to developing a social enterprise. If the organization currently exists as a non-profit, a culture shift will need to take place and consideration must be made for other demands on staffing, financing and existing programs.

A group wishing to develop a social enterprise must have capacity around:

- Understanding its values and mission;
- Establishing a strategic plan;
- Managing change;
- Recognizing staff responsibilities;
- Managing internal conflict;
- Planning for financial stability;
- Maintaining a learning orientation;
- And examining cost-effectiveness (ENP, 2005).

In terms of social enterprise readiness, the group must:

- Understand the concept of social enterprise;
- Establish stakeholder buy-in;
- Develop an awareness of and connections with allies and competitors;
- And be able to set aside resources for the social enterprise (ENP, 2005).

Business readiness is often a component that is lacking in social enterprises (TEF, 2008). It requires:

- Business experience;
- A staff champion for the initiative;
- Appropriate financial and information systems;
- Capital and a plan to launch the enterprise;
- As well as human and other resources [such as skills, space, and equipment] (ENP, 2005).



Readiness can be built by ensuring the social enterprise is a good fit with the individual(s) or organization, recruiting knowledgeable board or advisory committee members, training and hiring staff, hiring consultants, attending conferences (such as the annual Canadian Social Enterprise Conference), conducting market research, and learning from other social enterprises.

Six common mistakes to launching a social enterprise:

- The enterprise is not the right approach for the agency.
- The enterprise is not sufficiently connected to the industry in which it operates.
- Agency staff and the business manager treat the enterprise as a project, not a business.
- The right people are not hired to lead the enterprise.
- The agency has unrealistic expectations for social and business outcomes, often underestimating how hard running a social enterprise will be.
- Key members of staff have poor financial literacy (Toronto Enterprise Fund, 2008).

TIP:

Go and visit other social enterprises! This will give you a better understanding of the realities faced by social enterprises and help you learn from their successes and failures.

RESOURCES:

***“CED Wheel Checklists” offer a series of questions to help an organization assess its capacity, development and community participation the checklists can be found here:
http://www.cedworks.com/files/pdf/free/P153_sample.pdf***

***What to look for when hiring a consultant to assist with social enterprise development. See the ideas developed by Vancity Community Foundation:
<http://www.enterprisingnonprofits.ca/resources/tips-hiring-consultant-social-enterprise>***

***“Doing Well While Doing Good” is a great resource for organizations thinking about launching a social enterprise. It runs through important points of consideration for a social enterprise start-up. Find it at:
www.torontoenterprisefund.ca***

5.2.2 Opportunity Identification

In the Canadian Social Enterprise Guide (2005), Enterprising Non-Profits outlines steps in the opportunity identification process including:

- **Pre-steps such as:** assess organization's strengths, understand potential markets, build support for social enterprise, network, research and assess customer needs.
- **Generate ideas** by creating a list of enterprise suggestions by brainstorming with various stakeholders in attempt to match your strengths and mission with customer needs.
- **Quick screening** involves editing in the list of enterprise suggestions based on fit, resources available, clarity, community need, competition, profit potential, and customer demand.
- **Second screening of ideas** includes identifying an idea champion for each enterprise idea and creating a two page business summary for each of the strongest ideas. Criteria for evaluating each idea should be developed including the level of financial and social impact.

Opportunity identification involves structured brainstorming and the selection process requires a great deal of time and energy to complete the proper analysis to find something that will meet the needs of all stakeholders. Before committing extensive resources to the development of a social enterprise, it is important to explore reasons for undertaking a social enterprise and develop an evaluation criterion for enterprise ideas that matches those intentions.

Once ideas have been screened, a clear vision for the social enterprise concept(s) should be developed. This should include the reasons behind the enterprise, desired accomplishments, the community needs it will fill, the resources required, and the desired outcomes and indicators.

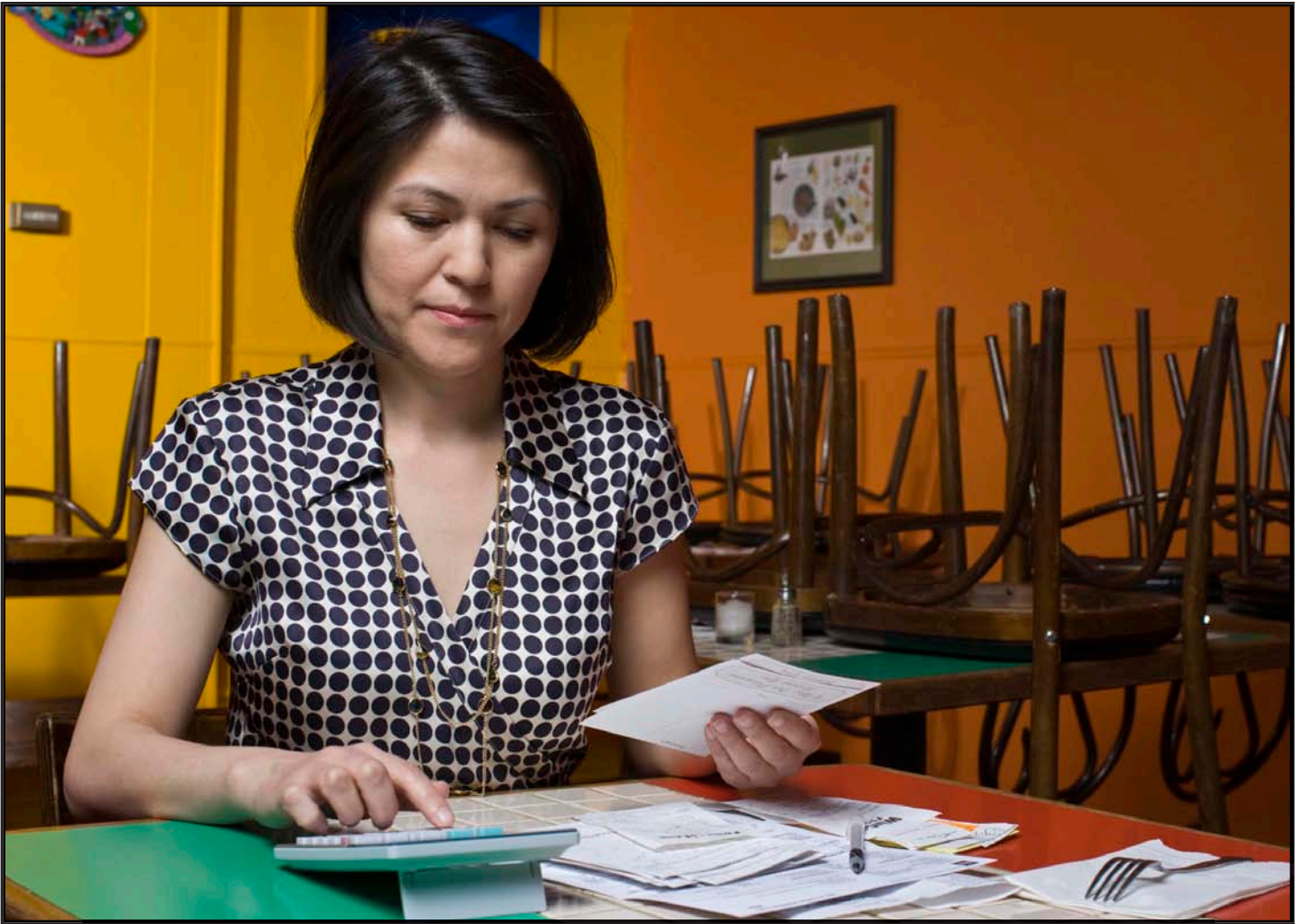


TIP:

The great ideas are often obvious and make sense on both economic and social levels.

