

# BUILDING COMMUNITY WEALTH A RESOURCE FOR SOCIAL ENTERPRISE DEVELOPMENT



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*Canadian Rural Partnership—Partenariat rural canadien*

Canada



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Thank you all.

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## FOREWORD

This small booklet is a work in progress. Indeed, one could say it has been a work in progress for the last 25 years. In 1983, the National Economic Development and Law Centre in the United States published a three-volume series called *Community Economic Development Strategies: Creating Successful Businesses*. I learned a lot from them and started to integrate the learning into all the work I did in community economic development.

In the early 1990s, I designed a workshop for aboriginal communities that drew from this earlier work. The goal was to help First Nations assess where they were at in terms of community business development and get their planning and development onto a strategic track, one that would build community capacity to operate successful ventures. I created a tool called the Development Wheel, a visual way of depicting the key elements in the community assessment and community enterprise planning process. The results got wrapped into a book called *The Development Wheel: A Guide to Community Analysis and Development Planning*, a 2-4 day workshop, and a facilitator's manual, all of which are still available on [www.cedworks.com](http://www.cedworks.com). This tool was used in workshops across Canada and was integrated into various curricula of post-secondary institutions. It was also used later in the '90s by Lutherwood CODA in Cambridge as a community enterprise development tool for community groups and non-profits, part of a broader initiative to take 2000 families out of poverty in four years. Their adaptation is also available on our website under the title "Local Action to Fight Poverty."

In late 2004, the **Centre for Community Enterprise** received an invitation to propose a project under the Models Program of the federal government's Rural Secretariat. This program aims to take existing practices or approaches to rural development that have achieved some results and see if they could be scaled up. We decided on the Development Wheel as a focus. With the federal government having recognized the importance of the Social Economy in the 2004 Speech from the Throne, we thought we might make a contribution to helping render social enterprise development more effective and efficient, and at the same time contribute to strengthening social enterprise networks in BC and francophone Ontario. The project covers several regional sites in each province and runs from September 2005 to March 2008.

One result of this project is this workbook. There are several other resources that will be gathered or developed as the project proceeds, including results from a research component that is part of the Models Program. This includes a facilitator manual for workshops that have been designed for use across the country. All of this is available on [www.cedworks.com](http://www.cedworks.com) as at the end of February 2006; link through the Social Enterprise bar.

We hope that others who are engaged in Social Enterprise Development will find the tool, workbook, and resources useful, and would appreciate hearing about your work as well.

Mike Lewis Project Co-Director



# **BUILDING COMMUNITY WEALTH— A RESOURCE FOR SOCIAL ENTERPRISE DEVELOPMENT**

In 1997, a mill shut down in the vicinity of St-Tharcisius, Québec, a Gaspé town of just over 500 residents. The local economy shuddered and the dépanneur (corner store and gas station) was forced to close, leaving the town without a grocer. Several residents had to depend on friends, family, and neighbours to drive them to the next town to shop. Aside from the inconvenience and dependence involved, there were a number of economic side effects. Already facing cash outflows and reduced employment opportunities, the village economy became an even “leakier bucket” – a vicious cycle was emerging.

The situation was well-suited to a co-operative solution. The local need had both social and economic elements: serving members of the community most in need, providing an essential service, growing the local economy, and generating employment opportunities. What’s more, there was a general awareness of co-operation due to a strong co-operative movement in the region and the past experience of many locals as co-operators (largely agricultural, financial, and forestry enterprises). A co-operative dépanneur seemed like a good idea!

Five St-Tharcisius residents, including a former owner of the failed “dép” and a former co-operative leader from a neighbouring town, were the founding group. By the time the co-op was launched, there were 85 members; today there are 96. The co-op has restored grocery, fuel, and postal services to the town. It faces the same economic pressures as its failed predecessor but, unlike its predecessor, the co-operative has staying power because of community control and network support.

Member-owned and community-controlled initiatives are more apt to continue operating in a context where the returns to investment are low. Private businesses faced with the same situation and responding to the interests of their shareholders will likely leave. As a solidarity co-op with multiple classes of members (the five employees of the business make up the worker class), local commitment to the St-Tharcisius Co-op is all the stronger.

Add to this the strong advantage the co-op enjoys because of the web of support that exists: the local caisse populaire (credit), the Centre local de développement (planning, research, and small grants), the Co-opératif de développement régional (technical assistance to new co-op start ups), and a supportive Human Resource Development Canada office. With all these factors in its favour, it stands to reason that the co-op is more durable than its predecessor.<sup>1</sup>

By thinking outside the box of conventional public or private sector solutions to social disadvantage and economic distress, local leaders and democratically owned institutions created an enterprising solution to stem the tide of decline and dislocation.

## **INTRODUCTION**

There are many such stories scattered across Canada, big and small, a sample of which are depicted in the pages that follow. They serve to introduce the reader to the terrain awaiting those who commit themselves to social enterprise, the central feature of which is the pursuit of *social goals through business means*.

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We welcome your comments and input to improve this work in progress. In particular, we invite your support in keeping the presentation of the resources on the [www.cedworks.com](http://www.cedworks.com) website up to date and relevant. As your experience grows and results are forthcoming, we also invite you to consider sharing lessons learned with Canada's premiere magazine in the field of community economic development and the social economy, *Making Waves*, where practitioners critically assess what is working, what is not, and why.

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This workbook is about more than telling stories, however. It seeks to help inspired and committed groups and organizations think about two priority tasks that face any group considering social enterprise development: their suitability and readiness to undertake social enterprise, and getting effective planning underway systematically. The checklists featured in this workbook come from long years of sweating it out in the trenches of social enterprise development, and are designed to accomplish these two objectives.

Given this emphasis, we anticipate two primary applications for the workbook. First, it is a training tool to be used as a resource in workshops that the Centre for Community Enterprise, along with a number of regional organizations in different parts of the country, will be conducting in 2006 and 2007. These workshops are designed to facilitate a wide range of community-based groups and organizations in their respective rural regions to intelligently consider the social enterprise option. Second, we expect it will be used as a standalone resource by groups and organizations that wish to examine the application of social enterprise in their own context.

In addition, we expect this workbook will command interest as a primer for people wanting to explore where social enterprise fits within the broader context of community building and, even more generally, the strengthening of the social economy. Teachers, students, policy makers, and a wide range of community-based practitioners and organizations will find much of interest herein. The variety of goals, stakeholders, and ownership models described in the examples help readers become more attuned to what is a spectrum of social enterprise types. The first section introduces this well, backed up by a series of case studies you will find easy access to through the project webpage at [www.cedworks.com](http://www.cedworks.com).

Also introduced is the idea that it takes a broader set of supportive relationships to nourish and grow successful social enterprises. Credit, people development, planning, and technical assistance, woven together on a local and/or sector basis, are of critical importance.

More broadly, the current debate on the definition of social economy and the place of social enterprise are introduced and given some context. Points of convergence and divergence with the dominant economic and business paradigms are explored.

# CHAPTER 1

## Social Enterprise at Work — A Spectrum of Enterprising Solutions

The story of the St. Tharcisius Co-op is one example from a *spectrum of social enterprise* activity that stretches across the nation and around the world. All have one thing in common: They extend the boundaries of conventional business practices by inserting the principle of social solidarity into the heart of enterprise development. Some social enterprises focus on unmet needs of a particular place, such as St-Tharcisius. Others concentrate on meeting the unmet needs of a particular segment of the population, for example, at-risk youth. Sometimes it's a particular sector that is the focus of enterprise activity, for example agriculture, or arts and culture. Such variation is illustrated in what follows.

The Kitsaki Development Corporation represents a very different scale of operations and approach from that of the St Tharcisius Co-op. Owned by the La Ronge First Nation, Kitsaki is a community development corporation focused on establishing the La Ronge First Nation as a key business owner in the region. For decades in northern Saskatchewan, much of the business was owned by southern shareholders. Few of the jobs benefitted locals. Most of the profits flowed out of the region. To stem the flow of benefits out of the territory, Kitsaki uses a joint venture strategy to create businesses that combine community ownership with private sector partners to create a kind of social enterprise hybrid. Kitsaki is now vested as an owner in a wide range of enterprises, including wild rice processing, smoked meats, insurance, and trucking. Over 500 jobs have been created, 70% of which are aboriginal. Annual revenues average \$50 million. Markets extend from the local to the global. A steady stream of profit is generated. Through Kitsaki, the La Ronge First Nation has created an economic base and has radically and positively changed its social and economic relations with the dominant culture. In the process, the economic and social conditions of aboriginal individuals and the six communities that make up the La Ronge First Nation—communities that were excluded from such participation just 20 years ago—continue to be improved.

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All social enterprises have one thing in common: They extend the boundaries of conventional business practices by inserting the principle of social solidarity into the heart of enterprise development.

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Kitsaki has created more than jobs. Its joint ventures are capturing profits & building management capacities



Social goals are being met through business means!

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Revenues from the sale of goods and services in the market are combined with ongoing government investment in the social supports to create a double win: transformed lives and a return on taxpayer investment.

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Maison Verte, an Ontario-based forest nursery enterprise, was started by women to improve their lives and those of women in their community. After 20 years...the business has grown into a profitable enterprise with nine full-time and 20 seasonal jobs...

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Two young women working at the panel saw.  
Photo: Le Boulot vers

Tiny in comparison and narrower in scope, training businesses occupy a very different place on the spectrum of social enterprise. Typically, they target specific segments of the population, such as at-risk youth. They bring them into a specially structured business operation for six to twelve months—for example, production of children’s furniture—and then graduate them into the labour market or into further training and education. Found across the country, but most prominently in Quebec where there are strong provincial policy supports in place, it is not an exaggeration to say that these enterprises salvage young lives, as well as taxpayer dollars. Revenues from the sale of goods and services in the market are combined with ongoing government investment in the social supports to create a double win: transformed lives and a return on taxpayer investment. Extensive research shows Quebec’s investment in this model makes money for the public treasury within one year, once government-dependent individuals become contributing citizens.

The Trail Skills Centre in south-central British Columbia has created a variation on this model. A multi-faceted employment support and training service, the Skills Centre has created a training business with no direct government investment, relying solely on the supports of its experienced staff and community linkages to create an enterprise that targets at-risk youth. Contracting with a local newspaper publisher for a variety of services, this business is successfully integrating at-risk youth into working society and generates a small profit for the Skills Centre.

Inclusion of groups that are frequently excluded from economic participation often motivates social entrepreneurs. Maison Verte, an Ontario-based forest nursery enterprise, was started by women wanting to improve their lives and those of women in their community. After 20 years, and with some significant public sector support in the first three years, the business has grown into a profitable enterprise with nine full-time and 20 seasonal jobs (1995)<sup>2</sup> After years of re-investing in the enterprise and expanding to include production of flowers and some organic vegetables, the business has constructed a foundation dedicated to creating employment and women-centred services that support the empowerment of women in the region.

The Olds Bottle Depot, based in rural southern Alberta, was purchased by a charity (Accredited Supports in the Community) in 1986 to provide employment and work skills development for adults with disabilities. By 1990, the Association had expanded the scope of its work to include work skills development with local business owners, while at the same time transforming the Depot into a self-sufficient business. It now employs a fully integrated workforce, including youth and adults with disabilities.

The Depot is an integral part of the town's recycling initiative. Over the years, the Depot has survived four moves, a serious fire, adaptations to the Alberta Beverage Container collection system, and operational changes. Through it all, the Depot has hired and retained dedicated employees and increased its business annually. Profits have enabled the Association to improve the Depot's environment for the public and the employees, and to help with the purchase of handivans and homes for people with disabilities.



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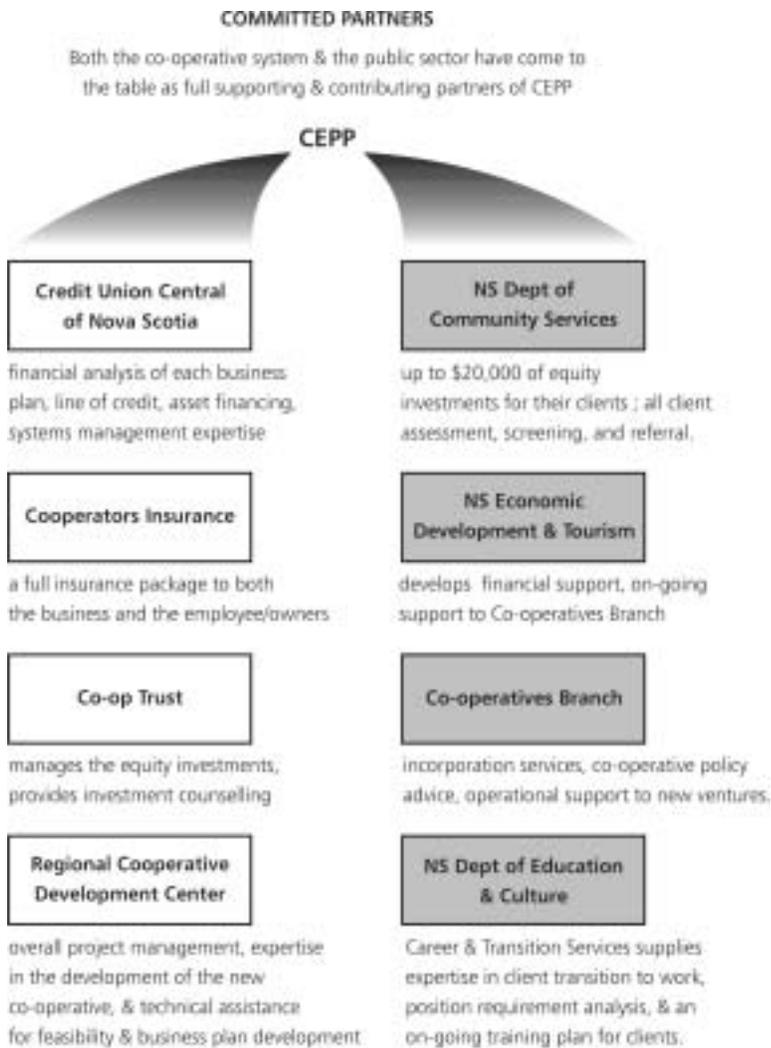
The Olds Bottle Depot (pictured above)... in rural southern Alberta... started in 1986 to provide employment and work skills development for adults with disabilities. Today, the Depot is an integral part of the town's recycling initiative...and helps purchase handivans and homes for people with disabilities.

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Workers at The Right Stuff, one of the Trail Skills Centre's social enterprises. Photos: Denise Robson





Making Waves Magazine, Vol. 10, No. 1 (Spring 1999), p. 18.

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The Co-operative Employment Partnership Program (CEPP) is a singular approach to self-employment that marries the strength of Nova Scotia's co-operatives with the provincial welfare system.

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We can see that social enterprise development can be relevant to revitalising a particular locale by providing needed jobs or services. In other instances, the primary focus is on a particular group with specific needs. A third purpose that prompts social enterprise as an option is the desire to improve the conditions of people or businesses operating in a sector where the insertion of social goals into the economic equation is seen as “values added.”

