

INTRODUCTION TO SOCIAL ENTERPRISE

RESOURCE PACKAGE



Canadian Centre for Community Renewal
Centre for Community Enterprise
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IV. What are the Steps in Social Enterprise Development?

Starting a social enterprise is a challenge, no matter how good the business idea seems or how many supporters are working to make it happen. There are four main types of tasks that require attention and decision-making, from the earliest stages of determining readiness for social enterprise development and throughout the process.

Types of Tasks and Decisions

Examples of Organizational Development Tasks and Decisions

- Is there organizational leadership for enterprise development?
- Is the organization prepared to change and adapt and to ensure the long-term commitment to enterprise development over several years?
- Does the organization have a clear sense of the primary purpose of the enterprise and the fit with their existing mission?
- Has the organization considered governance and management structures for the enterprise?

Examples of Strategic Networking and Citizen Engagement Tasks and Decisions

- Does the organization have people involved with business acumen?
- Who are the key stakeholders that should be consulted or engaged in the enterprise development?
- What is the community environment in terms of support for social enterprise?

Examples of Enterprise Development Tasks and Decisions

- Does the organization have resources to invest in enterprise development?
- Is there a strong history of project management?
- Are there criteria established to guide the selection of a business idea?
- Has market research been conducted?

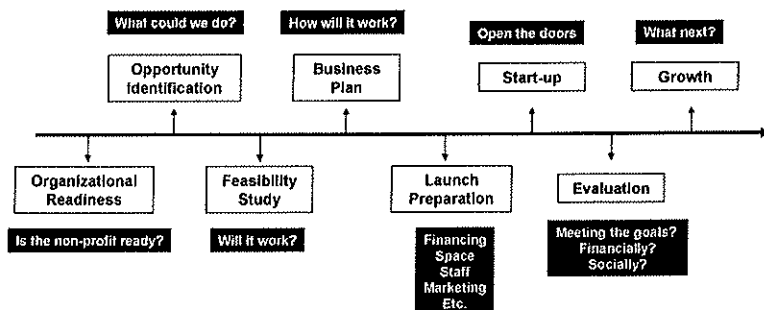
Examples of Using Outside Technical Assistance Decisions

- Has the organization assessed its internal capacity and identified the gaps?
- Does the organization have a history of successful consultant management?
- How will the organization use outside experts to increase their own knowledge?

The Stages in Enterprise Development

The following graphic outlines the common enterprise development stages an organization can expect to work through. And, although presented as a continuum, it's important to understand that the process is generally not so linear. Remember that at each stage, there will be considerations related to all four types of tasks described above. The checklist at the end of this section provides groups and organizations with a way to assess readiness and identify, within each stage and for all four types of tasks, what the priority tasks and decisions are to get an enterprise launched.

Social Enterprise Path



Step One: Organizational Readiness

While any business must succeed in the marketplace, there is one important factor that makes developing a social enterprise more complex: the enterprise is being built in a sector – and often in an organizational environment – that thinks and works differently than the for-profit sector. It is critical that organizational readiness is analyzed before launching a social enterprise.

For a list of the capacities that are important to examine, review “Chapter 3: Readiness for Social Enterprise” in the *Canadian Social Enterprise Guide*. Learn how to assess an organization’s entrepreneurial profile in chapter 3 of *Building Community Wealth*. Chapter 5 of *Building Community Wealth* provides a readiness checklist.

Step Two: Opportunity Identification

Before committing resources to launching a social enterprise, it’s important to reflect on what this will mean for an organization’s mission, and what the relationship will be between the organization and the people who purchase the enterprise’s services or products. At this stage, it is important to explore reasons for undertaking a social enterprise and to define the criteria to fulfill that purpose (e.g., How many jobs need to be created? What is the maximum start-up cost? etc.). This will help the organization explore and assess the potential fit of a number of business ideas quickly.

For help with this task, review “Chapters 4 and 5 in the *Canadian Social Enterprise Guide*. A sample selection criteria process and grid is presented in chapter 4 of *Building Community Wealth*.

Step Three: Feasibility

The selection of a social enterprise requires time, energy and discipline. It’s important that a systematic approach is used to generate ideas and decide which ones to pursue. This step ensures that resources to start a business are well invested and could save the organization from wasting resources on a business that will not be appropriate.

For a list of the steps involved in the process of determining whether or not your business ideas are feasible, review “Chapter 5: Identifying and Assessing Enterprise Opportunities” in the *Canadian Social Enterprise Guide*.

Step Four: Business Plan

A business plan is a framework that blends expectations about multiple factors and articulates them in a plan that presents future opportunities for the venture. Business planning, both research and writing and the resulting document, can be an incredibly powerful and positive tool for a new enterprise.