RESOURCE:

Dotmocracy.org offers some great ideas on how to make group decision making processes faster and more effective. The “Dotmocracy Idea Sheets” are a great tool for this type of brainstorming/screening and are available on the Dotmocracy website to download for free.



5.2.3 Feasibility Study

A feasibility analysis ensures that the required investment and ongoing support required for social enterprise development is not wasted on an enterprise idea that is not realistic and viable. A feasibility study involves researching one or more ideas, refining each enterprise concept, gathering the necessary information, and identifying steps for moving forward.

The study is designed to answer the questions: ***Do the benefits of the social enterprise outweigh the costs?*** And should this enterprise idea be pursued further? The feasibility study can help to outline the findings from market research and research on required investment. It can also be used to convince others of the viability of the enterprise.

A feasibility analysis should be an evaluation of:

- The customer,
- The product,
- The market,
- The competition,
- Operations,
- Financials,
- And various scenarios.

RESOURCE:

For an outline of questions that a social enterprise feasibility analysis and business plan should answer visit:
http://www.enterprisingnonprofits.ca/sites/www.enterprisingnonprofits.ca/files/uploads/documents/FS_BP_SE_Components.pdf

TIP:

Social enterprises are generally used to fill existing market gaps and should try to stay away from competing directly with existing local businesses.

5.2.4 Business Plan

A business plan is a road map for the development of the social enterprise. It will assist in internal decision making, provide the necessary information to donors and investors, improve credibility and confidence to attract further support, and offer key thoughts around strategic planning. The planning process and the resulting document are essential to successful enterprise development.

A business plan for a social enterprise is different from that of a traditional business as it must address both the social and economic components of the organization. While one version of the business plan should be completed prior to the start up of the social enterprise, a business plan is a working document and will require updates and changes throughout

While one version of the business plan should be completed prior to the start up of the social enterprise, a business plan is a working document and will require updates and changes throughout the development process.

the development process. A consultant may be hired to assist with the development of the plan (hopefully to work collaboratively with enterprise personnel, not simply creating the document for enterprise personnel), as coach, writer, editor, or accountant.

Basic elements of a business plan for a social enterprise include

- **Executive summary**
- **Business Basics**
- **Organization**
- **Key Staff**
- **External Relations**
- **Product or Service**
- **Market**
- **Social Purpose**
- **Social Impact**
- **Business Environment**
- **Industry Analysis**
- **Critical Success Factors**
- **Turnover and Sustainability**
- **Business Development**
- **Marketing and Sales**
- **Premise, Suppliers, Production, & Equipment**
- **Action Plan**
- **Financials**
- **Appendix (Fourth Sector Development, 2009)**

RESOURCES:

Fourth Sector Development offers an easy to read business planning guide for social enterprises which includes a business plan template to get you started. The guide can be found at: http://www.sel.org.uk/uploads/New_BusPlanGuide.pdf

For a Canadian source of information on business development, including how to write a business plan go to: <http://www.canadabusiness.ca>

TIPS:

To assist in the business planning process and throughout business development establish an advisory committee made up of individuals with a variety of expertise, industry experience, and community connections.

To be sustainable, the enterprise must be either financially sound (earn a profit each year) or have an ongoing source of funding to make up the financial shortfall over the life of the enterprise.

5.2.5 Launch Preparation & Start-Up

Preparing to open the doors of a new social enterprise can be challenging. This process will involve constant learning, resourceful problem solving, clear and regular communication, continued strategic and financial planning, ongoing marketing and a great deal of patience. Day-to-day operations will look very different depending on the enterprise.

The reality of the business may not be exactly as anticipated so it is essential to be flexible and never forget the social purpose and the passion behind the business. It is also important to continue to seek advice and support in business development and review the process of the social enterprise regularly to ensure the original focus is not lost.

Marketing

Marketing is a key concern for existing social enterprises. In order to prosper, every business must pay attention to sales and marketing as these are vital to attaining profits and a degree of self-sufficiency. Social enterprises often design their products or services for familiar markets such as non-profits, low-income or ethical consumer community that they are a part of (Allan Day and Associates, 2003) and must be cautious that their strategy sufficiently supports the business.

Social enterprises need a focused marketing and sales strategy which includes identifying and researching their customer base and target market as well as developing sound strategies to make sales to those groups.

The classic 4 P's provides a framework that describes marketing:

1. **Product** – features, functionality, services, and quality;
2. **Price** – pricing strategy, profit margin, discounts, and sales;
3. **Promotion** – advertising, publicity, branding, and sales staff;
4. **Place** – distribution channels, inventory needs, transportation and market coverage.

The reality of the business may not be exactly as anticipated so it is essential to be flexible and never forget the social purpose and the passion behind the business.



A marketing plan should include:

- A company analysis
- Customer analysis
- Competitor analysis
- Environmental analysis
- SWOT (strengths, weakness, opportunities & threats) analysis
- Market segmentation
- Possible marketing strategies
- Detailed selected marketing strategy
- Short-term and long-term projections
- Implementation plan

“What gets measured gets managed.”

Dr. Peter Drucker

It is important for social enterprises to continually reassess its inputs, outputs, and processes, as well as the value it adds beyond traditional economic measures. Social enterprises must develop performance management systems that prove and improve the value that they create (Richards & Rotheroe, 2007). Some suggest that accountability to the organization's constituents and community should be a fundamental principle of social enterprises (Pearce, 2003).

This evaluation is often called “performance measurement”, “social impact assessment” or “social return on investment” (ENP, 2005). The process of performance management involves comparing results against goals, communicating outcomes, and engaging stakeholders in the value of the work of the social enterprise (ENP, 2005).

Within grant-making and investing there has been a movement toward greater social accountability (Clark, Long, Olsen, & Rosenzweig, 2004). However, evaluation and performance management is not simply to please investors or donors; it can contribute ongoing learning and improvement. Thus, important areas in a social enterprise's environmental, social and financial bottom lines should be regularly measured and analyzed.