The work of the Nova Scotia Co-op Development Council shows another demonstration of this inclusion motivation. They help people on social assistance to become worker-owners of their own enterprises. They have created an innovative partnership with the provincial social services department that provides equity on behalf of each worker/ co-op owner. This is then linked with credit provided by credit union loans, and management by experienced co-op managers for a fee and a percentage of profits. Once the business is stabilised and internal management capacity developed, the now worker-owners graduate into fully managing their own social enterprise. Thus far, five of these social enterprises have been developed in rural Nova Scotia. Six more involving people with disabilities have been developed and financed.

Consider the case of the cheese factory in St. Albert, Ontario. For four generations, the area's dairy farmers have added value to their product by producing fine cheeses, with curds as a specialty. Organized as a producers' co-operative, it is now an anchor employer in the community. This multi-million dollar business is also a “values added” enterprise that has thrived in an increasingly volatile marketplace where few local dairies and cheese producers have survived. The co-op reinvests in its own community in a multitude of ways that contribute to the social, economic, and cultural development of the region. Schools, recreation, and cultural groups are among the primary beneficiaries. More recently they've helped to initiate a major event, the now-famous *Festival de la Curd*. In the process, they have created jobs, mobilised volunteers, generated diverse partnerships, and played a key role in the promotion of the region and the Francophone community in Ontario.

And this “values added” approach is not confined to primary producers. For example, access to adequate health services can be a determining factor in the survival of many rural communities. This is amply demonstrated by the case of Saint-Étienne-des-Grès, a village of 3,800 in southern Quebec. The community was faced with an exodus of doctors and other medical services, and was unable to attract new recruits because many of them did not want to make the investment required to set up a clinic. As well, public programs were not prepared to invest. In 1992, the community organized and decided to raise money one person at a time. Between \$50 and \$250 dollars bought shares in a co-operative. Within a short time, they had raised \$125,000 in investment capital from over 1,000 members. In co-operation with the local credit union, they planned and financed the building and other equipment needed to turn the situation around. By 1995, their clinic was complete. It quickly attracted doctors, along with an optometrist, dentist, and psychologist, all of whom were happy to rent space. Shortly thereafter, the co-op started its own physiotherapy service. In 2000, they added 19 spaces for aging people needing care. Then, in 2003, their success was finally recognized by the government, which helped finance doubling the size of the clinic. The co-op recently helped organise another such co-op in another rural village facing the same challenges.

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For four generations, the area's dairy farmers have added value to their product by producing fine cheeses, with curds as a specialty. Organized as a producers' co-operative, it is now an anchor employer in the community.

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“Valeurs Ajoutées” or, in English, “Values Added” is the message of the Chantier l'économie sociale, a social economy-focused network of networks in Quebec. Working for the common good — where respect, democracy, and solidarity are nourished — is at the heart of the Quebec social economy movement. Under this banner, social enterprises and jobs are created, adding value to individuals, communities, and the society as a whole.

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The InsideArt Cooperative in BC's Fraser Valley is owned by its artist members—both inmates and “outmates,” which are community-based artists who mentor the inmates and create a bridge to the larger community.

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A few thousand miles to the north, there is an equally remarkable example of social enterprise at work. For the last 45 years, co-operatives in the remote northern reaches of Canada have played a central role in fostering Inuit carving and other art forms. Organising producers and ensuring market access to distant southern and international markets, these co-operatives have created a thriving environment for the development of livelihoods and culture, “values added” to be sure. This culturally based economic activity has played an important role in generating community pride, cultural retention, and the creation of new art forms. Today, a new generation of Inuit are entering this thriving cottage industry.

Another isolated and talented group of artists has more recently mobilized to establish a marketing co-operative with the assistance of the Fraser Valley Centre for Social Enterprise and the South Fraser Community Futures Development Corporation (British Columbia). Its members are prisoners in a maximum security prison. The InsideArt Cooperative is owned by its artist members—both inmates and “outmates,” the latter being community-based artists who mentor the inmates and create a bridge to the larger community. Members’ artwork is marketed through a website and at shows in the community. While incarcerated, inmates build relationships, develop skills and connections, and work towards self-sufficiency in preparation for their release, dramatically decreasing reliance on the social safety net and creating taxpaying inmates along the way!

The international concern for creating fairer trade between third world producers and northern markets has generated a new sector of social enterprise activity here in Canada. La Siembra is one of many worker co-ops and non-profit enterprises that have emerged to sell organic products from producers who are guaranteed a fair price by the Fair Trade marketing enterprise. La Siembra is the first organisation to import, manufacture, and distribute Fair Trade-certified organic cocoa products in North America. They are rapidly expanding their capacity to distribute products across the continent, motivated by their commitment to improving the livelihoods of small organic farmers, most of whom are organized as co-operatives or non-profit associations of producers.

Rounding out this brief survey is an emerging innovation in the social enterprise arena within Canada. Although still early in its development process, ARISE (Abbotsford Recycling Industries Social Enterprise) was originally conceived as a means to melt and cast recycled glass into functional, long-lasting products, such as glass sinks, bathtubs, and wall blocks. The initial goals reflected environmental concerns: to save energy and reduce landfill space. However, through a cross-cutting set of conversations with local businesses and charities, the vision that engendered ARISE soon expanded to include training and socialization of marginalized individuals, such as ex-inmates, people experiencing multiple barriers to employment, and the disabled. Still in its planning phase, ARISE intends to offer financial literacy training to its employees and will use excess energy from the production process to heat an adjoining greenhouse that hosts community gardens and other social enterprise subsidiaries, such as a café and produce outlet. These social and business goals are merging into a joint venture model that combines private sector, non-profits, and charities as co-owners.

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An emerging innovation in the social enterprise arena, ARISE merges... into a type of joint venture model that combines private sector, non-profits, and charities as co-owners.

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This brief introduction to the range of social enterprises illustrates well the concept of a spectrum. At one end of the spectrum is the training business, partly supported by public investment and partly by selling products and services into the marketplace. This type of enterprise specialises in empowering and training a particular social group. At the other end of the spectrum is a multi-million-dollar set of businesses owned by a First Nation through their community development corporation. In between, we see interest-based, sector-based, and place-based social enterprises that represent resourceful solutions to problems and challenges that are not taken up by the traditional private or public sectors. The result is “values added” to individuals, communities, and society at large.

Spectrum of Social Enterprise							
Social Enterprise Examples	Primary Focus				Types of Ownership		
	Populations at Risk	Geographic	Interests and Needs	Sector	Co-operative	Non-Profit	Joint Venture - private and non-profit
St. Tharcisius Co-op		●	X		x		
Boulot Vers	●					x	
Kitsaki Dev. Corp		●	X				x
Trail Skills Centre	●	X				x	
Maison Verte		X	●	X		x	
Olds Bottle Depot	●	X				x	
N.S. worker co-ops	●				x		
St. Albert Cheese		X		●	x		
St.Étienne Health Co-op		X	●		x		
Inuit Arts co-ops	●			X	x		
Inside Art	●				x		
La Siembra-fair trade			X	●	x		
ARISE	X	X		●			x

Legend: dot = Primary Focus  
 small x = Type of Ownership  
 large X = Secondary Focus

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Co-operatives—a very important format within which social enterprise is advanced—are not exactly new to society. Over 160 years ago, the impoverishment and displacement created by the Industrial Revolution compelled people to invent new ways of re-inserting social goals into the economic domain.

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Karl Polanyi amassed a colossal array of evidence that economic life in pre-industrial societies was governed not by the market and capital, but rather by social goals and relationships.

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## **Defining Social Enterprise**

A feeling of dread often accompanies any attempt at defining the term “social enterprise.” People hate being defined in or outside of the boundaries of what is seen by some as a new buzz-word, especially since the introduction of social economy language in the throne speech of 2004. Sometimes people in organizations see the money associated with a new policy initiative as being a potential source of grants, and want to redefine their activities to fit the criteria of new programs. Definitions, especially if they are clear and exclude certain kinds of activity, can become hotly debated. There are dollars at stake! However, shying away from grappling with defining what social enterprise is, even if there are grey zones, is not an acceptable stance if we are to effectively focus public and private resources in ways to support expanding its reach and its impact.

## **Social Enterprise is Not a New Concept**

As indicated in the adjacent box, co-operatives—a very important format within which social enterprise is advanced—are not exactly new to society. Over 160 years ago, the impoverishment and displacement created by the Industrial Revolution compelled people to invent new ways of re-inserting social goals into the economic domain.

Early in the next century, similar movements emerged in Canada: the organizing of farmers in the Prairies and fishermen in the Maritimes being two examples. A range of social enterprises emerged as a response to the struggle against the injustices of exploitative companies and unfair prices that caused the impoverishment of people and communities; two notable models being co-operatives and credit unions.

## **Social Enterprise is Part of the Social Economy**

However, the roots are even deeper than the 19<sup>th</sup> and 20<sup>th</sup> centuries. Karl Polanyi,<sup>3</sup> the most widely cited economic historian of the 20<sup>th</sup> century, amassed a colossal array of evidence (reaching as far back as Aristotle) that economic life in pre-industrial societies was governed not by the market and capital, but rather by social goals and relationships.

### **The Early Beginnings of Social Enterprise: Out of Destitution— Innovation**

The good old days...when a person was able earn enough to put food on the table from a craft or a trade. Now we work more and more for less and less. We cannot hang on in the face of the advantage held by constantly expanding industrial mills. Destitution is becoming the most common mark of our streets. The marketplace, once governed by an ethic determined to maintain decent social relationships, is now characterised by raw greed and desperation. Cheating, unfair credit, adulterated food, over-charging; these seem to have emerged as the new norms. And those who do not make it, well, no doubt about it, the prevailing pronouncement is that their impoverishment is a clear sign of their defects.

Herein lies the context within which 28 men, mostly weavers, banded together in 1844 in Rochdale, England, to address a simple necessity. They, their families, and their neighbours needed wholesome food at reasonable prices. They formed a co-op as the vehicle to bind them together in the quest for a decent source of daily bread. More importantly, they set down the principles upon which the modern co-operative movement was founded. The values they set out—self-help, self-responsibility, democracy, equality, equity, and solidarity—nourish and shape the growing interest in social enterprise across the globe. Co-operativism is an innovative movement that crafts entrepreneurial strategies to meet unmet needs and to realise unrealised opportunities for social and economic inclusion and betterment.



We assume just the opposite today: that economic goals are dominant and take precedence. Rooted in the idea that individuals make economic decisions based solely on choices that maximize benefits to themselves, we have constructed an edifice of assumptions around the (ostensible) desirability of “free movement” of capital, free markets, and non-interference by government that has dominated economic thinking and policy throughout the last decades of the 20<sup>th</sup> century and into the 21<sup>st</sup>. Despite a growing array of evidence to the contrary, the notion that economic behaviour is somehow separate from the broader social and psychological conditions that shape human behaviour continues to be dominant.<sup>4</sup>

In contrast to the idea of the utilitarian, self-interested economic man being the determinant of human progress, the social economy advances a very different core economic principle: reciprocity. Understanding the principle of reciprocity is fundamental to understanding what the social economy is and the role of social enterprise within it.

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Understanding the  
principle of reciprocity is  
fundamental to  
understanding what the  
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role of social enterprise  
within it.

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Modern societies are characterized by three distinct yet interconnected sectors: the private sector, the public sector, and the social economy. And just as the other two sectors have clear and distinct economic principles that animate the organizations that constitute them, so does the social economy.<sup>5</sup>

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The economic principle that defines the private sector is the exchange of equivalents; the key aim is efficiency.

The economic principle that defines the public sector is the redistribution of wealth by the state; its key aim is equality.

The economic principle that defines the social economy is reciprocity; the key aim is solidarity.

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The economic principle that defines organizations within the private sector is the exchange of goods and services on the basis of an agreed-upon value —“**the exchange of equivalents**”—for commercial gain. Private sector enterprises are typified by individual entrepreneurs, companies, or corporations whose ownership structure is determined by the control of capital, and whose primary purpose is to maximize returns on investment to shareholders. The key aim of the exchange of equivalents, as an economic principle, is *efficiency*.<sup>6</sup>

The economic principle that defines the operations of the public sector is the **redistribution of wealth** by the state. The primary purpose of the public sector is the provision of public goods and services, and the aim of redistribution, as an economic principle, is *equality*.

The economic principle that defines the operations of organizations within the social economy is **reciprocity**. Social economy organizations are those that pursue their goals, whether economic or social, on the basis that individuals’ contributions will be reciprocated and the benefits shared. The primary purpose of social economy organizations is the promotion of mutual and collective benefit. The aim of reciprocity is human bonding, or *solidarity*.<sup>7</sup>

Reciprocity can only be fully understood when recognised as an essentially *social* relationship that contains within it potent emotional, even spiritual, dimensions. These elements account for an entirely different set of motivations within individuals than does economic behaviour in the classical sense of “maximizing one’s utility.”

It is certainly true that reciprocity is the foundation of a vast range of economic uses. But those uses are dependent on the sharing and reinforcement of attitudes and values that are interpersonal and that constitute essential bonds between the individual and the community. What is truly exchanged in reciprocal transactions is

not merely goods, services, and favours, but more fundamentally the expression of goodwill and the assurance that one is prepared to help others. Consequently, the practice of reciprocity always entails a certain moral element.

The principle of reciprocity is exemplified in social economy organizations in three key ways:

- 1) In co-operatives, reciprocity is expressed in the form of mutuality, where the enterprise is collectively owned by members for their mutual benefit; in the case of social co-ops, for the benefit of the broader community.
- 2) In non-profits, the reciprocity principle is expressed through a constraint on the distribution of surplus, the chief purpose of which is to further the social aims of the enterprise.
- 3) In charitable and voluntary organizations, reciprocity takes the form of gratuity or a gift (whether of capital in the case of charities, or labour in the case of voluntary organizations), where donors offer resources for distribution to recipients, with no expectation of personal return.<sup>8</sup>

These organizations are different *in kind* than either capitalist enterprises or state institutions. This difference is not just based on the *activities* undertaken by these enterprises, but on the underlying social and economic *principles* that animate them. The table below summarizes the basic differences between co-ops and non-profits (two social enterprise formats), and private sector firms.<sup>9</sup>

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The principle of reciprocity is exemplified in three main types of SE organizations:

- co-operatives
- non-profits
- charitable & voluntary

These organizations are different *in kind* than capitalist enterprises or state institutions, not just based on the *activities* undertaken, but on the underlying social and economic *principles* that animate them.

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<b>A Co-operative is essentially</b>	<b>A Non-Profit is essentially</b>	<b>A Capital-owned Firm is essentially</b>
a union of people	a union of people or people and capital	a union of capital
an organization of users	an organization of people or social purpose organizations	an organization of investors
controlled by its members on the principle of one member-one vote	controlled by those who are assigned this role by stakeholders (usually a board of directors)	controlled by those who own a majority of capital shares (one dollar one vote)
where the surplus (or profit) belongs to the members and is either reinvested in the co-op or returned to members as dividends	where profit is a social asset that is constrained to the specific community benefit purpose of the non-profit and may not be distributed to its members	where the profit belongs to the corporation and is primarily used to provide a return to investors

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The social economy in general is composed of a vast range of organizations, activities, and relationships that encompass a rich spectrum of goals, values, and structures.