For an outline of the questions to consider and address in a business plan, review “Chapter 6: Planning for Your Social Enterprise” in the *Canadian Social Enterprise Guide*. For one-on-one support, see the Resources section of this package, or call Enterprising Non-Profits at: 604-871-5477.

Step Five: Launch Preparation

In addition to having an understanding of the external market and business context of a social enterprise, it’s important to appreciate how the enterprise will be run from the inside, how it will be financed, and how its products or services will be marketed.

Questions to help understand these issues are found in “Chapter 6: Planning for Your Social Enterprise” in the *Canadian Social Enterprise Guide*.

Step Six: Start-Up

Opening the doors to a new business does not mean the work is done. There will be kinks to work through, ongoing staff training, and other day-to-day operational issues to deal with. Decisions about advertising and other marketing activities, about supplies, and about service will need to be made. The reality may not be exactly as the business plan projected, so adapting is important, and having business mentors or advisors connected to the enterprise is crucial. Don’t wait too long to reach out for advice.

Step Seven: Evaluation

In addition to developing the business plan, it’s important to develop a way to measure, or evaluate the success of the social enterprise. And not just from a financial point of view. Setting specific goals related to the societal or individual benefits the venture will bring, how these benefits will be expressed, and how the enterprise will be sustained over time is part of a successful planning process.

For help with this task, review “Chapter 7: Performance Measurement” in the *Canadian Social Enterprise Guide*. The “Demonstrating Value: Pilot Project to develop Social Return on Investment indicators” is a valuable tool and can be found at www.enterprisingnonprofits.ca

Step Eight: Growth

As any business evolves, there may come a time when significant changes in suppliers, in products, or in service might need to be made. If an organization is doing well it may want to consider growth, but this stage also includes adapting to markets, or perhaps to the training needs of employees.

V. The Development Wheel Checklists - Assessing Your Readiness and Getting Started in Planning your Social Enterprise Development Work

Phase One: Getting Ready – Organizational Capacity

Checklists 1 to 3 are crucial to answer as honestly as possible – they determine your starting point and help you make a decision about whether or not to invest further resources. You will find the remaining checklist useful for later stages *if* you decide that social enterprise is for you.

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 should 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.

Y – Yes; N – No; P – Partly; DK – Don't Know; NA – Not applicable to our situation

Checklist # 1 – Phase One: Organizational Capacity	Y	N	P	DK	NA	Problems/Highlights
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 its 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?						
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?						

Phase One: Getting Ready - Basic Research & Consultation

This section helps you identify and collect information and knowledge that can help you 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	D K	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 on local economic trends?					
6. Have you up-to-date demographic data. To 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?					
6. Has your organization or group determined what technical assistance it needs, if any, to do the work in this section?					
For Aboriginal Organizations:					
7. 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.					

Phase One: Getting Ready - Mapping your Relationships

This section 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 get into contact with them.

Checklist # 3 – Phase One: Mapping your Relationships	Y	N	P	D K	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					

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 two 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.) an action plan for organizational development for the consideration of your decision makers.

Checklist # 4 - Phase Two: Organizational Development	Y	N	P	D K	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 has currently 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)					
a) Has a mission been established (or has your existing mission been reviewed) that defines “what” & “for whom” your work in social enterprise development is directed					
b) Have you defined your goals relevant to social enterprise development?					
c) Have you defined your organization or group role in social enterprise development?					
d) Have you defined enterprise selection criteria to guide your decision making around what venture ideas to give planning priority to?					
6. Has a work plan been developed to guide the 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?					

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

Once the board approves your phase two 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.

Checklist # 5 - Phase Two: Enterprise Development	Y	N	P	D K	Problems/Highlights
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?					

**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 section and develop a simple action plan to guide your community building and networking efforts. Then let your network know what you are up and the opportunities for them to be involved.

Checklist # 6 - Phase Two: Community Participation and Strategic Networking	Y	N	P	D K	Problems/Highlights
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?					
For Organizations Only (Including Aboriginal)					
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?					

Phase Three: Focusing the Opportunities

Checklist # 7 - Phase 3:	Y	N	P	D K	Problems/Highlights
Organizational Development – Preparing to do Business 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?					
Enterprise Development – Financial Viability 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?					
Community Participation and Strategic Networking 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. Technical Assistance: Has your organization or group determined its technical assistance needs to complete this section?					

Phase Three: Detailed Planning & Mobilizing Resources

Checklist # 8 - Phase 3:	Y	N	P	D K	Problems/Highlights
Organizational Development- Preparing for Business Start-Up 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?					
Enterprise Development- Getting Ready to Start- Up the Business 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?					
Community Participation & Strategic Networking 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?					
11. Technical Assistance Have you determined your technical assistance needs for this phase?					