Enterprising Non-Profits (2005) suggests a framework for developing a social measurement system which includes:

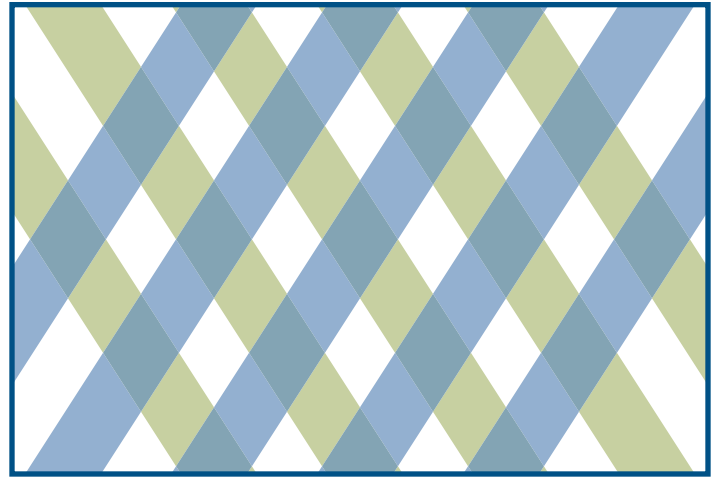
- **Clarifying the mission, values, and goals of the organization**
- **Determining indicators that should be measured, how this can be done, and who will do it**
- **Preparing and reviewing a report with stakeholders**
- **Making the necessary improvements and changes with the enterprise**



Although there are no general standards for social accountability, there are some best practices emerging (Clark et al., 2004). To determine the appropriate strategy and tools, a social enterprise must first examine its own needs in terms of performance management and the depth of performance management required.

Some of the key tools for performance management include:

- **Balanced Scorecard** – Utilizes goal setting and tracking of progress on internal and external indicators.
- **Triple Bottom Line** – Identifies overall impact in social, environmental, and financial areas of the enterprise.
- **Social Return on Investment (SROI)** – Calculates the net benefit of a financial investment in monetary terms by monetizing social impacts.
- **Benchmarking** – Compares process of one enterprise with others and involves building partnerships with other enterprises.



These tools help to link financial with non-financial information and allow for comparisons with earlier performances or to similar entities. This is vital for better communications and promoting internal improvements within the enterprise.

RESOURCES:

The Double Bottom Line Project offers a catalogue of tools for assessing social impact in double bottom line ventures. The catalogue can be found here:
http://www.riseproject.org/DBL_Methods_Catalog.pdf

The Demonstrating Value Project has developed a new framework to guide social enterprises in building monitoring systems that provide useful information for decision making and maintaining support. It also provides a do-it-yourself guide to the creation of an enterprise snapshot which provides a visual synthesis for engaging stakeholders in key pieces of information about the enterprise. Be sure to check it out at:
www.demonstratingvalue.org

WARNING:

When using these performance measurement tools, it is important that practitioners maintain a degree of skepticism around the method utilized and its limitations (Clark et al., 2004). **The results of the measurements must be put in context and practitioners must include practical, not just technical analysis.**

5.2.7 Growth

As the operation of a social enterprise becomes stable and the value of its products and services increasingly evident, many practitioners look to grow the enterprise. Growing a social enterprise may present an opportunity to further the mission of the enterprise or increase the profitability of the business.

The social enterprise can be expanded in many ways, including by:

- **Increasing the capacity/ quantity of products and services available**
- **Developing a new product or services**
- **Growing to other market locations**
- **Expanding to other customers;**
- **Partnering with other organizations to offer products and services.**

Expanding or scaling up an enterprise is a source for hope and also a source for concern. The opportunity to expand offers the ability to create a large-scale impact on major social problems. However, some express concern about our 'fetishization' with scale (Social Edge, 2008) and suggest that we must remain critical about the motives and means of expansion.

While scaling-up offers exciting opportunities, social enterprise should also see to:

- **Stay 'human' in scale and routed in the local community**
- **Avoid a cookie cutter approach to addressing social issues**
- **Ensure the mission remains at the centre of decision making**

The answer to the question of whether or not a social enterprise should expand must be based on the social need being addressed and the mission of the organization. If a decision is made to expand, growth must be done carefully to ensure that the changes make sense in the long-term. Practitioners must be aware of the trade offs and concerns around expanding or scaling-up a social enterprise.

A pre-expansion check up should include questions such as:

- **Is the expansion in line with your mission?**
- **Do you have the necessary capacity to support the growth strategy?**
- **Can you meet the increase in demand?**
- **How will you maintain services levels?**
- **How will functional areas such as marketing, human resources, administration, customer service, etc. be affected by the expansion?**
- **How will the growth be financed?**
- **Have you completed the necessary research, analysis, and planning?**

5.3

KEY SUCCESS FACTORS



Patience

Social enterprises often take a longer time to get off the ground and make decisions. Also, they typically take longer than traditional businesses to break-even and begin making profits. This requires patient capital, investors and supporters as well as patient advisors and managers who have a realistic sense of time.

Measurement / Reporting

Measuring the economic as well as social and environmental impacts of an organization is vital to maintaining a strong reputation (which can be one of the greatest assets of a social enterprise) and the development of a culture of continuous improvement.

Right People

It is often said that social enterprise managers require a unique skill set and background to be able to juggle the social and economic goals of the organization. Both a thorough understanding of business tools as well as passion and commitment for the social mission of the organization is required. Additionally, an advisory committee made up of industry experts and other individuals, often available as volunteers, with social enterprise experience is fundamental to the long-term success and viability of the organization.

Strong Marketing

A social enterprise's ability to market its goods and services and promote its unique value advantage is essential to maintaining a feasible business model. A lack of effective marketing has resulted in the demise of a number of past social enterprises.

Commitment

It takes commitment and passion for the social mission to persist through the many challenges of managing a social enterprise. The investment and time required to run a social enterprise should not be underestimated.

5.4

BARRIERS TO SUCCESS

Managing Costs

Social enterprises often have to incorporate additional costs such as those associated with supporting employees and clients with special needs or maintaining ethical and environmental practices. These added costs may make it difficult to compete at typical market prices.

Obtaining Capital

Social enterprises can experience a difficult time acquiring the funding they need to finance their venture. In many cases it may be difficult to access traditional sources of capital for small and medium sized businesses and there are very limited investment funds for these enterprises. To ensure sustainability, ongoing funding should be arranged at the same time as initial start-up funding is arranged.

Dealing with Tradeoffs

It can be difficult for a social enterprise to stay on mission as everyday there are tradeoffs between the economic and social/environmental goals of the organization. For example, sometimes the costs associated with making money from specific customers or receiving certain funding can 'tie the hands' of the organization or dilute their social mission.

Working with a Long Break-even Point

Social enterprises often require a longer period of time to breakeven than traditional business because of the additional costs associated with start-up and operations.

Measuring Social Impact

It is not easy to measure the intangible social impacts that the organization creates. This takes creativity and a thorough understanding of emerging tools associated with demonstrating blended value.