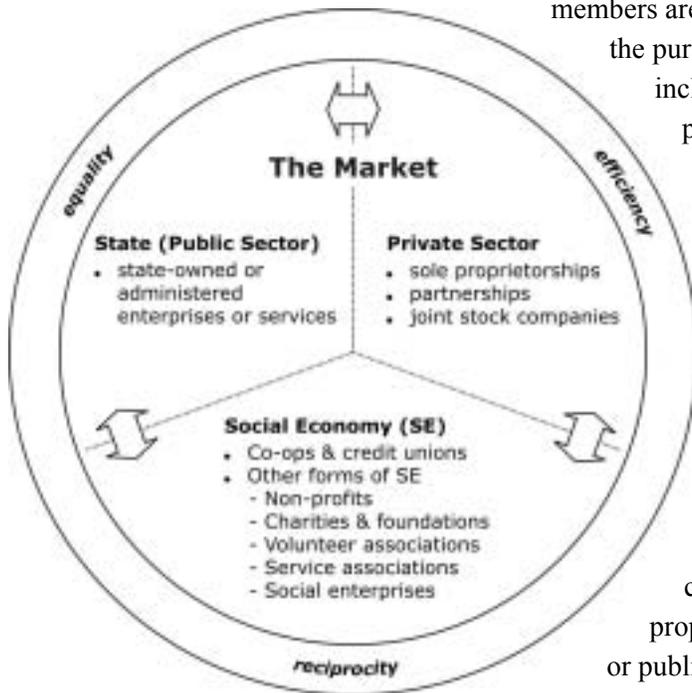
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The social economy in general then, is composed of a vast range of organizations, activities, and relationships that encompass a rich spectrum of goals, values, and structures. Co-operatives, credit unions, mutuals, trade unions, business associations, non-profits, charities, volunteer organizations, cultural organizations, religious organizations, and recreational groups of all types and orientations are part of the social economy. So, too, is a wide range of *social enterprises* whose purpose is to address specific social goals through the conduct of commercial business.

What they all have in common is the promotion of mutual and collective benefit, and the building of community that results from the operation of reciprocity either at the economic or social level. The *explicit* goals, organizational forms, and professed values are, in fact, secondary. What is primary is how *social* relationships are mobilized for collective goals. This is what makes the social economy such a complex and constantly evolving reality. It reflects the infinite purposes and means by which human beings in society act together to achieve common ends.

Social economy organizations are those organizations whose members are animated by the principle of reciprocity for the pursuit of mutual or social goals. This definition includes all co-operatives and credit unions, non-profits and volunteer organizations, charities and foundations, service associations, community enterprises, and social enterprises that use market mechanisms to pursue explicit social objectives.

For-profit enterprises would be included if surpluses were mutually shared by members in a collectively owned structure, as in co-operatives or collectives. What would not be included are state institutions or programs, and conventional capitalist firms, such as sole proprietorships, partnerships, and investor-owned or publicly traded companies.



It is important to note that while the three sectors of the market, as described above, are certainly distinct and the institutions within them operate on different economic principles, they are not hermetically sealed off from each other. There are innumerable transfers and borrowings from one to the other, and certain organizations operate at the boundaries of these distinctions. Universities might be placed at the borders of the public and private sectors. So might public/private partnerships. And some non-profit/private partnerships could be placed at the borders of the social economy and the private sector, such as what we illustrated earlier with the examples of Kitsaki Development Corporation and ARISE.

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Social enterprise inserts  
social goals into the  
economic equation.

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### **Key Characteristics of Social Enterprise— Towards a Definition**

Based on the foregoing examples, as well as on the broader discussion of the social economy, here we attempt to summarize some of the key characteristics of social enterprise and offer a simple operational definition.

1. Social enterprise inserts social goals into the economic equation. A social and economic return on investment is consciously pursued, whether or not there is public investment in the enterprise.
2. Building the means by which people can organise on the basis of mutual support and solidarity is a preoccupation of social enterprise.
3. Strengthening community, at one level or another, is an intended result.
4. Selling into the marketplace is an important part of any social enterprise.
5. Ownership is important; it is a central means of achieving an integration of social and economic objectives.

In Quebec, the “social economy enterprises” as they are called, are defined as sharing certain principles and structural features, notably the following:<sup>10</sup>

- aim to serve their members or the community as a whole, instead of striving for financial profit alone
- are neither private businesses nor public agencies
- establish a democratic decision-making process that involves the participation of users and workers





- give priority to people and work rather than to capital in the distribution of revenue and surplus
- are based on principles of participation, empowerment, and individual and collective responsibility

At the end of the day, the definition we suggest as being simple and inclusive is this:

*A social enterprise is a revenue-generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business and/or for community benefit.*

### **It Takes a Whole Village to Raise a Child and a Web of Supports to Start and Grow a Social Enterprise**

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Social Enterprise requires entrepreneurial leadership, capacity to engage and empower, participation from a variety of stakeholders, inspired persistence, tolerance of ambiguity, and an ability to employ business and organisational tools as means to address unmet needs and unrealised opportunities.

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The African proverb, “It takes a whole village to raise a child” is akin to the web of supports that characterises the development of successful social enterprises. Inserting social goals into enterprise development is not a “normal” part of the business agenda in our society. To succeed in this requires weaving together a web of supports throughout the community and from specialised sources of technical assistance to start, then nourish, the expansion of social enterprise and maintain it in a successful fashion.

Attaining social goals and community benefits while at the same time remaining financially viable is seldom a simple task.<sup>11</sup> It requires entrepreneurial leadership, capacity to engage and empower, participation from a variety of stakeholders, inspired persistence, tolerance of ambiguity, and an ability to employ business and organisational tools as means to address unmet needs and unrealised opportunities. It requires “inspired grinders” who take a long term perspective while maintaining their attention to the nitty-gritty of putting the pieces together on the ground.<sup>12</sup>

The stories in the opening pages represent only a snapshot of the mosaic of social enterprises that exist in Canada and around the globe. This short workbook, and its links to various sources of more fully elaborated case studies and other resources, will enable you to dig deeper and range further.

One critical understanding to keep in the forefront of your mind is that social enterprises are themselves tools, not ends. Their application in the modern context is not narrowly circumscribed or pre-defined, although they are more common in the arenas of

production or service, where social need is greater and the potential for profit is less. As has been already illustrated, some social enterprises are self-sufficient; others use a blend of government, community, and market income to provide the base for sustaining the venture. Whatever their business and social focus, whatever the ownership format (usually co-operative or non-profit),<sup>13</sup> to develop and grow social enterprises on a sustained basis requires a web of supports and relationships.

Consider the following web of supports woven into the story of St-Tharcisius. The village was in big trouble due to the closure of key services. A small *citizen-based group* with some *support from a co-operative leader* from a town down the road did the initial **organising and planning**. The *Local Development Centre* provided **research and business planning** guidance. The *Regional Development Co-operative*, a specialised technical assistance group for co-op development in Québec, provided **organisational development and legal guidance**, as well as *business advice*. The *Caisse Populaire* played a central role in providing **credit** to the new solidarity co-op. Without this web of relationships and support, would the village of St Tharcisius survived? It is difficult to be certain. What is clear is this: the **equity controlled by the community** through **a locally owned social enterprise** was an important step in stemming economic and social decline.

At the core, we find people exercising citizenship, people who are committed and ready to roll up their sleeves and act. Sometimes it's a citizen group that takes the leadership, as was the case in St Tharcisius. In the case of the at-risk youth enterprise taken on by the Trail Skills Centre, an existing non-profit organisation was the entrepreneurial impetus. In St. Albert, it was dairy farmers banding together to create additional products from their dairies and then going on to provide a "values-added" pattern of reinvestment in the life of the community. In most of these cases, you will find that each depended on a web of supports to help plan and finance its successful launch.

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Social Enterprise requires a web of relationships and support. At the centre of this web, we find people exercising citizenship, people who are committed, and who are ready to roll up their sleeves and act.

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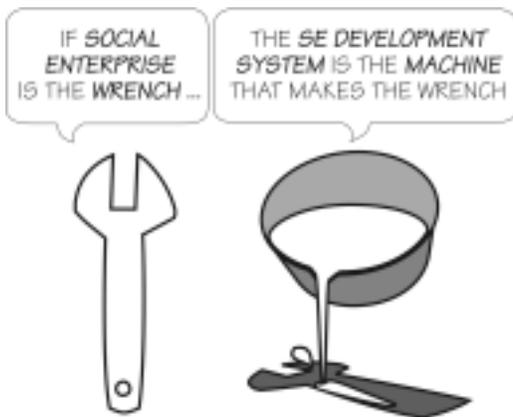
It takes co-operation to build the web of supports needed for development of successful social enterprises.

## Linking Social Enterprise and Community Economic Development

Based on our life experience, common sense tells us there are several key tasks that make communities work (or not), both economically and socially. Consider the graphic below. Think about each task and ask yourself what the implications would be in your community if each of these remained undone? Of more practical application, what in your community is being done well, what is not, and where are the gaps? Which groups in your community are being excluded from such things as access to credit, social supports, or access to training that's focused on getting into employment, to name just three? What are the unmet needs, the unrealised opportunities?

Study the diagram on the next page. How the functions listed above are woven together and managed within a community vision and strategy is what we in Canada call community economic development (CED).<sup>14</sup> Improving a community's capacity to support both private and community-owned businesses can be integrated into an overall strategy for maximising community well-being.

Similarly, and to varying extents across the country, the co-op sector has woven together several of these functions into a web of supports aimed at developing new co-ops.



To repeat, social enterprise is the tool. It is the wrench, if you will. The machine that enables the wrench to be manufactured is the broader development system that is made up of collaborative and co-operative ways of addressing the key economic tasks depicted in the “10 Key Tasks” graphic.

For those embarking on the path of social enterprise development, familiarise yourself at an early stage with the key supports in your community, region, and province; supports that can be drawn into play to help plan, finance, start, and grow your social enterprise(s).

## 10 Key Tasks

What must we do, have, or create if communities are to thrive?

**Affordable Housing & Food Security** are basic to human physical, emotional, and social functioning.

**Social Supports** strengthen the connection between citizens, foster inclusion, facilitate participation in community life, strengthen families, and encourage the realization of individual and collective goals.

### The Social Tasks

**Health & Safety** are essential to our willingness and ability to participate in community life as parents, employees, business-owners, voters, and investors.

Access to quality **Education** will determine much of what people do with their lives and the contribution they make to the lives of others.

**Culture & Recreation** reinforce the physical and emotional health of citizens and communities. Opportunities for leisure and reflection broaden and deepen people's participation in other aspects of community life.



### The Economic Tasks

**Local Equity & Ownership** ensure that local interests influence business decisions and that the resulting capital is reinvested in local development.

**Accessible Credit** focusses on extending loans to people marginalized from conventional financing.

**Planning, Research, & Advocacy** enable people to make good decisions about what to do, when to do it, with whom and with what.

Physical **infrastructure** is the array of public and private installations that undergird public health, mobility, and communication.

Preparing **People** to become competent employees, employers, organizers, co-ordinators, administrators is what fuses the "people supply" to "people demand."



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Research in Quebec shows that a new generation of sector-led support organizations providing finance, advocacy, and technical assistance has emerged that, together with supportive government policies, are helping communities and citizen's groups create a diverse array of ventures...

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When all the pieces come together, significant results can be achieved. In Quebec, where social enterprise has a supportive policy environment, and where the local and regional CED organizations and provincial-level support infrastructure is the strongest, the results speak for themselves.

Research carried out by the Bureau de l'économie sociale and the Direction des co-operatives in 2002, cited 6,254 social enterprises having over 65,000 workers who generated \$4.3 billion in revenues.<sup>15</sup> A significant percentage of these enterprises have been created since 1996, stimulated by the policy changes and new resources that flowed from the socio-economic summit of leaders from government, business, community, social movements, and labour, all of whom agreed to make strengthening the social economy an important priority.

Since then, a new generation of sector-led support organizations providing finance, advocacy, and technical assistance have emerged that, together with very supportive government policies, are helping communities and citizen's groups create a diverse array of ventures, including financial services, home care and day care providers, recycling businesses, funeral services, housing and consumer co-operatives, a range of production and worker co-ops (forestry, agriculture, cultural, small scale manufacturing), social tourism, and employment training businesses.

The social enterprise development focus is complementary to the CED approach where the emphasis is on the development of a specific territory. As depicted in the graphic on the next page,<sup>16</sup> by working in collaboration, they address and interconnect the social and economic tasks that are key to the well-being of communities, as well as to the particular "communities of interest" that may be the focus of any social enterprise.

It is in Quebec where community economic development organizations and social enterprise have been most powerfully integrated. A combination of progressive government policies and long-term strategic supports have yielded substantial benefits.

Among the most dramatic examples is RESO, a community economic development corporation that was forged to address the multi-faceted economic and social challenges in what were once Montreal's five poorest neighbourhoods. The qualifier "once" is important: today the challenge is managing growth.

In a rural context, the mountain community of Revelstoke in British Columbia offers another rich body of experience. Through a multi-faceted engagement of citizens, the municipality, the Chamber of Commerce and the Community Futures Development Corporation over a 20-year period, a town once on its knees is now a vital, thriving community. One key element in this transformation was citizen action that demanded control over the forest license in their region. They succeeded and then mobilized community capital to create a municipally owned social enterprise that is returning social, economic, and environmental benefits to the citizens of Revelstoke.

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Social enterprise is one key tool they have used to gather the engagement of citizens in the task of revitalizing neighbourhoods. Between 1997 and 2002, RESO helped start over 40 social enterprises that together created 500 jobs, many with and for people who were previously marginalized from participation in jobs.

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We strongly encourage readers to examine the experience embodied in this chapter in more detail. In Chapter 6, you will find summaries of several articles and case studies, all of which are available at [www.cedworks.com](http://www.cedworks.com). There, you'll find RESO, Revelstoke, the health coop, Kitsaki Development Corporation, and other examples highlighted in this chapter, plus several others are available for study along with linkages to additional useful resources.

## CHAPTER 2

### The Social Enterprise Development Checklist: A Navigation Tool

The Social Enterprise Development Checklist is to social enterprise what social enterprise is to the broader process of community economic development and the social economy. Simply put, the SED Checklist is a tool. It can be employed by a variety of community and regional interests: a group of citizens confronted with unmet needs or unrealised opportunities, a non-profit organisation seeking innovative means to meet its mission, a community association seeking new ways to serve its community, a First Nation struggling to break out of dependency and create means to build a more self-reliant economic base, a municipality trying to stem the leakage of benefits by creating a community-owned enterprise, or a group of producers banding together to add values to their products through co-operative enterprise.

Whatever the specifics of the group or organisation, there are some questions that need to be asked, questions that, when answered, help situate your group or organisation. Where are you in the process of exploring, planning, or implementing social enterprise? What are your current strengths and weaknesses? What do you need to think about? What planning, decisions, and actions do you need to take to get your efforts onto a strategic track?

**Phase 1: Getting Started.** The Checklist begins with this **first phase related to Getting Started**. It has three parts. First, there is a checklist that will help you assess your readiness to engage in the tasks associated with social enterprise development. Second, there are some basic research and consultation tasks that require attention. Third, mapping your current relationships sets the stage for assessing your community linkages and networks.