Finding Viable Opportunities

It can be difficult to find opportunities to provide a good or service that customers want/need and are willing to pay for as well as being in line with the organization's social mission.

Marketing

Determining how to best market the goods or services provided can be a challenge when social enterprises may have higher prices than competitors.

Integrating the Environmental Bottom Line

Many social enterprises that have a social purpose, such as employment, struggle with how to best utilize environmental practices in their organization to improve their overall impact on their community.

Additional challenges common for rural social enterprises include: scarcity of business skills, lack of support for skill development, not enough non-traditional organizational support, limited understanding of blended value (social, environmental, & economic value), lack of community leadership, many residents commuting to jobs in nearby cities, youth migrating out for opportunities elsewhere, low education levels, low income levels, as well as costly and poor quality communication and technological infrastructure.



THE BIG PICTURE





It is also important to understand the big picture of social enterprise in Canada, the support available and how we can move forward as a sector.

6.1 Social Enterprise in Canada

Social enterprises have existed for over a hundred years in Canada but there are significant historical and socio-political contextual differences between provinces and regions that have contributed to fundamental differences in the development of social enterprise in these areas (Elson, 2009).

In Quebec, solidarity among practitioners and the recognition of the social economy by government has contributed to a well established co-operative and credit union sector. In contrast, the fragmented policy agendas, decentralization and limited coordination of the social enterprise sector in other provinces, such as Ontario, has contributed to a limited level of social enterprise development (Elson, 2009).

There is no specific data on the number of social enterprises in Canada or their contribution to the economy as identifying them can be difficult, depending on the definition employed. But there is data on organizations generally associated with the third sector or social economy.

According to the Canadian Federation for the Humanities and Social Sciences (2006), there are over 160,000 non-profit organizations in Canada employing over two million people across the country. Non-profit organizations generate over \$75 billion in annual revenue. These organizations range from day-care centres, to sports clubs, arts organizations, social clubs, private schools, hospitals, places of worship, advocates for social justice, to fundraising groups. Just over half of non-profits in Canada are registered as charities with the Federal government.

There are approximately 9,000 co-operatives and 1,000 credit unions and caisses populaires in Canada with over \$225 billion in assets and 16,000,000 members. Additionally, there are over 3,000 community economic development organizations across Canada with an estimated 3,500 employees and 19,000 volunteers (Canadian Federation for the Humanities and Social Sciences, 2006).

The results of a mapping exercise of social purpose businesses in Ontario completed by Armstrong, Clow and Ray (2009), revealed 82 social purpose business-like organizations. The criterion used was that the organization must employ their clients (employment driven social enterprise), as well, each focus on social value creation by utilizing business models and systems. Although the results were difficult to analyze, it was found that 82% of these organizations were non-profits, all serving their local area.

Quebec has the largest number of non-profits of any province in Canada with 46,326 organizations. Reporting within the province shows that there are: 7,822 enterprises, 3,883 cooperatives, 3,941 non-profit organizations, 935 early childhood centres, 671 credit unions, 180 workers cooperatives, 103 enterprises which offer home care services and 72 worker-shareholder co-operatives. In total, the business volume of these organizations in Quebec, not including credit unions, is \$17.2 billion. Robust financial and policy infrastructure has supported the growth of social economy in Quebec, but the rest of Canada is only beginning to develop a collective movement for social enterprise.

6.2 A Snapshot of Non-profit Social Enterprises

“Social enterprise is about blending social, environmental and business outcomes. It is about independence. It is about resilience. It is about having a voice. And, most importantly, it is about achieving a social mission. Social enterprise is not a panacea; it is a powerful and practical tool to enable the nonprofit sector to be more effective and less trapped by funding constraints.”

– Tonya Surman, Executive Director of the Centre for Social Innovation

Whether they identify it as a social enterprise or not, an increasing number of non-profit social sector organizations operate social enterprises. A survey done by Community Wealth Ventures Inc. and the Social Enterprise Alliance was conducted of 1,000 social sector organizations in the United States and Canada found that the top five social enterprise venture types of these organizations were: education and training, retail/thrift shops, consulting services, food services/catering, and art ventures (Armstrong & Trillo, 2009). In addition, the survey found that foundation grants were found to be the most common source of start-up capital.

Another survey done by Community Wealth Ventures' in 2003 found that on average it took 2.5 years for social enterprises to become profitable (Armstrong & Trillo, 2009),

although many other experienced practitioners argue that it often takes much longer than this and may require up to seven years to breakeven (Armstrong, 2009). Community Wealth Ventures also found that the largest reported benefit of social enterprises was the creation of an entrepreneurial culture (Armstrong & Trillo, 2009).

...few non-profit social ventures are self-sustaining and fewer still are profitable.

also found that most enterprises are sustained by a variety of subsidies.

On the same note, a 2007 Seedco Policy Center study determined that few non-profit social ventures are self-sustaining and fewer still are profitable. The Seedco field study

These survey results are a reminder that social enterprise is in many instances an opportunity to increase income from certain sources, but frequently is not an adequate substitute for grants, donations and other on-going funding.

RESOURCE:

The Canadian Social Enterprise Marketplace, found at www.enterprisingnonprofits.ca/marketplace, provides a search of some of the existing social enterprises in Canada.

6.3 Potential and Growth

With clear blended value, the potential for social enterprises in rural communities across the country is immense. We can look to other nations as well as within our own for inspiration.

A great deal of progress in the area of social enterprise has been happening in many developing and developed nations around the globe. An increasing number of people see social enterprise as vehicles to make a difference in societies affected by state or market failures. Social enterprise has become a global phenomenon providing new models for solving community problems.

In Europe, social enterprise is a fast growing sector, exceeding the private sector in terms of job creation (Doherty et al., 2009). In Italy, for example, the social economy accounts for more than seven percent of the country's total GDP. The Italian social economy is supported by advanced legislation and integrated into the traditional economy (Doherty et al., 2009).

There is a major opportunity to further utilize social enterprise throughout the country, especially in rural areas. With strong political will and community determination, strategies can be developed to build upon existing opportunities for social enterprise.





6.4 Context and Support

While support for social enterprise in Canada is growing, there is a long way to go in creating an environment that is encouraging to the development of new and current social enterprises. Increasingly in recent years, major players in the social enterprise field have been collaborating strategically to move forward key policy issues related to social enterprise, particularly the Social Enterprise Council of Canada.

6.4.1 Legal and Political Context

The existing legal infrastructure utilized by Canada's social enterprises varies between provinces and territories and further depends on the legal structure of the social enterprise. Most forms of legislation related to social enterprise are badly outdated and inadequate (Rickards, 2009). The related laws, regulations and public policies across the country, such as in the Canadian Corporations Act and the Income Tax Act, are vague when it comes to social enterprise (Bridge and Corriveau, 2009). Overall, legislation has not kept pace with the evolving needs of the sector and simply follows regular business regulation.