Once this first phase is done, the process can be understood as having three additional phases.

**Phase 2: Building the Base** refers to a range of tasks and decisions that need to be taken to prepare a group or organisation to take on social enterprise development.

**Phase 3: Focusing the Opportunities** pays attention to the steps, tasks, and planning involved in making decisions on what enterprises to give priority to.

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The Social Enterprise Development (SED) checklists are a tool to help answer these kinds of important questions: Where are you in the process of exploring, planning, or implementing social enterprise?

What are your current strengths and weaknesses?

What do you need to think about?

What planning, decisions, and actions do you need to take to get your efforts onto a strategic track?

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#### ***Phase 4: Planning the Enterprise and Mobilizing Resources***

focuses on moving the chosen venture to financing, and preparing your organisation or group to manage this crucial stage.

Each of these phases is broken into four major components:

- Organisation Development
- Enterprise Development
- Community Participation and Strategic Networking
- Technical Assistance

There are research, planning, and decision-making tasks related to each of these components across each of the four phases. Together, they constitute a tool for preparing your group or organisation to more systematically make good decisions. Following is the basic introduction to each phase and its various parts.<sup>17</sup>

#### **Phase 1: Getting Started: Assessing Readiness and Doing your Homework (Checklists 1-3 in Chapter 5)**

No one would start a major journey, with all the time and costs involved, without assessing their capacity and doing some basic planning. Sure, it may be possible for highly resilient, energetic people to jump on a plane with a one way ticket to another continent and \$200 in their pocket and still find their way back home.

However, we do not recommend it. Nor do we recommend rushing into social enterprise development without doing your homework!

The first step is to do an honest appraisal of your readiness. This workbook presents two tools aimed at helping focus your thinking on the critical factors. Neither tool should be confined to the sole attention of one or two members of your group or organization. Rather, both invite discussion and dialogue among all the key decision-makers and critical stakeholders.

The first is a tool that will help you examine the entrepreneurial characteristics within your group and organization. This is a very important and revealing assessment, particularly for program-supported organizations involved in delivery of services to meet specific community needs. We recommend that each person on your team assess themselves, their managers, their board, and their organization or group as a whole, and share the results in an open and frank manner. This tool is found in Chapter 4 (pp 47-48).



The second tool is Checklist #1 in Chapter 5. It will provoke you to think about the time, talent, and resources you have available for social enterprise development.

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Checklist #1, Assessing Readiness: Do you have the time, talent, and resources to engage in Social Enterprise?

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Honest application of these two tools may cause you to decide that social enterprise development is not for you. If so, congratulations; this is a positive decision. The last thing you want is to waste scarce time and resources in an arena for which you are not suited. Groups becoming involved in social enterprise that have not honestly appraised themselves can unintentionally create damaging consequences.

Assuming you decide to proceed further, other checklists await your diligent attention. To undertake these tasks, it is best to establish a small working group of key stakeholders; for example, board members, staff, volunteers, representatives of the constituency you serve, and others with a relevant interest in social enterprise development.

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Checklist #2: Establish a planning workgroup.

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Checklist #2 poses some key policy questions that need consultation and discussion. What is the role of your organization or group going to be in social enterprise development? Are there issues related to collective ownership that may create conflict? There is work to collect as much information as possible about the characteristics of the community and/or sectors you are trying to assist, and the enterprise opportunities that may be available based on some key trends. What is the demographic make-up of your community or sector? What are the local economic trends? Do you have up-to-date information on local resources? Are there any community economic development strategies that have been developed by other organizations in your community, region, and/or sector(s) of interest?

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Checklist #3: Do the basic research and discuss your basic policy issues.

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Checklist #3 draws you into examining the extent and quality of your existing linkages in the community, and to what degree they are relevant to social enterprise development. How are you working with them? What is your demonstrated capacity to build and work in partnerships in the non-profit, co-operative, government, and private sectors?

It is important to make sure the information you collect is understandable and useable for all members of your group or organization. Based on the results, a work plan for moving onto Phase 2 should then be prepared.

While undertaking this first phase of work, you may discover gaps in your ability to complete all these tasks. This will tell you something about your organizational capacity that you will need to pay attention to. Seeking technical assistance will be an important part of building your capacity over time. If you need help, even at this early stage, seeking out volunteer or paid technical assistance can be a positive step.

## Phase 2: Building the Base (Checklists 4, 5, & 6)

Now the real work begins. In the first phase, it is likely some areas were identified where work needs to be done to improve your capacity for social enterprise development. In this second phase, this work, and a lot more, will be done as well.

### *Organizational Development*

An early step is to ensure that your key decision makers are adequately informed about the various challenges, steps, and resources involved in social enterprise development. Training sessions should be thought of as an ongoing process; initially to provide an overview of the social enterprise development process and, at later stages, more focused training on specific elements that are important to effective decision making. Ensuring people understand the overall process will facilitate serious consideration of the policy issues that need attention in this phase; decisions about your mission, goals, and roles, and the establishment of enterprise selection criteria to guide enterprise selection. Don't forget that it is also necessary to have both a work plan and a clear method for monitoring progress.

### *Enterprise Development*

The first step here is to establish criteria that the working group will use to "screen" the enterprise ideas generated. It is important to make sure criteria are set that match your collective values and capacities, as well as the needs of your constituency, sector, or stakeholders. Groups that do not design selection criteria can get caught up in an unproductive treadmill of chasing every idea and opportunity. As outlined in more detail in Chapter 3, it is a smart idea to design a balanced set of criteria that take your organizational or group needs into account as well as those of your community or constituency.

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Checklist #4:  
Organizational development:

- ◆ Training key people
- ◆ Making key decisions on mission, goals, roles, & enterprise selection criteria

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Checklist #5:

- ◆ Apply enterprise selection criteria
- ◆ Do pre-feasibility analysis

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Hopefully, your work in Phase 1 has already identified some potential enterprise opportunities. At this stage, you may want to expand the ideas under consideration by holding brainstorming sessions with various groups, for example your board, staff, clients, or key stakeholders. You will also want to examine carefully the results from your Phase 1 work (demographics, economic trends, etc.) to see what opportunities may be relevant to the context you are working in. Now is the time to make use of the enterprise selection criteria you have established. Use the information in Chapter 3 to help you organize your “first cut” of ideas and narrow the range of opportunities you give limited time and resources to.

From those remaining, choose the best three to six opportunities for pre-feasibility study. This “quick and dirty” analysis examines the fit with the market, defines the basic product and/or services, and begins to rough-out the technical, management, and financial demands intrinsic to the business. Once this step is done, apply what you have learned to make a “a second cut” decision aimed at selecting which opportunities you will invest in with more detailed feasibility research.

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Checklist #6:  
Engage stakeholders in  
key decisions

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#### *Community Participation and Strategic Networking*

Opportunity identification, establishing venture-selection criteria, discussion of mission and role--all these are opportunities to engage in dialogue aimed at broadening and strengthening your key relationships. This is a good time to begin your search for potential funders and investors. Make personal approaches to key individuals, if possible, and forge ways of keeping key targets updated as you progress in each area.

Remember that systematic community/stakeholder involvement is an essential way of building credibility, gaining support, generating ideas and, ultimately, contributes to the success of your social enterprise development efforts.

### Phase 3: Focusing the Opportunities (Checklist #7)

Phase 3 involves some intense analysis as the working group moves toward selecting the most appropriate social enterprise for detailed planning.

#### *Organizational Development*

There will be some ongoing work that was identified in the previous phase. Issues related to structuring the enterprise will now emerge on the agenda. Training of key decision makers in feasibility analysis is also on the list in Phase 3.

#### *Enterprise Development*

With two or three good ideas left over from the screening process, it is time to undertake more in-depth research into their financial viability. Following your work plan, initiate the feasibility studies through your working group team, using outside technical assistance if necessary. It may be that assistance can be secured from a small business and/or sector development expert from a local college or university. Students from business or social work programs can sometimes also be a good source of additional assistance. Once you have concluded the feasibility studies, a decision must be taken on which enterprise you want to focus the detailed business plan on.

#### *Community Participation and Strategic Networking*

At this stage, intensifying your efforts to build support within the community and among stakeholders requires ongoing attention. Focus your networking more on potential funders or others who might be able to contribute resources that your enterprise will need to get off the ground. If appropriate, share an executive summary of the feasibility study. It is also not too early to identify an advisory committee for the selected enterprise, people with specific expertise that they can bring to the kind of business you are going to focus on. By the time you launch your enterprise you need to have a reliable list of participants, volunteers, and partners, all of whom you can identify as bringing value to the table you are setting.

- 
- ◆ Train key people
  - ◆ Begin discussing structure issues
- 

- 
- ◆ Do feasibility analysis
- 

- 
- ◆ Focus on network of potential investors
  - ◆ Consider establishing an advisory committee for the enterprise you have selected
-

## Phase 4: Detailed Planning and Mobilizing of Resources

### *Organizational Development*

- 
- ◆ Training key people
  - ◆ Planning your legal & management structure

At this stage, planning and implementing for the enterprise will include designing the legal and management structure, and getting in place the capacity needed to move the project from paper to reality. These details are very important and you will likely require some expert advice to guide your decisions.

### *Enterprise Development*

- ◆ Doing the Business Plan
- 

Whereas the feasibility work helped you determine financial viability, the business plan details how you are going to run the business. It is the road map for your start-up and the months that follow.

There are different options for getting this work done. One sometimes viable option is to have the person who is going to manage the enterprise write the business plan. Another is for a champion from within the organization or group to lead the work. However, neither of these are always feasible. Another option is to have the working group work with a volunteer expert, student, or consultant, or some combination of the three. Whatever the option chosen, the working group must stay in very close touch with each stage of the business planning process. Why? Because a business plan reflects decisions that shape the business and it is crucial for the working group to be making these decisions. It is obvious that those who are going to be involved in guiding the enterprise in its early stages understand what it is they are getting involved with. Finalizing sources and types of financing are another important focus. The business plan is a key tool for financing, as is the credibility and enthusiasm of your group or organizational leadership.

- 
- Consolidating your support for starting the enterprise
- 

### *Community Participation and Strategic Networking*

Ensure you are sharing the results of your business planning and other preparatory efforts with your community and stakeholders. This stage represents the result of collective effort. It is likely that enthusiasm is increasing; this is an opportunity to recruit additional support and line up any resources that starting up the enterprise may require. Reaching this stage will also inspire confidence in potential investors. Now is the time to seek and consolidate their commitment. Use your business plan effectively as a tool to accelerate the discussion and enhance the credibility of your team. Phase 4 is complete when you have mobilized the resources and made all the other arrangements required to start up your enterprise.

## Technical Assistance

Technical assistance may be needed at several different points in the process. It should be used to increase the capacity of the group or organization. Proper use of technical assistance demands planning. The organization may require outside technical assistance to meet some, but not all, of its needs. When it is needed, what tasks will outsiders (whether volunteer or paid) be recruited to perform? When will their assistance be required? Who should be hired? How much will it cost? *How can the assistance be structured to ensure maximum transfer of skills and knowledge?*

## Notes on Implementation

Implementation generally means bringing your carefully made plans to life—doing the things you said you were going to do, when you said you would, and achieving the results you want. Theoretically then, implementation involves following pre-arranged activities and monitoring to ensure everything is on track. The enterprise team and management implements, the board monitors progress, and the stakeholders receive generous praise and continuous updates. In practice, however, it is seldom so simple.

The reality is that environments change. Market conditions may change. Staff turns over, which can be a critical setback.

Community support may go up and down. You may even find that some people oppose your plans. You will likely have to make ongoing modifications.

Monitoring and trouble-shooting are now a constant part of your team's routine as the enterprise gets underway. The key is to remain flexible, being ready to modify operations and work plans as the environment changes. The important thing is to be persistent. Adaptability is often the key to success for any worthwhile undertaking.

Right from the outset, get into the habit of documenting your results. Regular financial and management reports that are linked to the business plan and ongoing operational plans are mandatory for good monitoring and ongoing learning.

Lastly, keep communicating the results you are achieving to your stakeholders. They have a vested interest in your success; keeping them informed contributes to community learning. It also makes it a whole lot easier to enlist their engagement in the next social enterprise you undertake.

- 
- ◆ Activate
  - ◆ Manage
  - ◆ Monitor
  - ◆ Document
  - ◆ Communicate
  - ◆ Troubleshoot
    - ◆ Adjust
    - ◆ Evaluate
- 

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The key is to remain flexible...and be persistent.

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## OVERVIEW SUMMARY OF SOCIAL ENTERPRISE DEVELOPMENT

	<b>Phase 1 Getting Started</b>	<b>Phase 2 Building the Base for Social Enterprise Development</b>	<b>Phase 3 Focusing the Opportunities</b>	<b>Phase 4 Detailed Planning &amp; Mobilizing Resources</b>
<b>ORGANIZATIONAL DEVELOPMENT</b>	a) Assess your readiness to undertake social enterprise development: attitude, aptitude, and basic capacity b) Form a social enterprise working group	a) Introductory training of key stakeholders in social enterprise development b) Design initial work plan (Who, How, When) c) Organizational development plan to prepare for social enterprise d) Policy-making, mission, goals, CBO roles, enterprise selection criteria	a) Implementation of organizational development plan b) Organizational planning to accommodate social enterprise c) Stakeholder training: enterprise management structures, feasibility studies d) Identification of enterprise management requirements	a) Stakeholder training in financial packaging, business planning b) Establishment of legal structures for enterprise(s) c) Selection of enterprise management d) Establishment of enterprise monitoring system (if necessary)
<b>ENTERPRISE DEVELOPMENT</b>	a) Basic Research * collecting as much information as possible on the community/sectors you want to engage * relevant economic & social trends * relevant demographics * review of existing economic and social development strategies	a) Identification of social enterprise opportunities b) First Cut: selection based on selection criteria c) Pre-feasibility research into enterprise proposals d) Second Cut: selection based on pre-feasibility analysis	a) Feasibility studies b) Priority enterprise selection(s) based on detailed feasibility analysis c) Contracting technical assistance (volunteer or paid) relevant to enterprises under consideration	a) Business planning b) Financial packaging c) Preparation for enterprise start-up d) Enterprise operation & monitoring
<b>COMMUNITY PARTICIPATION &amp; STRATEGIC NETWORKING</b>	a) Consultation around some basic policy issues with your stakeholders b) Mapping your current network and partnerships and those you might usefully target	a) Community involved to identify enterprise opportunities b) Initial networking with external agencies & private sector c) Plan communication strategy	a) Community meetings develop support for selected enterprise(s) b) Formation of an enterprise focused advisory body (if applicable)	a) Mobilization of internal & external networks in support of priority enterprise(s)
<b>TECHNICAL ASSISTANCE:</b> Identifying & mobilizing outside skills & knowledge to assist in the SED process				