One important constraint in current legislation is that according to the Income Tax Act, a registered charity can only engage in a "related" business: a business that is run substantially by volunteers or is linked closely to a charity's purpose. For a charity to have a legally operating enterprise, it is not enough that profits generated flow back into the charity. This limitation has caused considerable confusion and is not fully defined in the Act, registered charities must cautiously follow the laws so as not to have their charitable status revoked (Bridge and Corriveau, 2009).



RESOURCE:

Visit www.centreforsocialenterprise.ca for more information and specifics related to charities and social enterprise.

Additionally, many organizations across the country have been advocating for the creation of a separate legal entity specific to social enterprise. A new legal structure for social enterprise would raise the profile of the sector and create a clear, fair set of rules for operating a social enterprise. The UK, for example, offers an organization the opportunity to incorporate as a Community Interest Company (CIC) that is intended to be easy to set up, flexible, and has special features to ensure it is working for community benefit.

In addition, the United Kingdom has a Ministry of the Third Sector entirely dedicated to supporting social enterprises. Having dedicated resources and government officials specifically working toward the development of the social enterprise has contributed to a vibrant social enterprise sector with a great number of social enterprises emerging in both urban and rural communities.

Canada does have some important successes to talk about in terms of policy related to social enterprise. For example, Quebec for a long time has led Canada and the world in supporting the development of its social economy through the development of investment funds, progressive regulations, and appropriate recognition of the sector by the government; Nova Scotia provides support for its thriving Community Economic Development and cooperative sector through its Equity Tax Credit; and Manitoba has its own tax credit program to provide incentives to investors of community-based enterprises.

Overall though, the Canadian government lacks the bold vision to adequately move the sector forward as an important option in our changing economy that could deliver on multiple bottom lines and contribute to the health of Canadian society.

The Social Enterprise Council of Canada has outlined six policy pillars for using policy to create an enabling environment for social enterprise in Canada:

1. Enhance Social Enterprise Practitioner Business Skills
2. Expand Market Opportunities
3. Increase Access to Capital for Social Enterprises
4. Raise Awareness and Demonstrate the Value of Social Enterprise
5. Facilitate Networking among Stakeholders in the Social Enterprise Sector
6. Ensure Enabling Infrastructure and Supportive Regulatory Environment for Social Enterprise

Based on the 2009 Canadian Conference on Social Enterprise Conference, 27 recommendations have been outlined within these six pillars to shape policy that will stimulate the social enterprise sector in Canada.

RESOURCES:

For further discussion and the evolving recommendations around the six pillars mentioned above visit socialenterprise.wik.is or secouncil.ca.

For more about the progress being made on creating appropriate legal structures for social enterprises in Canada read MaRs' white paper on Legislative Innovations as part of their Social Entrepreneurship Series here: <http://www.marsdd.com/buzz/reports/sociallegal>.

6.4.2 Support Systems and Networks



Having the proper support systems in place is vital in the development of successful social enterprises and effective community practitioners. There are many organizations in Canada (operating nationally, within individual provinces or territories, or that are more local in scope) that provide support for practitioners to develop the necessary skills, access related research, share materials necessary to carry out day-to-day work, and participate in networks facilitating information exchange and collaboration.

Organizations that are working to become a part of the supporting infrastructure for social enterprises are popping up across the country, but programs are scattered and often very difficult to access in rural areas.

Major Players in Social Enterprise in Canada

- Social Enterprise Council of Canada – secouncil.ca
- Social Economy Centre, University of Toronto - sec.oise.utoronto.ca
- MaRS - marsdd.com
- Social Innovation Generation (SiG) - www.sigeration.ca
- Ashoka Canada - canada.ashoka.org
- Canadian Cooperative Association - coopscanada.coop
- Social Capital Partners - socialcapitalpartners.ca
- Community Economic Development Network (CEDNet) - ccednet-rcdec.ca
- Canadian Social Economy Hub (CSEHub) - socialeconomyhub.ca
- BC Centre for Social Enterprise - centreforsocialenterprise.com
- Canadian Centre for Community Renewal - cedworks.com
- Enterprising Non-Profits - enterprisingnonprofits.ca
- Centre for Social Innovation - socialinnovation.ca

TIP:

Most of these organizations have e-Newsletters that you can subscribe to have sent to you via email. This is a great way to stay informed on the latest trends, events, and publications related to social enterprise in Canada.

6.4.3 Financial Support

Social enterprises require access to patient capital and patient investors who understand the value of their investment. Financing is an issue that many social enterprises find the most challenging and is often cited as most crucial for success. The following list outlines possible sources for capital and operating funds for social enterprises as well as some of the instruments used in financing. These lists are adapted from an illustration in the Making Waves Magazine (2009).

Origins of revenue or capital for social enterprises:

- Customers
- Credit Unions and Chartered Banks
- Investors (often local or socially responsible investors)
- Members, employees or owners
- Government (through various government organizations/programs including: Community Futures Corporations, Human Resources Skills Development Canada, and so on.)
- Donors (Small community donors, funding organizations, foundations, and venture philanthropists)

Social enterprises with diversified sources of revenue often combine the sale of goods or services with revenues for community service from the government or other community organizations. For example, when analyzing the Toronto Homeless CED Program, Allan Day and Associates (2003) recommends that their social enterprises set the goal of achieving profits from their business operations and recognize that grants will be required for human development to allow marginalized populations to participate in the enterprise. In addition, an enterprise often receives ad hoc financial support at start up or to further its development.

RESOURCE:

***For a full Map of the Financial Ecosystem of Canada's Social Economy go to:
<http://www.cedworks.com/>***



Some of the instruments used to finance social enterprises include:

- Sales
- Loans
- Microloans
- Line of Credit
- Shares
- Mortgages
- Equity
- Sweat Equity
- Debentures
- Grants

Financing is done for various returns including: goods and services, social returns, capital gains, interest, dividends, and so on.

Canada's social sector is significantly underfinanced and undercapitalized relative to the opportunities and needs that exist (Causeway & Social Innovation Generation, 2009). Still, there are many opportunities for blended value investments in today's marketplace (Causeway & Social Innovation Generation, 2009). A movement around social finance is developing to activate these blended value investment opportunities.

RESOURCES:

Check out a guide to financing for social enterprise at:

http://www.smallbusinessbc.ca/pdf/guidetofinance_june05_eng.pdf

For an overview of social finance in Canada, to gain a better understanding of stakeholders involved, as well as examples of blended value investments check out the Social Finance Primer at:

http://www.socialfinance.ca/uploads/documents/Social_Finance_Primer_Final_Version.pdf

And for further resources on social finance check out:

socialfinance.ca

Some Prominent Social Enterprise Funders:

Enterprising Non-Profits (ENP) - In BC, many rural social enterprises have received grants for start-up and technical assistance throughout the development process of up to ten thousand dollars from ENP. This source of funds has been instrumental in building the social enterprise sector in BC. ENP has expanded to providing grants to support social enterprises in Toronto, but its support has yet to reach rural Ontario.

Ashoka - Ashoka provides social entrepreneurs with a living stipend for an average of three years, allowing them to focus full-time on building their social enterprises and spreading their ideas.

Community Futures Development Corporations - CFDCs are community-based, not-for-profit organizations scattered across the country that are each run by a board of local volunteers. They are staffed by professionals who support entrepreneurship and the pursuit of economic opportunities.

Canadian Women's Foundation – Canadian Women's Foundation is Canada's only national public foundation dedicated to improving the lives of women and girls. They raise funds and provide grants for initiatives across the country that work to improve the lives of women and girls.

Credit Unions and Banks – Many credit unions across the country offer grants or favourable loans, as well as financial advice to social enterprises. In some cases, such as in the case with Just Us! Coffee Roasters Cooperative, the founders had to take personal risk to attain initial funds by taking out a second mortgage on their home.

Provincial/Regional Foundations – Many provincial and regional foundations offer grants to social enterprises to fund necessary technical assistance or in some cases on-going operating expenses. The level to which foundations are interested in funding organizations with a social enterprise model varies, but is becoming increasingly popular.



6.5 Moving Forward

Social enterprise is a promising tool for addressing social needs in rural communities. The stories gathered from across the country demonstrate that it is a proven model for developing vibrant rural communities and economies. It offers an opportunity to create blended value addressing multiple community needs simultaneously. Yet, the process of developing a social enterprise is complex and requires careful consideration, research, planning, and support.

There is much work that needs to be done to create an enabling environment for social enterprise in Canada, especially in rural communities. Actions need to be taken by all three levels of government, investors and funders, supporting organizations, as well as community leaders to support the development of social enterprise to best meet the growing community needs.

It is essential that we work to raise the profile and opportunities for social enterprise specifically in rural communities.

Some next steps to developing the rural social enterprise movement include:

Education - We can start by building awareness and excitement in rural communities around social enterprise concepts, its value and local opportunities. Education is needed among organizations, practitioners, and community members in general to develop an understanding of how social enterprise can be utilized and supported locally.

Collaboration - Facilitating collaboration among rural practitioners interested in social enterprise is regularly cited by rural social entrepreneurs as a necessary next step. Opportunities for networking, sharing resources, learning from the experience of others, and working collectively toward common goals is required to combat the isolation and lack of support that often exists in these communities.

Support - Currently much of the existing support for social enterprise is concentrated in urban centres across the country. Organizations supporting social enterprise must prioritize assistance for the development of social enterprise in rural communities as well as encourage the local establishment of similar supporting organizations in these regions. Actions must be taken to ensure the necessary support exists for communities and practitioners interested in developing social enterprises by helping them access the necessary research, mentorship, training, resources, and funding to develop social enterprises.

Advocacy - We must work in collaboration with the many entities contributing to the Social Enterprise Council of Canada as they advocate for large-scale policy change to move forward the social enterprise sector in Canada. Their work includes efforts to convince governments to create a unique legal structure for social enterprise and improve access to capital to assist in their development. This work would include integrating the needs of rural communities in national policy priorities, garnering support and input in rural areas, and bringing municipal governments into the discussion around policy change to support social enterprise.

Research - Further research is needed to evaluate what actions should be taken to have the maximum future impact on building the rural social enterprise sector including next steps around establishing the necessary infrastructure, developing more social enterprises, improving access to funding, and building the skills and capacity of social enterprise practitioners.



The Call to Action

What can be done in your community will differ according to local capacity and circumstances, but each of us must take up the call to improve our local economies and find innovative ways of addressing growing social needs. Social enterprise is a valuable tool to move from need to opportunity within our communities by using local resources creatively and strategically.

Let this guide be a challenge to you to think about how you can contribute to the development of social enterprise - whether that means developing your own social enterprise idea, introducing social enterprise into your workplace, educating others, providing financing, confronting the status quo in local institutions, or providing support to social entrepreneurs.

SERA will take up this challenge starting locally in North Durham, Ontario, by educating and inspiring community members to take action related to social enterprise, offering technical support to interested entrepreneurs, working to improve local access to funding for social enterprise, and developing strategic partnerships to create large scale change that is conducive to social enterprise development.

Together we must build the rural social enterprise movement to develop communities that are not simply surviving, but thriving!



STORIES OF INSPIRATION

7.0



PARRSBORO BAND ASSOCIATION

PARRSBORO, NS

As you drive into the small community of Parrsboro, Nova Scotia, located along the Northern shore of the Bay of Fundy, you can sense the rich heritage of the once booming port town. With a population of less than half of the 3,300 that sauntered through the streets in 1919, some community groups, including the Parrsboro Band Association, are looking for ways to provide missing services to the local population and bring to life the rich, vibrant culture of this maritime community.

After an afternoon spent listening to stories while touring the town with historian, retired school teacher and Captain, Conrad Byers, known in the area as “the keeper of the town’s memories”, one soon sees the investment that a core group of residents are making as they find unique ways to restore some of the town’s gems. Their initiatives include: the development of the Ship’s Theatre Company, an innovative theatre on the stage of an old local ferry; the restoration of Ottawa House, a historical hotel that has witnessed a myriad of significant events in Canadian History; and lastly, the renovation of an old Presbyterian Church and once school auditorium into The Hall, a Centre for Culture and Wellbeing.

The Hall is home to the Parrsboro Citizens’ Band, one of the country’s oldest town bands and a cornerstone of the small community for well over a century. As a permanent rehearsal and performance hall for the band, a venue for the performing and creative arts, the location of weekly movie screenings, an affordable community rental space and, in the future, a place for fitness classes and activities, the Hall is seeking to enhance the quality of life of the surrounding community especially among local youth and seniors. Furthermore, by restoring the historic community building, the Association is also hoping to become an “energy-efficient and environmentally responsible facility that will be a model for other communities”.

ENTERPRISE PROFILE

Total hall revenues in 2009: \$36,307.41
Revenue from donations: \$2,083.81
Earned revenue: \$34,223.60
Total hall expenses in 2009: \$26,033.39

KEY SUCCESS FACTORS

- Connecting the community to the stories and history of the building
- A core group of committed volunteers with project development experience and a range of community connections
- Building up alumni of the organization

LESSONS LEARNED

- Visually demonstrating the value of funds spent and progress made on a project is important to maintain community support and interest.
- Major social enterprise undertakings often take years to successfully thrive in a community. Organizers must be able to wait out initial community hesitation or opposition and slowly take the necessary steps forward.
- As a social entrepreneur, sometimes one must do things above and beyond their plans for involvement to keep the enterprise going until a critical mass of support develops.



NELSON CARSHARE CO-OP

NELSON, BC

With a book entitled “Divorce Your Car” on the shelf above her desk, Colleen Matte, the first paid employee of Nelson Car Share Cooperative (NCC), tells the tale of the hopeful development of the grassroots initiative. Starting out as ‘just a bunch of friends sharing a car’, this rural cooperative, spread mostly on word of mouth, now operates 16 vehicles in 5 communities and serves approximately 170 members.