## CHAPTER 3

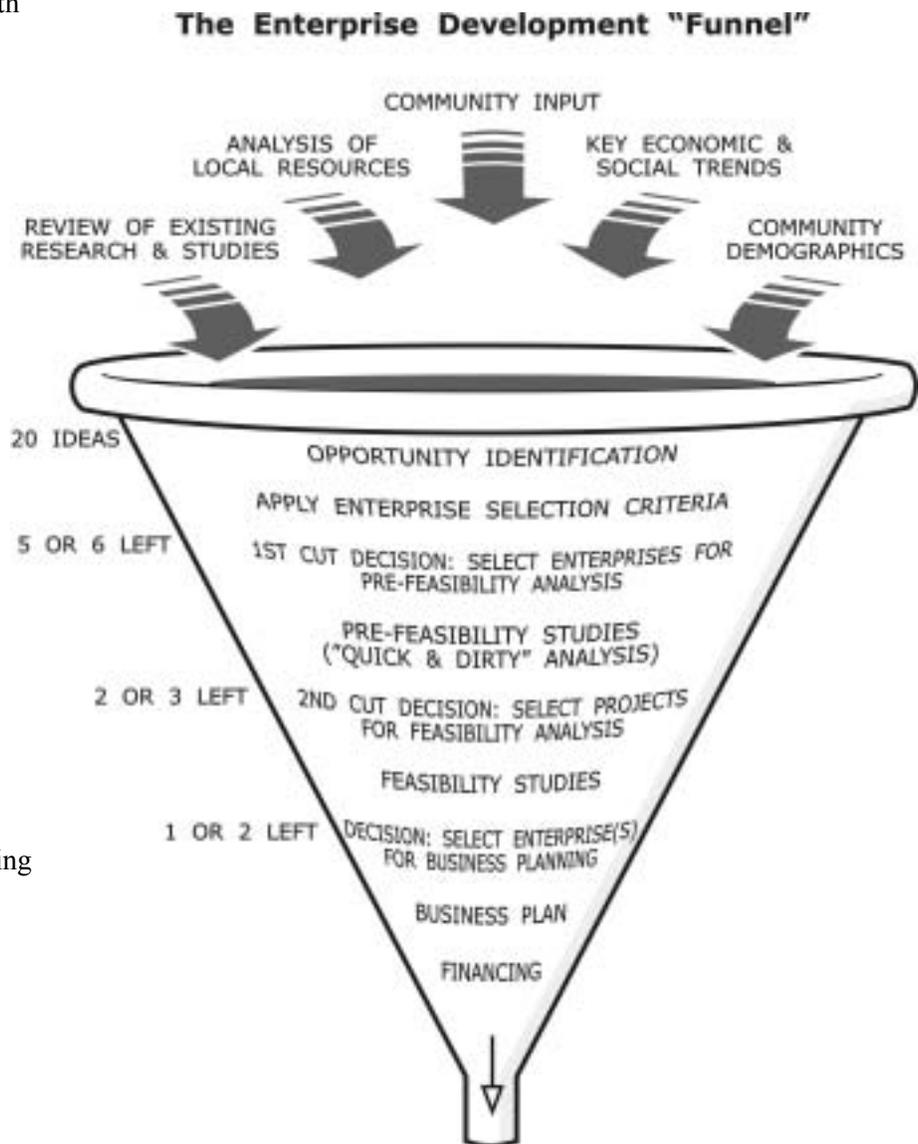
### The Enterprise Development Decision-Making Process: An Overview

Enterprise development, well done, is a systematic decision-making process that efficiently separates the best opportunities from less promising ones. It enables social entrepreneurs and development groups to progressively sharpen their focus and concentrate resources on the most viable opportunities.

The diagram depicts enterprise development as a funnel with several screens stacked on top of each other inside the funnel. The top screen is quite coarse. It holds back “the gravel.”

The screens get progressively finer until only the finest grains pass through the mesh at the bottom. Those “fine grains” are the businesses that, through good planning, will be the most relevant and viable.<sup>18</sup>

The “screens” of the enterprise development funnel are the policies, research, and decision-making procedures of an enterprise development system.



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Falling in love with a single business idea can be dangerous...it can consume much time, energy, and money, but returns few benefits...having a wider array of opportunities to consider can be very helpful...

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## **Opportunity Identification**

Community economic development organizations and social enterprise development groups often become fixated upon a single idea. There could be a number of reasons for this. For example, a member of the group may have heard about a successful social enterprise operating in another area and assumes it will work locally. Interest is driven by being entranced by a particular sector of activity or an already existing set of interests or skills. Sometimes these can work. However, there is a danger of getting too focused too soon. Falling in love with a single business idea can be dangerous because it can consume much time, energy, and money, but returns few benefits. To avoid this sorry situation, conduct a systematic and broad review of opportunities before devoting any resources to detailed planning. No organization or group can do everything. Thus, having a wider array of opportunities to consider can be very helpful to reaching a successful conclusion: an enterprise focus that maximizes the fit with the mission, goals, strengths, and skills of your group or organization and that has the potential to be financially viable.

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Whatever the final criteria decided on, they should be consistent with the mission, goals, capacity, and interests of your group or organization.

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## **The Role of Enterprise Selection Criteria**

Each enterprise idea identified is evaluated according to the enterprise selection criteria. For community-based organizations, such criteria (see the last section of this chapter) represent a carefully designed set of screens that filter opportunities. There are three main types of criteria: community criteria, organizational criteria, and business criteria. Whatever the final criteria decided on, they should be consistent with the mission, goals, capacity, and interests of your group or organization.

The application of these criteria speeds up the initial decision-making process. For example, if you identified 10 to 15 ideas in the opportunity identification process, applying these criteria using the common sense and knowledge of your members and advisors can get you focused. It is not a precise evaluation, however, it doesn't need to be at this juncture. A little homework plus what is already known by community decision-makers is sufficient for the first cut. Be sure to spell out in advance the procedure you will use for the application of the criteria, who will be involved, and how decisions will be made.

One systematic method of evaluating enterprise possibilities is to assign points under each criterion (see examples on pages 47-48). The rating scale ranges from “zero” (when an enterprise does not meet the criterion) to “five” (when this criterion is one of the enterprise’s strengths). The total points assigned to each enterprise will give a rough idea of which ones best meet local needs and intentions. The enterprises with the lowest ratings can be eliminated or put on the back burner for reconsideration in the future. Working through the enterprise selection process in a systematic manner is also an important opportunity to develop the decision-making capacity of the board or group members involved.

### The 1st Cut : Decision Point #1

Applying the criteria in this manner leads to a selection of the best five or six enterprise opportunities. This is the first decision point. It represents a recognition that planning costs money and time. Conserving scarce resources and making good investments in planning requires a progressive selection of priorities based on increasingly detailed research.

#### *Pre-Feasibility Analysis*

The five or six “short-listed” enterprise opportunities now undergo the closer scrutiny of a pre-feasibility analysis. Pre-feasibility analysis asks why an enterprise *won't* work, rather than why it might. It helps eliminate some enterprises from further consideration. To do this, pre-feasibility studies look more closely at the product or service, the characteristics of the industry the product or service is part of, the basic trends and features of market(s) relevant to the product, management and technical experience and skills needed to succeed, and the initial estimate of the investment capital required. It is a “quick and dirty” level of analysis. It should take two to six days unless it is a more complex kind of business.

This level of analysis is a perfect opportunity for training key personnel. If technical assistance is needed, structure the contract to ensure that the skills related to pre-feasibility analysis are transferred. If you do the work internally, seek out advisors who know the business area you are working on and ask them to do a review of your work.

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Conserving scarce resources and making good investments in planning requires a progressive selection of priorities based on increasingly detailed research.

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Pre-feasibility analysis asks why an enterprise *won't* work, rather than why it might. It helps eliminate some enterprises from further consideration.

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This level of analysis is a perfect opportunity for training key personnel.

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It is crucial to involve the key decision makers in this process. The first experience with this decision-making process may be frustrating at times, but it is worth it.

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Feasibility analysis explores options for operating the enterprise and determines whether it is financially feasible.

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### The 2nd Cut: Decision Point # 2

This is the second decision point in the enterprise development process. The best two or three enterprise opportunities are selected and the rest are put on the back burner. The enterprise selection criteria can be used again to review the results of your pre-feasibility analyses. The worthiness of the enterprise opportunities can be compared by listing the pros and cons of each on separate sheets of paper.

It is crucial to involve the key decision makers in this process. The first experience with this decision-making process may be frustrating at times, but it is worth it. There is no substitute if organizational capacity is to be built; and without relevant organizational capacity, there is little likelihood of moving beyond a single social enterprise.

#### *Feasibility Analysis*

Whereas pre-feasibility analysis helped decide which enterprise opportunities make sense to invest more planning in, the feasibility study looks at the same topics in greater detail to determine if it makes sense from a financial point of view. Included is detailed analysis of the product or service, industry analysis, market definition, competition analysis, management and technical requirements, detailed definition of equipment and materials, and definition of all capital required for building, equipment, start up, and operations. This level of analysis explores options for operating the enterprise and determines if it is financially feasible.

### Selection of Enterprise(s) for Business Plan: Decision Point #3

Take time to carefully assess the feasibility study completed for each potential enterprise. This is an excellent opportunity to hone critical decision-making skills and to train leaders in general business matters. Don't miss it. Decision makers need to understand the purpose of feasibility studies and how to interpret the results. Recruit or hire outside expertise to walk you through the analysis, if necessary.

The decision to be made at this point is whether to invest in the final stage of business preparation, which is the development of a business plan. The feasibility study will provide most of the information needed to prepare the business plan. However, there are important differences in these two documents.

### *Business Planning and Financing*

The feasibility study discusses different ways the business might operate and whether it is a worthy investment from a financial point of view. The business plan describes the way the business will actually operate. It describes the business goals and objectives, and lists the steps that will be taken to achieve those goals and objectives.

A good business plan takes 240-300 hours, less some of the time spent on the feasibility study. That's why a step-by-step enterprise development process makes sense. Who has the time, staff, and money to write a complete business plan for every possible enterprise opportunity, if one plan takes six to eight weeks to develop?

The primary uses of a business plan are as a financing tool and as a blueprint, or template, for operating the business. As a financing tool, it should provide all the information (and more) needed by investors and lenders to make their decisions. As a blueprint, it guides the startup, expansion, and operation of the enterprise. Just as a builder draws plans before starting construction of a house, people wanting to build a business need to have a plan prior to startup.

Several benefits are derived from a good business plan:

1. It reduces firefighting. Many small businesses spend so much time putting out fires, that they never have a chance to do anything else. By preparing a business plan, problems that are likely to occur can be anticipated and the plan enables some forethought on how they should be dealt with.
2. A business plan forces you to justify your plans and actions. Deciding that some action is good because it "feels right," is not sufficient. Preparing a business plan forces you to prove the validity of an action or idea, or at least explain the reasoning behind your why you think it will work.
3. It enables you to make your mistakes on paper. Because all of the decisions incorporated into a business plan have to be translated into financial terms, a \$50,000 or \$100,000 mistake can be corrected in advance—before you actually have to spend any money--rather than being faced with the problems that come with expensive mistakes once you have started.

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The business plan describes the way the business will actually operate. It describes the business goals and objectives, and lists the steps that will be taken to achieve those goals and objectives.

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- A good business plan confers these benefits:
1. It reduces firefighting.
  2. It forces you to justify your plans and action.
  3. It enables you to make your mistakes on paper.
  4. It will be viewed by others as an indication of your ability and commitment.
-

4. A business plan will be viewed by others as an indication of your ability and commitment. A well-prepared business plan is an impressive document. It shows outsiders, such as loan officers and suppliers, that you understand the business. The fact that you have spent the time to prepare the plan, shows that you have a strong commitment to the business.

## A Closer Look at Enterprise Selection Criteria

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Enterprise selection criteria should flow from and reflect the mission, strategic goals, and assessment of key factors that will guide ongoing social enterprise development.

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The foregoing summary description of the enterprise development process illustrates how important it is to make a policy decision on your enterprise selection criteria. Well-set criteria can save time and money.

Enterprise selection criteria should flow from and reflect the mission, strategic goals, and assessment of key factors that will guide ongoing social enterprise development. Well-set criteria enable a community organization or group, a First Nation, a CED organization, etc. to select enterprises that integrate the factors crucial to the sponsoring group or organization. Note how Social Enterprise Checklist #4 (Chapter 5) makes enterprise selection a basic policy issue to be addressed right at the front end of the organizational development work. It is important that all the key players and decision makers in the group or organization have a thorough discussion of the criteria and, if necessary, formally adopt them and then require staff (or whomever is delegated) to bring back their review of the opportunities based on the application of the criteria. This ensures that buy-in and understanding are being built and that decision-making is transparent and accountable.

Outlined below is a set of questions that you can use as an **aid** to formulating enterprise selection criteria. There are three categories of questions. Please note that the criteria below are only here to illustrate the possible questions you'll need to ask; they are not exhaustive and you will likely delete some and add others.

The first category will help your community organization, group, First Nation government, or CED organization judge the extent to which a particular enterprise will build organizational capacity. The second category ensures that the business perspective is not forgotten. The final category focuses on the enterprise's ability to contribute to the community or to your organization's constituency.



## 1. Enterprise Selection Criteria from the Development Organization's Perspective

Does the proposed enterprise...

- ✓ provide for the development organization's involvement in decision making?
- ✓ develop the development organization's capacity to undertake increasing economic development responsibilities?
- ✓ fit into the community's overall economic development strategy?
- ✓ lead to significant training and experience for staff?
- ✓ generate sufficient revenues and profits for the organization so that investment in other activities is possible?
- ✓ maximize the development organization's financial benefits from rents, royalties, interest, securities, shared profits, and assets?

## 2. Enterprise Selection Criteria from the Business Perspective

- ✓ Does the enterprise have a demonstrated market for its goods or service?
- ✓ Is the market growing?
- ✓ Can a sufficient share of the market be captured by the business?
- ✓ Does the enterprise require an initial capital investment that will require large debt financing?
- ✓ Is the organization willing to accept shared ownership of the enterprise if equity financing is necessary?
- ✓ In case of enterprise failure, will the organization be saddled with a large debt, unused and unusable buildings and equipment, and consequent unemployment?
- ✓ Does the enterprise have special labour or licensing requirements?
- ✓ Will the business break-even within a reasonable period?
- ✓ Will the business generate a profit?
- ✓ Does the business require substantial re-investment to maintain or expand its stability and profitability?

### 3. Enterprise Selection Criteria from the Community's Perspective



Does the proposed enterprise...

- ✓ provide for community involvement in decision-making?
- ✓ address the unique needs and circumstances of community members?
- ✓ achieve community ownership of resources to ensure that there is increasing control over their use and resulting income?
- ✓ purchase local goods and services?
- ✓ capture social service program expenditures and income transfer payments?
- ✓ provide needed goods and services?
- ✓ provide possible links that can provide existing social enterprises with new opportunities?
- ✓ improve community member employment and work skills, and add to the overall availability of good quality jobs?
- ✓ create a favourable impression upon outside business interests and financial institutions so that outside participation in CED and social enterprise development is encouraged?
- ✓ have significant opportunities for community members to assume the responsibilities of managers and directors?
- ✓ cause environmental pollution, or create problems with noise, air, odour, or otherwise affect the quality of health of community members?
- ✓ have any social impacts that could potentially cause harm?

There are many examples of enterprise selection criteria that development organizations have actually used. An example developed by the National Economic Development & Law Centre in California is found on the following page. It evaluates enterprises on the basis not only of profitability, but of potential long-range benefits for the organization and for the community. This includes realization of long-term employment and long-term social, educational, training, and other local benefits. You will, of course, have to create your own criteria that fit the mission, goals, and capacity of your group or organization.

### The NED&LC Model of Venture Selection Criteria

VENTURE OPPORTUNITIES	SELECTION CRITERIA	Employs low-income community members	Requires low start-up costs	Located in the community	Will break even within one year	Does not compete with existing community businesses	Stops leakage of community money	Uses existing organization assets	Uses existing organizational expertise	Provides needed community services or products	Total
Day-care centre											
Bakery											
Employment Agency											
Re-cycling centre											
Construction re-hab company											
Grant writing venture											
Weatherization company											
Home health agency											
Storm window manufacturing											
Handicraft distribution company											
<p>Key</p> <p>0 = venture does not satisfy the criterion</p> <p>5 = venture strongly satisfies the criterion</p> <p>Note: This model developed by the National Economic Development and Law Centre, 1950 Addison St., Berkeley, California, USA 94704</p>											

## CHAPTER 4

### **Entrepreneurship—The Values that Foster Innovation**

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While social goals may drive social entrepreneurship, a large number of the entrepreneurial values that have emerged from the international research on this subject cannot be ignored by those taking up the challenge of social enterprise development.

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Entrepreneurs are most often thought of as energetic individuals engaged in private business. However, while individual entrepreneurs are of critical importance to the success or failure of small and medium-sized businesses in the private sector, entrepreneurial values and qualities are by no means restricted to the private realm. For those contemplating social enterprise—whether it be a group of individuals considering a worker co-op, a non-profit seeking to diversify the means it uses to fulfil its mission, a First Nation development corporation planning a community-owned business, or several individual artisans or organic farmers (for example) considering a marketing or producers co-op—consideration of the extent and strength of your entrepreneurial values is a valuable exercise. While social goals may drive social entrepreneurship, a large number of the entrepreneurial values that have emerged from the international research on this subject cannot be ignored by those taking up the challenge of social enterprise development.

As implied earlier in this workbook, organizations that have historically been focused on designing programs and interventions to meet various community needs should pay particular attention to frankly assessing their entrepreneurial profile.

Typically, service organizations that depend on fundraising, grants, and contracts for services are caught in the tension of meeting diverse program criteria and reporting requirements on the one hand, and the management of resources to meet the objectives of their constituency on the other hand. Over time, this environment tends to socialize both actors and constituents into a way of operating that one can call an organizational or service culture.

For example, the relationship of First Nations with the federal government over the last 30 years has featured the transfer of resources under various categories of programming that are subject to reporting and annual audits. This framework of transfer of funds based on program plans has, in many cases, created organizational patterns that can be characterized as a program/administrative mindset that is framed, no matter how contentiously, by a pattern of vertical accountability from the First Nation to the federal funders.

The same pattern can exist in a wide variety of non-profit service organizations that depend on meeting the demands of the specific program criteria and reporting requirements of the funders. The results are often (not always) a program management mindset.

Assuming a market orientation where sales of products and services are an important part of revenue generation (or the only basis for revenue, in many cases) creates a very different dynamic that is often complicated for social entrepreneurs because their major driver is social goals. It requires a much more fluid set of attitudes and quite different patterns of interactions with clients, stakeholders, funders, and investors. In short, shifting the organizational culture, from a management and program culture to an entrepreneurial culture where market-related enterprise development is the focus, is often a major challenge.

Thus, the need to take seriously the exercises set out in this chapter. Good ideas and good intent are important, but are insufficient on their own. Entrepreneurial attitudes can be fostered and encouraged, but they cannot be manufactured on demand. Therefore, you must honestly assess your entrepreneurial profile. Recognizing where you are starting from is a prerequisite to efforts fostering change, whether through recruiting new people into your group or organization, or by giving enough room for an entrepreneurial champion of social enterprise to operate outside of entrenched program patterns. Combining this work with the Social Enterprise checklists set out in the next chapter will go a long way in ensuring you have the foundation in place for succeeding in the demanding but generative potential for creating the “values added” that is possible through social enterprise.

## **Basic Characteristics of Entrepreneurs**

Following is a list of the 25 top entrepreneurial characteristics cited from the research by the Hawaii Entrepreneur Training and Development Institute (HETADI), one of the world’s leading entrepreneur training organizations. The Centre for Community Enterprise worked closely with HETADI in the 1980s, and has used this list with thousands of people over the last 20 years as a way of facilitating individuals to assess their entrepreneurial values. We know from our work in First Nations and social enterprise settings that these descriptions have great value for groups and organizations to use as part of their entrepreneurial assessment. We have adapted the list slightly, but its essence remains.

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Good ideas and good intent are important, but are insufficient on their own. Entrepreneurial attitudes can be fostered and encouraged, but they cannot be manufactured on demand. Therefore, you must honestly assess your entrepreneurial profile.

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A careful and honest examination of your group or organization against these 25 key values will serve you well before jumping into the challenging areas of social enterprise development.

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We invite the groups and organizations of various kinds using this workbook to use the self-assessment framework provided for at the end of this section as a point of departure for fostering a dialogue among their decision makers, staff and constituents. A careful and honest examination of your group or organization against these 25 key values will serve you well before jumping into the challenging areas of social enterprise development. Sorting out your entrepreneurial profile by using this very simple tool is among the best early steps you and the key people in your group or organization can make in the early stages of social enterprise development. One thing you will experience is a fascinating, engaging and instructive discussion, of this we have no doubt.

But before conducting your assessment, review and ponder the key 25 key entrepreneurial characteristics themselves.

### The Top 25 Characteristics

#### *1. Drive and Energy*

Entrepreneurs can work for long hours and for extended numbers of days. Entrepreneurial organizations have leadership and staff that do not live by the clock; rather they work to get the job done. They seem tireless and reflect energy and enthusiasm about what they do.

#### *2. Self-Confidence*

Entrepreneurial people and entrepreneurial organizations believe in themselves and what they are doing. They believe in their capacity to achieve the goals they set. They believe they are masters of their own fate.

#### *3. Long-Term Involvement*

Entrepreneurs are builders who clearly believe that long-term results are what count. They tend to reinvest. One business leads to another business. They are not “get in and get out” artists after a quick buck.

#### *4. Money is Not an End in Itself*

Contrary to some popular images of the greedy businessman, entrepreneurs view money, profits, and net worth not as ends, but as a means by which they check how they are doing—a measuring stick. Money is a means to the end of starting and building businesses.



### *5. Persistent Problem-Solving*

Successful entrepreneurs strive to overcome hurdles and solve problems. Difficulties do not overwhelm them. They are extremely persistent problem-solvers. However, they are also realistic about what they can and cannot do.

### *6. Ability and Commitment to Setting Goals*

Entrepreneurs have the ability and commitment to set clear goals for themselves and/or their organizations. They tend to set high, challenging, but realistic goals. They are action-oriented, doers who want to achieve concrete results. They tend to hate wasting time or being late.

### *7. Moderate Risk-Taking*

Are entrepreneurs gamblers? A common misconception of risk-taking is that it is the same as gambling. But does a gambler control the roll of the dice? No! Entrepreneurs are risk-takers, but they are not careless. They calculate their chances. Since they are long-term builders, they prefer moderate and challenging risks where moderate returns are attainable. In short, they are not impulsive fortune-seekers.

### *8. Attitude Towards Failure*

Entrepreneurs attribute failure only to those people who fail to learn from their mistakes. They regard failure as an opportunity to learn, to better understand a situation and to avoid a similar problem in the future. They know how to accept setbacks in business. They are not afraid of failing. They are more concerned with succeeding. Having said this, non-profits and charities undertaking social enterprise must work to ensure social enterprise, and the risk of failure, does not put their core functions at risk, whatever they may be.

### *9. Seeking and Using Feedback*

As high achievers, entrepreneurs are concerned with their performance. They want to know if they are doing well. They constantly seek information and clues about their work. They learn from their errors, they welcome constructive criticism and advice, and they constantly try to use the feedback to improve their performance. Entrepreneurial people often enjoy competitive sports and games.

### *10. Taking Initiative and Seeking Personal Responsibility*

Entrepreneurs are not armchair critics that place responsibility for events on the doorsteps of others. They are self-motivated and self-reliant. They actively seek out situations in which they can take personal responsibility for the success or failure of an activity. They enjoy taking leadership when needed. They want to get things done.

### *11. Willingness to Use Other Resources*

Entrepreneurs are not afraid of the phrase “I don’t know.” They know how and when to seek help and advice. While they are very self-reliant, they are also realistic about their own shortcomings. This attitude is related to the fact that most entrepreneurs are not specialists or experts, but generalists. They know they can learn the essentials and hire experts as required.

### *12. Competing Against Their Own Self-Imposed Standards*

Successful entrepreneurs compete with themselves. They run against their own internal standards. They run against the clock, rather than the other runner. They are most interested in improving their own performance. They are competitive, but not purely for the sake of beating the other guy.

### *13. Masters of Their Own Fate*

Successful entrepreneurs do not believe that success or failure depends on fortune or luck. They believe they control their own lives and their businesses.

### *14. Tolerance of Ambiguity and Uncertainty*

If you want a high level of security, or like routine, you should probably stay out of business. Perhaps you would be better as a manager. In contrast to professional managers, entrepreneurs are able to cope with modest to high levels of uncertainty. Entrepreneurs don’t give job security and permanency the priority that managers do.

### *15. Independence and Individuality*

Entrepreneurs want to be their own boss—to do their own thing in their own way and at their own pace. They relish their freedom and the right to be different and unique.



### *16. Optimistic*

Do you think the cup is half empty or half full? Do you see the doughnut, or do you see the hole? Entrepreneurs are optimistic. However, their optimism is not based on unjustified hope or illusions. Rather, it rises from their self-confidence.

### *17. Innovative and Creative*

Seeking new ways to do things or solve problems is the hallmark of entrepreneurship. While managers prefer competence and efficiency, entrepreneurs give priority to creative and innovative paths or opportunities.

### *18. Gets Along Well With Others*

Entrepreneurs are interested in people. They understand that managing people is the key to success. They capitalize on the talents of others and know how to motivate them. Teamwork is a vital word in their vocabulary.

### *19. Flexible*

Entrepreneurs can roll with the punches. They can shift gears in order to adapt to changing circumstances. They are flexible and tend to be opportunistic.

### *20. High Need for Achievement*

The need to achieve is fundamental for entrepreneurs. They have a commitment to excellence and the process of attaining it. They are motivated much more by the need to achieve than by a need for relationships or by the desire for power.

### *21. Profit-Oriented*

Entrepreneurs believe in and accept profits. They believe that profits are a key measure of business success. However, it is important to remember that, for entrepreneurs, profit is considered a means to an end. The end is to build businesses. Entrepreneurs may take some of the profit, of course, but there is a common pattern of re-investment. Social entrepreneurs link the use of profits to reinvesting to extend both social and economic results.



### 22. *Persistent, Persevering, Determined*

“Stick-to-it-iveness” is a very common trait among entrepreneurs. Yet they do not endlessly bang their heads against brick walls. They know when to let go and to walk away from an unwise and unproductive activity or decision.

### 23. *Integrity*

They know that you can’t be a crook and succeed in the long term. Honesty is still the best policy. A reputation of dishonesty and unreliability is fatal. Building a reputation for integrity is key. If mistakes are made, they need to be dealt with openly.

### 24. *Foresightful, Perceptive*

Entrepreneurs tend to be visionary. They can see ahead. While they rely on facts, they also rely on their intuition.

### 25. *Likes Challenges*

If you like a challenge and tend to see problems as opportunities, you are entrepreneurial.

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There are no “right” answers to the questions embedded in the exercises designed to assist you in assessing your entrepreneurial profile.

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The exercises on the two following pages are an opportunity to move beyond the printed page to what will be a lively, engaging, and valuable dialogue within your organization or group. You will learn a lot.

There are no “right” answers to the questions embedded in the exercises designed to assist you in assessing your entrepreneurial profile. Scoring low or high does not imply in any way that one is “better” or “worse” than another. Entrepreneurial people and organizations are hugely important community assets, this is true. However, so are people and organizations that focus on managing what already exists and that foster excellence and creativity in the programs and services they run day-to-day. Who needs an accountant that is too creative? Look at the damage that Enron created for thousands of people across the globe.

What is important, as has been stressed many times already, is to be as frank and honest as you can be and to treat the results non-judgmentally. You do not want to put your current strengths and assets at risk by jumping on a bandwagon that, realistically, is just not going to take you where you want or need to go.

## Profiling your Individual, Group, or Organizational Entrepreneurial Characteristics

Listed below and on the next page are the characteristics of successful entrepreneurs. This first page is designed for organizations. On a scale from 1 to 10 (low to high), rate yourself, your manager, your board, and your organization as a whole. If you are a group, use the second table to rate your group members and key stakeholders (if relevant). The second table can also be used by people in the same organization to give their individual assessments and then compare the results. Be honest. The differences between scores will make for very interesting and revealing discussions. Ratings of 6 or less may be areas for you to look at more closely.

<i>Entrepreneurial Characteristic</i>	<b>Self</b>	<b>Manager</b>	<b>Board</b>	<b>Organization or group as a whole</b>
1. Drive and energy				
2. Self Confidence				
3. Long-term Involvement				
4. Money is not an end in itself				
5. Persistent problem-solving				
6. Goal Setting				
7. Moderate risk taker				
8. Failure as opportunity				
9. Use of feedback				
10 Takes initiatives and seeks personal responsibility				
11. Use of outside advice, criticism				
12. Compete against self-imposed standards				
13. Masters of own fate				
14. Tolerance of ambiguity and uncertainty				
15. Independence, individuality				
16. Optimistic				
17. Innovative and creative				
18. Gets along well with others				
19. Flexible				
20. High achiever (need for achievement)				
21. Profit-oriented				
22. Persistent, persevering, determined				
23. Integrity				
24. Shows foresight, perceptive				
25. Likes challenges				

<b>Entrepreneurial Characteristic</b> (put each person's name to right)						
1. Drive and energy						
2. Self Confidence						
3. Long-term Involvement						
4. Money is not an end in itself						
5. Persistent problem-solving						
6. Goal Setting						
7. Moderate risk taker						
8. Failure as opportunity						
9. Use of feedback						
10 Takes initiatives and seeks personal responsibility						
11. Use of outside advice, criticism						
12. Compete against self-imposed standards						
13. Masters of own fate						
14. Tolerance of ambiguity and uncertainty						
15. Independence, individuality						
16. Optimistic						
17. Innovative and creative						
18. Gets along well with others						
19. Flexible						
20. High achiever (need for achievement)						
21. Profit-oriented						
22. Persistent, persevering, determined						
23. Integrity						
24. Shows foresight, perceptive						
25. Likes challenges						

Enjoy the discussion. Document the key points. Reflect on what you learn.

## Some Additional Considerations for Social Enterprises

Like all enterprises, collective enterprises depend for their success on entrepreneurial leadership, good management, and the application of sound business practices. However, we have already clearly determined that social enterprise must also balance some other factors: the integration of social goals, the demands of collective ownership, and the requirements of running a sound business organization.