Nelson Carshare Cooperative is a non-profit, member-run venture that works to foster carsharing as an alternative to privately owned automobiles. The goals of the initiative include reducing greenhouse gas emissions, encouraging healthier lifestyles, decreasing vehicle congestion and promoting public transit.

In the last two years, NCC has seen major expansion including the expansion into two more communities and the hiring of a full time manager. Using grants from sources such as Enterprising Non-Profits and Nelson and District Credit Union, NCC has been strategically exploring future expansion, promotion and the possibility of diversifying into other modes of active transportation.

The hero behind this good news story is Barry Nelson, a previous bank manager, now community volunteer extraordinaire. He has been a key leader, planning and budgeting to make the business model work as well as establishing important relationships with the surrounding churches and other non-profit organizations to increase use of co-op vehicles.

ENTERPRISE PROFILE

Cost of operating vehicles: \$500 per month per vehicle (including insurance)

Price for member to join: \$500 (refundable)

Customer fee: \$1.50 per hour used for first eight hours - \$0.50 per hours for every hour after, as well as approximately \$4 to \$35 in monthly fees depending on usage and .25/km to .40/km

Income per car (minus gas expenses): \$7,000 - \$12,000

KEY SUCCESS FACTORS

- Working collaboratively with other organizations in the industry to create change that is mutually beneficial
- Population density is an important factor in feasibility for operating a rural car cooperative
- Developing a reserve fund for repair, replacement, and so on

LESSONS LEARNED

- Product/service must fit with the needs and culture of the community and customer.
- Growth isn't always better or more of a money maker.



CAREER DEVELOPMENT SERVICES

TRAIL, BC

When you walk into Sheila Adcock’s office you can sense that you are in the presence of a social enterprise champion. Years ago, Sheila, a single mother of four, had enough of working at the local Beer Store and decided to pursue a certificate in Social Work. This landed her the job of Program Coordinator at Career Development Services (CDS).

She has since transformed the organization into a bustling hub of employment-based social enterprises. Their ventures include a property maintenance service, the operation of a small concessions stand, a woodshop, janitorial services, a thrift store, and a landscaping contract with the City of Trail. Many of the program participants that CDS employs require significant support due to having a psychiatric diagnosis, Fetal Alcohol Spectrum Disorder, or brain injury, while others struggle with literacy issues or trouble with the law.

Career Development Services is a welcoming, non-judgmental atmosphere where participants seem to feel comfortable asking for whatever they need. Sheila and the staff take the time needed to find out what each person can do, fully support them with job coaches on worksites, and help them to find work at local businesses when they are ready. The staff at CDS often go above the call of duty to help get participants whatever they need, whether that is loaning their own car for a participant to get their driver’s license or helping to pay their rent to address eviction threats. The money generated from their social enterprises provides a flexible source of funds to address participants’ needs without any major limitations.

CDS is known widely in the community for its “sure we can” attitude and others call CDS to do work because they know they will get the job done. The community support in Trail for CDS would make most organizations jealous as CDS regularly receives an outpouring of donations, from materials for their woodshop to lunches for special occasions, as well as many volunteers. Sheila knows how to put the call out to local community members and businesses to see what each can contribute to make a project work.

ENTERPRISE PROFILE

Number of supported employees: 112 people
Wages for employees: \$10 per hour
Percentage of contract fees going toward administration: 20% (to sustain the organization)

KEY SUCCESS FACTORS

- An abundance of community support developed through strong local connections and a positive reputation
- Honed grant writing and contract negotiation skills
- A “yes we can” attitude

LESSONS LEARNED

- It is important to call out loudly for the community to get involved and ask for little pieces of the support you need.
- Evaluating the social return on investment is extremely difficult.
- These opportunities have meaning that extends beyond just a job for people facing barriers to employment, “it is life stuff”.



THE RIGHT STUFF

TRAIL, BC



Michele Cherot and Denise Robson, the coordinators of the Right Stuff, a youth collating venture, take a pragmatic and business-minded approach to social enterprise that is evident in their bottom line.

When the Greater Trail Community Skills Centre was operating a youth 'job club', it became apparent to Michele that with little work history it was exceedingly difficult for youth-at-risk to find jobs. So after Michele convinced the board members of the Skills Centre, the organization put in a bid to do collation for the local newspaper in order to provide safe and social employment for youth-at-risk in the Trail community.

They won the bid and have since become leaders in the social enterprise community, modeling how social enterprises can indeed turn a profit. The youth collate the weekly papers and flyers at one long table and while they work they fill the room with spirited conversations. As she guides them in their work, Denise offers support and training, helping the youth develop skills without interfering with their independence. The youth employees also have access to a counsellor within the organization.

In the first six months of operation, the venture lost money, but rebounded as they began to learn the industry through trial and error. While the Right Stuff received criticisms in its early days from misled competing bidders that thought the Skills Centre had used government grants to bring down their price, they are now a well supported and respected enterprise in the community. Another challenge they faced was the culture shock of employees of the Skills Centre when their clients became their co-workers.

Although up against a multitude of hurdles along its journey, the managers of the Right Stuff have been very in tune with the business and have continuously made changes when required. Through this approach, they have assisted many youth in developing crucial employment and life skills, while providing funds back to the Skills Centre.

ENTERPRISE PROFILE

Start Date: October 1st, 2002
Start-up funds required: \$22,000
Earnings per year: \$14,000-16,000
Length of time required to breakeven: 1 year
Wages: \$9.50-\$10.50 plus health and wellness benefits

KEY SUCCESS FACTORS

- Honed business skills and a thoughtful approach to management
- A willingness to implement changes, straying from the original business plan
- Understanding of limitations and ability to say no

LESSONS LEARNED

- The social mission is often secondary to customers.
- It takes the whole parent organization to make a social enterprise work.
- Social enterprises can absolutely make a profit!



NELSON AND DISTRICT WOMEN'S CENTRE

NELSON, BC

After severe funding cuts, the Nelson and District Women's Centre is struggling to pay its bills and continue the Centre's much needed services supporting and empowering women in the community. The Centre was created to meet the growing needs of women in Nelson and surrounding area: to uphold women's rights, to provide resources, to educate and empower women, to combat and eliminate violence against women, and to provide an opportunity for skill exchange.

It is obvious that this welcoming haven puts its social mission above all else as staff members drop everything to support a woman in need. The Women's Centre runs a host of social services: it provides a social outlet during drop in hours, offers counseling and mentorship, has an extensive library on women's issues, offers food from the local community cupboard, provides mentorship and counseling, operates training course, and organizes numerous special events. But to maintain its services, the Centre needs to think about generating funds now.

One way staff at the Centre have chosen to address its financial need, while simultaneously fulfilling its mission, is through a social enterprise sewing project. Here mentored women turn reclaimed and recycled fabrics that have been donated from community members into trendy hand bags sold at several downtown retail stores. Seventy percent of the profits from the bags go back to the women that made them and the other thirty percent provides critical funds for the Centre. This is simple social enterprise, is one small one way the women are utilizing local resources to help the centre and help themselves.