For this reason, those interested in forming a collective enterprise must bear in mind that the social demands and group dynamics of such an enterprise are an important part of achieving long-term success. Below are several factors that will generally influence the success of collectively owned enterprises.

1. A clear sense of the service or benefit that the enterprise is providing to members, constituents, and/or stakeholders.
2. A clear sense of how working together provides members with benefits that they could not provide on their own.
3. In the case of a co-op (and other collective ownership formats), a clear understanding among all prospective members of what a co-op is, how it differs from other forms of enterprise, and what is expected of members.
4. After the social enterprise is established, a screening or probationary process to ensure that future members, active stakeholders, and employees are suited for collective enterprise.
5. A democratic decision-making structure that clearly indicates which decisions are collective decisions, and how they will be arrived at.
6. A clear delineation of roles and responsibilities with respect to employees, boards of directors, members, and other key stakeholders.
7. A sufficient commitment of both time and economic resources to the social enterprise by members, volunteers, constituents, and relevant stakeholders.
8. A sound business plan that integrates and properly balances internal with external resources and revenues.
9. A clear mechanism for resolving disputes.
10. An ongoing strategy to keep members, constituents, and stakeholders informed and engaged in the ongoing work of the enterprise.
11. A clear mechanism for disposing of assets if the enterprise is dissolved.

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[T]hose interested in forming a collective enterprise must bear in mind that the social demands and group dynamics of such an enterprise are an important part of achieving long-term success.

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Keep all these in mind as you move through the various stages of development, in particular during the latter stages of enterprise planning, where your legal, ownership, and management structures, and the detailed design of your business plan are the priority.



Rural caisse populaire, Windsor, Ontario



Festival de la Curd, St. Albert Cheese Factory, Ontario



## CHAPTER 5

### The Social Enterprise Checklists

The basic flow associated with application of the Social Enterprise was introduced in Chapter 2. This chapter presents a series of eight checklists for you to work on and that you can scribble all over. Use the checklists to diagnose where you are at and then create an action plan that gets you working effectively, assuming of course you decide to proceed. It is easy for you to download another copy from the project website for use with others. For those using this in a workshop setting, you may be alone or with other colleagues. If the former, remember that your work in undertaking the assessment must be expanded to include other key members of your group or organization. If the latter case, the same holds true; the greater the number of your key stakeholders that participate in undertaking the assessment, the better. You may well want to hold a mini-workshop that brings together the key people in your context to build a collective assessment.

For those of you who become involved in the Social Enterprise project by way of having participated in a workshop, you may know others in your community or region that you think would be interested in going through another workshop. There should be several in the six participating regions in 2006 and 2007. Keep in touch with the regional organization in your area for dates and places where it is being planned.

There will likely be hundreds of others reading this workbook that are not directly related to the Social Enterprise project. For you, there are several options.

1. The first is that it is very possible to use the workbook as a guide from which to do the work in your own setting with whomever your key stakeholders are. We encourage you to do so. What is presented in this workbook is little more than common sense rooted in years of experience. In addition, the web-based access to more in-depth resources will provide a means by which your navigation along the way can be aided, including a variety of case studies and specific tools relevant to various stages of social enterprise development.
2. Second, if you wish to sponsor a workshop in your community, region, or network, the Centre for Community Enterprise can work with you to help make this happen. E-mail addresses are found on [www.cedworks.com](http://www.cedworks.com). We will try and keep the costs as reasonable as possible. However, as a social enterprise ourselves, it is important to note there will be costs for this service.



3. Third, there is a newsletter associated with this project that will be posted on the website that may be of some use to people. It can be viewed on the CCE website.

One final piece of advice as you use the checklists that follow. Keep good notes in the margins. These notes will be valuable to you as you interact with others in your group or organization, and will enable you to more easily define the areas of consensus and difference, both of which are important to establishing a shared analysis.

Finally, use of these checklists will be valuable for those at the beginning as well as those that are already involved in social enterprise. With the latter, we invariably find that there is significant learning that translates into becoming more effective.

Enjoy the learning you are about to embark on.



## Phase One: Getting Ready

It is crucial to answer as honestly as possible to the questions in checklists 1 to 3. They determine your starting point and help you make a decision about whether or not to invest further resources. Ask each member of your working group to carefully set out their responses and collectively discuss the results. Clarify areas of agreement and disagreement. With the basic discussion, research, and documentation done, you will be able to decide whether your group or organization should proceed with social enterprise development and/or what to focus on to increase your readiness.

<b>Checklist # 1 – Phase One: Self Assessment</b>	<b>Y</b>	<b>N</b>	<b>P</b>	<b>DN</b>	<b>NA</b>	<b>Problems/Highlights</b>
1. Are your decision makers willing to set aside time to study the issues involved in social enterprise development and learn how to resolve them?						
2. Are your decision makers able to accept that social enterprise development requires a long term perspective; that it is not a short term fix?						
3. Are your decision makers determined to base their decisions on solid research and planning?						
4. Does your organization or group have experience in managing successful projects (i.e. planning, financing, implementing and monitoring results), including producing relevant reports.						
5. Within your organization or group is there a demonstrated capacity to mobilize outside resources to support its work (e.g. financial, in-kind, technical)						
6. Is your organization or group willing to invest in developing business and management skills as necessary to maximize success?						
<b>Organizations Only (Includes Aboriginal)</b>						
7. Has your organization's leadership and staff been fairly stable over the last several years? (e.g. few problems with turnover)						
8. Is your organization willing to consider & make organizational changes to ensure social enterprise development is successful?						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase One : Getting Ready - Basic Research & Consultation

This checklist helps you identify and collect information and knowledge that can help your organization or group make reasonable decisions. Document your responses. Identify key sources of information and how you are going to access it. Finally, describe the results of your research and discussions in a short document to help the group get a general picture of local trends, resources, and opportunities.

Checklist # 2 – Phase One – Basic Research & Consultation	Y	N	P	DN	NA	Problems/Highlights
1. Have you consulted stakeholders about the possible role(s) your organization or group might play in relation to social enterprise development? (e.g. developer, owner)						
2. Has your organization received stakeholder input related to their views on community or social enterprise versus individual ownership of business?						
3. Have you discussed with your stakeholders the various purposes and roles social enterprise could play in fostering the overall development and long term health of your community?						
4 Does your organization or group have up-to-date data on local resources (physical, institutional, human) etc.						
5. Do you have up-to-date data on local economic trends?						
6. Do you have data that enables you to understand constituents' skills, occupational & training preferences and the types of business areas they are interested in? Is this material in a form you can use for planning?						
7. Have you reviewed any community economic development strategies that have been completed in your area? If so, have analyzed how your ideas for social enterprise development fit (or not) into this CED strategy?						
8. Has your organization or group determined what technical assistance it needs, if any, to do the work in this section?						
<b>For Aboriginal Organizations Only</b>						
9. Has there been discussion about the relationship (if any) between traditional values and pursuits and community and social enterprise, including where there may be conflicts.						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase One: Getting Ready – Mapping your Relationships

This checklist is about taking stock. The net results of your work here should be a summary paper on your relationship with your community and other key players, including key individuals and potential partners. Document their key information and how to best get into contact with them.

Checklist # 3 – Phase One: Getting Ready Mapping your Relationships	Y	N	P	DN	NA	Problems/Highlights
1. Does your organization or group have strong linkages to the community relevant to pursuing your interest in social enterprise development? If so, what/who are these links?						
2. Do you currently have ways you facilitate your key stakeholders having a voice in your work and planning? If so, how?						
3. Has your organization or members of your group demonstrated the ability to work in partnership with other organizations and individuals?						
4. Do you have established links with the non-profit, government, and private sectors? If so, what are these links?						
a) non-profit sector						
b) government sector						
c) private sector						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase Two: Building the Base for Social Enterprise Development – Organizational Development

Phase 1 gave your group a sense of your general suitability for social enterprise development. Phase 2 helps you pinpoint the tasks you need to act on to maximize the potential for success. Answer the questions carefully, then put together a work plan. It may range over several areas: board and staff training, establishment of a work group, specific technical assistance or training requirements, the development of specific policies (e.g., mission, definition of role, etc.), and an action plan for making the organizational changes necessary to prepare for social enterprise.

Checklist # 4 Phase Two: Building the Base for Social Enterprise Development— Organizational Development	Y	N	P	DN	NA	Problems/Highlights
1. Has your board/committee/senior staff/group members been introduced to social enterprise development, its role in community economic development, and the basics steps in enterprise development?						
2. Has your organization or group assessed the time, talent, & resources it currently has available for social enterprise development?						
3. Has your organization or group assigned a group of people to undertake the planning process (working group, advisory body, or committee)?						
4. Does the group include people with the skills, knowledge, commitment, and time to get the work done?						
5. Has your organization or group established basic policy to guide and direct your social enterprise development activities (answer 5a-5d): 5a) Has a <b>mission</b> been established (or has your existing mission been reviewed) that defines “what” & “for whom” your work in social enterprise development is directed?						
5b) Have you defined your <b>goals</b> relevant to social enterprise development?						
5c) Have you defined your organization or group <b>role</b> in social enterprise development?						
5d) Have you defined <b>enterprise selection criteria</b> to guide your decision making around what venture ideas to give planning priority to?						
6. Has a work plan been developed to guide your Phase 2 work?						
7. Has a way to monitor progress been established?						
8. Has your organization or group determined what technical assistance it needs in this section?						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase Two: Building the Base for Social Enterprise Development – Enterprise Development

Once the board approves your Phase 2 work plan, you are free to begin brainstorming and researching enterprise opportunities, and then narrowing them down. By the time you finish this section of Phase 2, you should have a number of enterprise ideas that appear to have a reasonable chance of success. Document these ideas in a 1- or 2-page summary with references on where to get more information, if required.

The enterprise development process outlined in Chapter 3, provide an overview of the enterprise development steps in phases 2, 3, and 4.

<b>Checklist # 5 Phase Two: <i>Building the Base</i> Identifying Opportunities &amp; Priorities for Enterprise Development</b>	<b>Y</b>	<b>N</b>	<b>P</b>	<b>DN</b>	<b>NA</b>	<b>Problems/Highlights</b>
1. Has your organization or group developed a work plan to guide enterprise development?						
2. Has your organization or group done research and brainstorming to identify venture opportunities relevant to your mission and goals?						
3. Has your organization or group done its “first cut” selection of opportunities to help focus your planning effort?						
4. Has your organization or group done pre-feasibility analysis of priority opportunities?						
5. Has your group done a “second cut” to determine one or more opportunities for detailed feasibility analysis?						
6. Has your organization or group begun to identify possible financing and business resources that may be relevant to your efforts?						
7. Has your organization or group determined its technical assistance needs (if any) to complete this section?						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase Two: Building the Base for Social Enterprise Development – Community Participation & Strategic Networking

Once you have made progress in specifying your community base and got a good sense of who you are targeting as key allies and partners, it is time to develop and implement a strategy to keep them involved and informed. Complete the following list and develop a simple action plan to guide your community building and networking efforts. Then let your network know what you are up to and the opportunities for them to be involved.

<b>Checklist # 6 Phase Two: <i>Building the Base</i> Community Participation and Strategic Networking</b>	<b>Y</b>	<b>N</b>	<b>P</b>	<b>DN</b>	<b>NA</b>	<b>Problems/Highlights</b>
1. Has your organization or group designed and initiated a strategy to engage community and other stakeholders in your social enterprise development process? a) key members of the community you serve or who you are targeting to benefit						
b) key players in the public sector						
c) key players in the private sector						
d) key players in the non-profit sector						
e) key players in the co-op sector						
2. Has your organization or group designed and initiated a communication strategy to keep key stakeholders, members and others in touch with your work in social enterprise development?						
3. Has your organization or group determined what technical assistance it needs in this area?						
<b>For Organizations Only (Including Aboriginal)</b>						
4. Has your organization held meetings of its members and stakeholders to review and approve how social enterprise fits with the mission and goals of your organization?						
5. Has your organization consulted with its members and stakeholders regarding your organizations role in social enterprise development?						
6. Has your organization consulted with its members and stakeholders regarding the enterprise selection criteria you are using as a screen?						
7. Have you solicited your members and stakeholders on their ideas for possible enterprises?						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase Three: Focusing the Opportunities

Checklist # 7 Phase 3- <i>Focusing the Opportunities</i>	Y	N	P	DN	NA	Problems/Highlights
<b>Organizational Development – Preparing to do Business</b> This section is best completed after the enterprise development module below. Its primary purpose is to encourage you to identify those additional organizational changes that may be required to make the selected project a success.						
1. Has your organization or group begun to think about and plan the structural issues getting into business requires – e.g. decision making procedures; relation between policy decision makers and the authority of an enterprise board and manager?						
2. Has the plan begun to be implemented?						
3. Have key members and decision makers in the group or organization been trained to understand and assess feasibility studies and business plans?						
<b>Enterprise Development – Financial Viability</b> Conducting feasibility analyses for selected opportunities requires in-depth research. Ensure you answer each question with a confident “yes” before you proceed to phase 4.						
4. Have detailed feasibility analyses been done on priority enterprises (chosen in phase 2)						
5. Has a decision been made on what enterprise to focus business planning effort on?						
<b>Community Participation and Strategic Networking</b> By now your key stakeholders & individual supporters should have a good sense of your work. Use this network as much as possible now to build further understanding and support for the enterprise(s).						
6. Has your group or organization communicated with or met with members and key stakeholders relevant to building awareness and support for priority ventures?						
7. Has your group or organization communicated with or met with private & public sector individuals & organizations relevant to building awareness and support for priority ventures?						
8. Has your group or organization considered and/or established an advisory group or mentors made up of relevant expertise to assist in your social enterprise development?						
9. <b>Technical Assistance: Has your organization or group determined its technical assistance needs to complete this section?</b>						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## Phase Four: Detailed Planning & Mobilizing Resources

Checklist # 8 Phase 4 <i>Detailed Planning &amp; Mobilizing Resources</i>	Y	N	P	DN	NA	Problems/Highlights
<b>Organizational Development- Preparing for Business Start-Up</b> The closer it is to securing the financial and general support required to implement the enterprise, the more prepared you must be to make the concrete organizational changes to make the project a success. The items that follow point to some key considerations.						
1. Has your group or organization trained key people the basics of business planning, management recruitment & financial packaging?						
2. Has your group or organization established a legal structure for the venture?						
3. Has your group or organization selected the management for the enterprise?						
4. Has your group or organization decided how to monitor the venture? Have you set up the monitoring procedures and trained people to use them?						
<b>Enterprise Development- Getting Ready to Start- Up the Business</b> Now that you have selected your enterprise focus, you must prepare a business plan to guide its development. This plan must be packaged for use in seeking investor and lender support.						
5. Has a business plan been completed for submission to sources of financing?						
6. Are the sources of financing identified?						
7. Has financial backing for the enterprise been secured?						
8. Has your group or organization completed a detailed start up plan?						
9. If your group or organization is already involved in business, is the monitoring system working well?						
<b>Community Participation &amp; Strategic Networking</b> Now is the time to get formal support for the enterprise. If possible, document this support in your business plan to enhance to enterprise credibility						
10. Have you secured formal support for your business plan form your network?						
<b>Technical Assistance</b> Have you determined your technical assistance needs for this phase?						