ENTERPRISE PROFILE

Funds needed to save the Centre: \$40,000

Number of current staff: 3

Number of volunteers: 6 each week, and 10-15 for each special event

KEY SUCCESS FACTORS

- The strength of women who will do whatever they can to keep the centre alive
- Warm and passionate staff who are committed to the social mission above all else

LESSONS LEARNED

- A grassroots collective decision-making approach to operating an organization empowers participants and creates ownership.
- It is risky to depend on grant money to cover operating expenses.
- With limited hours in the day, staff of social enterprises face tradeoffs between the financial aspects of its operations and its social mission.



NELSON CARES SOCIETY

NELSON, BC

Over the years, Nelson CARES Society has become an incredibly diverse non-profit organization which has been a catalyst for the creation of a number of social enterprises that respond to emerging community needs. Their ventures include a recycling business, an affordable/emergency housing and commercial complex (Wardstreet Place), and a newspaper delivery service, many of which employ persons with disabilities or facing barriers to employment.

Despite being emerged in the practice of social enterprise for over seven years, Rona Parks, the Executive Director of Nelson CARES Society, takes a humble approach to the complexities of operating various social enterprises. Rona has bravely embraced the necessary changes and learning that need to take place to better manage the business side of social enterprise, but learning about budgets and business planning as well as managing the culture shift of an organization are not easy tasks.

Within the last year, Nelson CARES Society has started a new social enterprise, Earth Matters Eco-Store. Run out of a small store location in downtown Nelson, it operates a retail training program for 8 to 10 persons with disabilities. With a three year grant to get the business off the ground, Nelson CARES hired a dynamic manager with both a business and environmental background that could work effectively with vulnerable people. Along with the support of on-site job coaches, the manager helps workers to prepare and package products which include a line of unique water coolers and water filtration products, as well as a line of eco-friendly cleaning products.

No doubt it has been exhausting for Rona Parks to manage all of the social enterprises off the side of her desk, but she wholeheartedly believes that these initiatives will be successful in improving the quality of life in her community. Because of her vision, Nelson CARES society has generated hundreds of jobs and millions of dollars for the local economy over the years.

ENTERPRISE PROFILE

Payment of workers: Minimum wage plus benefits
Funding sources: BC Housing, Columbia Basin Council, Business Basin Advocates, Enterprising Non-Profits, Service Canada, and others
Profit/Loss from Wardstreet Place: Approximately breakeven

KEY SUCCESS FACTORS

- Advisory committee to assist organization with skill and knowledge gaps
- Embracing a learning culture is critical to finding innovative ways of meeting community needs and adapting to different ways of thinking

LESSONS LEARNED

- There is a critical cultural shift required to move from the traditional work of a non-profit to embracing financial and entrepreneurial aspects of doing business.
- Business planning is a slow process to do it right.
- Obtaining funds to cover ongoing operations is more difficult than finding seed funding to get the organization off the ground.



JUST US! COFFEE ROASTERS CO-OPERATIVE

GRAND PRÉ, NS

Back in 1995, when Jeff Moore couldn't get the information he was looking for on fair trade coffee, he hopped on a plane to Mexico and landed in Chiapas where he met small-scale coffee growers who were fighting against the pressures of big business to maintain operations. These struggling farmers were proud of being a part of a farming co-operative and saw hope in fair trade exchanges.

When Jeff got back to rural Nova Scotia, he and his wife Debbie put up their house as security to finance the shipment of 10 tons of coffee. And so the worker-owned coffee roasters co-operative was started. Today, Just Us! has expanded to include a handful of other coffeehouses located around the province. The cafes are welcoming community spaces that uphold the mission of "people and the planet before profits".

The Grand Pré location is bustling with tourists passing through the area and locals sitting down for a chat. It also has a roaster and an interactive Fair Trade Museum filled with displays, games, and videos to educate customers about the importance of fair trade, the lives of the coffee growers and the process of growing and producing coffee.

In 2006, Just Us! also established the not-for-profit organization JUDES (Just Us! Development and Education Society) that develops public awareness about fair-trade and responsible purchasing. In addition, the Just Us! cafes also support a variety of social justice and local arts and culture events, strive towards environmental stewardship and employ persons with disabilities. Just Us! is a clear leader in the business community and an inspiring model for rural social entrepreneurs.

ENTERPRISE PROFILE

Total Revenues in 2008: \$6,536,843
Profit Sharing in 2008: \$93,505
Net Income in 2008: \$256,243
Total Social Expenditure in 2008: \$552,818 (8.5% of revenues)
Ratio of Highest to Lowest Wages: 4 to 1

KEY SUCCESS FACTORS

- Commitment to empowering and improving the lives of all individuals connected to the enterprise
- Advanced ability to communicate social and environmental impacts of the business

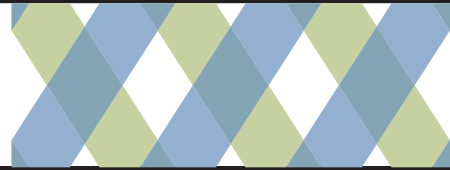
LESSONS LEARNED

- Social entrepreneurship takes risk and commitment to make the vision a reality.
- Environmental sustainability is an integral part of holistic accountability to its community.



WEST KOOTENAY SOCIAL ENTERPRISE SOCIETY

NELSON, BC



The West Kootenay Social Enterprise Society started out as a sole proprietorship janitorial company, owned by Bill Duggan. After a number of years in business, Bill made the decision to employ an individual with a disability. Because that experience worked out so well, Bill began hiring more and more people facing barriers to the labour force. When Bill was ready to retire, he wanted to solidify these hiring practices and the adopted mission by incorporating the organization as a non-profit society.

West Kootenay Social Enterprise Society (WKSES) doesn't just clean, they clean to employ people. The janitorial positions created are used as an opportunity to provide critical job and life skills training. These opportunities in many cases have visibly improved the self-esteem of employees, around half of whom have worked there for over five years.

To provide the necessary assistance for employees, job coaches are necessary, yet this additional cost reduces the organizations ability to bid competitively on cleaning contracts that come up. To compensate the job coaches, West Kootenay Social Enterprise Society received funding from the Vancouver Foundation. The next step for WKSES is to look at how the organization can become financially viable without ongoing funding and how to clearly articulate the social benefits the organization is creating.

ENTERPRISE PROFILE

Employee wage: \$10/hour

Number of supported employees: 43

KEY SUCCESS FACTORS

- One business man's vision to help the community and leave a legacy
- Effective education for funders and contract holders about the added value of social enterprises

LESSONS LEARNED

- It can be difficult to compete with the prices of traditional business with added costs associated with the social mission.
- Board capacity must be built around the needs for steering the social enterprise.

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