Y = yes, N = no, P = partly, DN = don't know, NA = not applicable

## CHAPTER 6

### SUMMARY OF RESOURCES

This section annotates resources of three kinds: articles and case studies that provide more in-depth exploration of social enterprise, CED and the social economy, financial and technical resources that are useful for those engaging in social enterprise development and links to additional research reports and papers that put social enterprise in the broader context. This section of the workbook is just a beginning. As additional resources are accrued, they will be added. All of the materials can be found on the Centre for Community Enterprise website [www.cedworks.com](http://www.cedworks.com)

### CASE STUDIES AND ARTICLES AVAILABLE FROM [www.cedworks.com](http://www.cedworks.com)

These articles and case studies provide more in-depth reading for those who want more than the brief introductions provided in the *Building Community Wealth: A Resource for Social Enterprise Development*. Go to the social enterprise link on [www.cedworks.com](http://www.cedworks.com) to download any of the following.

#### TRAINING ENTERPRISES

##### *A Day in the Life of le Boulot Vers*

For nearly a generation now, Montréal's le Boulot vers has been helping young people make the break from poverty, alienation, and dependency, and discover instead a world of opportunity. LBV's vehicle: a carefully-managed training and woodworking business through which interns experience the discipline and the satisfaction of becoming a craftsperson.



Raphael, a worker at *le Boulot vers*

##### *The Potluck Café*

Since 2001, a small shop in Vancouver's Downtown Eastside has been serving 1000s of meals to some of the city's most sick and isolated residents, while training and employing others in food preparation. Now, after three years, the Potluck Café has "made it." It's breaking even. Its sales to "market-rate customers," topped up with grants and in-kind donations, are finally covering costs. Manager Liz Lougheed Green knows how much and how long it's taken to reach this goal, and wonders: Just what is a realistic financial goal for social enterprise?



L'ÉCONOMIE SOCIALE

### *All-A-Board Youth Ventures*

Youth at risk programming achieves a whole new level at All-A-Board, which uses an upscale restaurant and woodworking shop to train youth in general employability and marketable skills, and to generate 40 percent of its budget. What comes first, the training or the sales? Both!

### *Saskatoon's Core Neighbourhood Youth Co-op*

CNYC has come of age. Having for the past four years and more managed to balance the necessity of adult supervision with that of teen (and even pre-teen) engagement and decision-making authority, it has at last a cadre of determined, reliable young co-op members. In no small measure, its success is accountable to a powerful mixture of environmentalism, co-operation, and business sense.

## SECTOR AND INTEREST BASED SOCIAL ENTERPRISE

### *Revelstoke Community Forest Corporation*

Economically prostrate in the mid-1980s, the town of Revelstoke, BC has demonstrated how a small community can regain a say in its economic future. Its latest claim to fame: RCFC, a community-owned forest corporation that is managing to strike a balance between profitability, community interests, and provincial forestry standards. Shrewd leadership, solid research and advice, and a determined citizenry are turning back a generation of reliance on urban, corporate, and senior government decision-making.

### *Sectoral Strategies in CED: Critical Factors in the success of CHCA and Childspace*

Their great size and market notwithstanding, Cooperative Home Care Associates (New York) and Childspace Day Care Centers (Philadelphia) have plenty to teach Canada's co-operators, CED practitioners, and social enterprise developers. Sherman Kreiner explains how our social entrepreneurs can and must buck CED convention and create businesses that raise the bar in select industrial sectors, to the benefit of both customers and low-income populations.

### *Co-operativism at its Best*

The Co-operative Employment Partnership Program is a singular approach to self-employment that marries the strength of Nova Scotia's co-operatives with the provincial welfare system. Launched five years ago and still going strong, CEPP backs the endeavours of social assistance recipients to form co-operatives with three things:

a) vetting of business ideas by the Credit Union Central,  
b) a provincial equity investment (instead of a wage subsidy) to be repaid from co-op dividends, and c) a mentor co-operative that assists the fledgling under a management contract. This is a very good example of building a web of supports that fosters successful social enterprise.

*Revolution within a Revolution: Quebec's experiment with co-operative health care and social service delivery*

Québec's decade of experimentation with health care and social service co-operatives has given rise to a reconfiguration of the actors in the health system. No longer do people talk about a system with two actors. Rather than wait for the State or for physician-entrepreneurs to supply needed services, more and more citizens are taking effective action through the structure of the solidarity co-op or that of the non-profit community-based organization

*The Power of Networking: Quebec's Funeral Co-operatives*

Marie-Annick Taillon and Alain Leclerc tell a story of uncommon success: the rise of funeral co-operatives in Québec and the retreat of their multinational competitors, despite the enormous potential this market holds in the coming 40 years. Key has been the co-operatives' drive to educate and empower a membership, as well as supply cost-effective funeral services.

*What Value Social Enterprise*

Atira Women's Resource Society has found itself well-positioned to make property management serve its greater goals and turn a profit as well. Business has given a creative, independent outlet to much of the time and energy once given over to fund-raising. While recognizing the immense value of this experiment, executive director Janice Abbott explains the limits and the benefits flowing from their success.

*Strategic Management of Women's Social Enterprise*

A study of women's social purpose businesses in the United States reveals that their longevity is due, in part, to three practices: they accommodate the complexity of women's social responsibilities; they enable workers to assume the duties of managers; and they make job quality a matter of paramount importance.

*Tracking the Social Impact of Solidarity Co-Ops*

In addition to goods and services, our "post-modern" societies seem able to generate social exclusion at an unprecedented scale. This may place the co-operative, and the solidarity co-operative in particular, at a strategic nexus. An organization that reconciles enterprise with association between diverse local actors, is the solidarity co-operative an effective way to strengthen social cohesion?

*New Generation Co-operatives: Part of a Revitalization Strategy in Rural Communities*

Their exclusiveness puts them at odds with some co-operators and CED activists. New Generation Cooperatives are nevertheless an effective instrument of rural revitalization, particularly in the agriculture sector and when housed within a broader CED strategy.

*A Case Study of the Kitsaki Development Corporation*

This selection from the book *Regional Development from the Bottom Up* (CCE, 1993) details the experience of one of Canada's foremost development corporations in the 1980s. Kitsaki's skill in the identification of strategic sectors and leveraging its assets to secure a role and benefits from those sectors has set a standard as yet unsurpassed. (An addendum updates the profile to 1999.)

*Anatomy of a Joint Venture*

The common interest of Tr'on dek Hwechin'in and Loki Gold Corporation in the First Nation's traditional lands did not lead to a court battle or blockade. This paper explains in detail the negotiating process through which the two parties clarified the benefits they could bring, and could expect to receive, from the development of the Brewery Creek Gold Mine.



## PUTTING SOCIAL ENTERPRISE IN THE LARGER CONTEXT

### *Town of Revelstoke, BC*

The experience of Revelstoke, BC demonstrates the components, principles, and impacts of a CED strategy on a rural community endangered by the decay of its traditional economic base. This is an article that complements the case study on the forest corporation cited earlier, placing it in the broader context and the longer term community economic development process undertaken by this Mountain Town With A Vision over the last 20 years.

### *Common Ground*

What does community economic development have to do with the Social Economy? What does the Social Economy have to do with CED? Much, argues Mike Lewis. To stem the flight of wealth, people, and power from marginalized towns and neighbourhoods, CED strategies embrace an array of initiatives that touch on the lives of residents, both socially and economically. Social Economy engages and empowers people by fostering enterprises rooted in principles of democracy, solidarity, and citizenship. These are two distinct, yet complementary approaches to revitalization, and their practitioners would do well to combine forces — now — to create a policy and institutional environment friendly to both.

### *CED & Social Economy in Canada: A People's History*

Much of the Canadian experience is about the loss or outright destruction of community. Here Mark Cabaj describes the other side of the ledger: the many and varied strategies, institutions, and tools that people in Canada have created over the years to preserve community against an array of forces. The principles and insights that underlie modern-day CED and social economy enterprises are part of a tradition that stretches back beyond the Great Depression, beyond the Industrial Revolution, to Canada's original inhabitants.

### *Transformed By Community Economic Development*

It's taken well on 20 years, but the decline of Montreal's old southwest quarter has been halted. A community-driven strategy, unprecedented in Canada for its scale and comprehensiveness, has turned six run down neighbourhoods into a hotbed of socio-economic creativity and a political force to be reckoned with. The Executive Director of RESO, the local community development corporation, explains how this transformation has come about and



what challenges the Southwest has yet to face, now that it has a future. Note that this CED organization has created hundreds of jobs through social enterprise since 1998.

*New Synergies: the co-operative movement, CED, & the social economy*

How do co-operatives do it? Once a means by which factory workers defended themselves against the abuses of early industrialization, the co-operative remains an instrument of choice today, eminently adaptable to both social economy and community economic development. What sets it apart is the capacity of the model to reshape itself to the twists and turns of multiple human needs, at the macro as well as the micro level. This article profiles four co-ops to demonstrate how people today are applying this tool to purposes too complex and in settings too demanding for the private or public sectors alone.

*Credit Unions & Development Finance*

There are ways (short of infiltrating the board) to get your local credit union out of the bleachers and into the streets. Here's how some credit unions in Nova Scotia are getting a handle on community development, putting the social back into the credit union movement.

*Team Players*

What would it be like if government officials responded to CED initiatives not with detachment or disdain (or alarm) but eagerly, as committed partners? It's been happening in Nova Scotia. The whole experience has hinged on a few personalities who are determined to make public resources part of the local solution.

## FUNDING AND FINANCING

*Guide to Financing for Social Enterprise*

This guide demystifies funding and financing options for new and practicing social entrepreneurs. It includes tips for accessing funding and seven social enterprise case studies that illustrate financing and other resources useful for each stage of development. The guide includes a detailed list of funding sources for organizational development, business planning, and start-up and operating capital. The focus of the resources is within BC, however there are also several Canada-wide and international sources identified (73 pages). Download it for free from the website: [http://www.smallbusinessbc.ca/pdf/guidetofinance\\_june05\\_eng.pdf](http://www.smallbusinessbc.ca/pdf/guidetofinance_june05_eng.pdf)

*Plus d'un pave dans la mare.... Sources de Financement Diversifié*  
(seulement en Français)

Le développement économique communautaire et l'économie sociale occupent une place importante en Ontario français depuis plus d'un siècle. Au fil des générations, sous diverses formes, des organisations et des coopératives ont contribué et contribuent encore à mettre en place une économie plus humaine. Elles participent également au développement durable et à la vitalité de la communauté francophone de l'Ontario. Étant donné l'augmentation d'initiatives importantes dans ces domaines, le RDÉE Ontario a fait appel à l'Art du développement, concepteur et commanditaire, pour concevoir un répertoire dynamique des nombreux partenaires financiers actuels ou potentiels prêts à investir en développement économique communautaire, en développement local, en développement durable et en économie sociale et cela dans plus ving et un secteurs d'activités.



À l'aide de guides, de répertoires de sources de financement produits au cours des dernières années et de sites internet, l'information pertinente a été recueillie, compilée, validée et regroupée sous quatre grands chapitres :

- Sources de financement du secteur privé: fondations et entreprises;
- Sources de financement du secteur public: gouvernement fédéral;
- Sources de financement du secteur public: gouvernement provincial;
- Autres sources de financement.

[www.cedworks.com](http://www.cedworks.com)

## ENDNOTES

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<sup>1</sup> Reference MW article for 2004 spec edition will get this later

<sup>2</sup> Kihumbi, Mufaume. 1999. La Maison Verte: un cas réussi de développement économique communautaire. *Reflét*: Revue ontarioise d'intervention sociale et communautaire. Vol 5, #1, printemps.

<sup>3</sup> Polanyi, Karl. 1957. *The Great Transformation*. Beacon Paperbacks, USA .

<sup>4</sup> Restakis, John, Defining the Social Economy – The BC Context, November 2005, for the BC Social Economy Roundtable. Pages 7-9 are based directly on this paper.

<sup>5</sup> Ibid. 4 This discussion on reciprocity as the central principle animating organizations in the social economy is taken from the Restakis paper

<sup>6</sup> Efficiency here is meant to denote not the manner in which an enterprise manages production in relation to output, but rather in the classical economic sense of maximizing the commercial utility of the individual as an economic agent.

<sup>7</sup> For this reason, the social economy has also been referred to as the “solidarity economy.”

<sup>8</sup> It is as well to deal here with the familiar claim that there is indeed, a return to the provider for the performance of a charitable service and that there is no such thing as pure altruism. First, when we are speaking of an expectation of return in this context, we are speaking of an economic return to the giver by a recipient. This is not the case in charity and if there were, it would not be charity but either a commercial transaction if what was returned was of an equivalent agreed value, or reciprocity in the sense described above.

Second, the return that is conventionally associated with charitable acts is primarily emotional or psychological wherein the giver induces a sense of personal gratification through the performance of the charitable act. This is connected to the individual's ethical, moral, or social values. The return is not primarily economic.

Finally, it is true that many individuals may be motivated to make charitable donations on the basis of economic benefits received in the form of tax concessions and the like. Were this the *only* motivation, one could justly question whether in fact such donations were truly charitable regardless of the legal and institutional conventions surrounding the practice.

<sup>9</sup> This table is adapted from a private communication made by John Restakis to Mike Lewis in December 2005

<sup>10</sup> Neamtan, Nancy. The Political Imperative: Civil Society and the Politics of Empowerment, *Making Waves*: Canada's community economic development magazine, Spring 04, vol15, #1.

<sup>11</sup> Ninacs, Bill. September 2001. Social Enterprise: A Tool for Social Development, prepared for the International Development Research Centre and Concordia University.

<sup>12</sup> The phrase “inspired grinders” is a descriptor used by people in the Centre for Community Enterprise and the Canadian Centre for Community Renewal to describe what it takes to make a positive difference in the long term.

<sup>13</sup> *Details about the range of formats based on Trillium-sponsored research will finalize this later*

<sup>14</sup> Elsewhere, the language of local development (Europe and Latin America) is often used to refer to integrated approaches to the social, economic, and cultural development of a geographic area.

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<sup>15</sup> The specific numbers found in the statistical profile are as follows: 6,254 enterprises, including 2,313 co-operatives and 3,941 non-profit enterprises; 65,028 jobs, including 19,948 in co-operatives and 45,080 in non-profits; and 4.3 billion in revenue, of which \$3 billion went to co-operatives and \$1.3 billion to non-profits.

<sup>16</sup> Neamtan, Nancy. *Ibid.*

<sup>17</sup> The balance of this section is adapted from “Local Action to Fight Poverty: A Strategic Guide for Community Organizations”, published by the Centre for Community Enterprise in collaboration with the Lutherwood Community Opportunities Development Association. It is available at [www.cedworks.com](http://www.cedworks.com)

<sup>18</sup> Chapters 3 and 4 are adapted from “Venture Development Basics” by Mike Lewis and Frank Green, published by the Centre for Community Enterprise. It is available at [www.cedworks.com](http://www.cedworks.com)