

BUILDING COMMUNITY WEALTH

A Resource For Social Enterprise Development

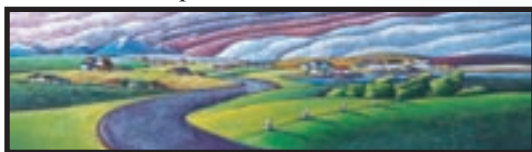


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September 2006

Available in French & English at www.cedworks.com

Canadian Rural Partnership—Partenariat rural canadien

Canada



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Finally, this book was developed and tested as a resource to accompany a full-day workshop on Social Enterprise: *Assessing Readiness and Getting Started in SE*, which is part of the Development Wheel project. Staff from five regional organisations have played an important role in reviewing and using the draft of this book. These organisations and individuals have made a commitment to ongoing learning and innovation in their role as SE developers:

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Thank you all.
Mike Lewis

   2006, Centre for Community Enterprise

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FOREWORD

This book 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 two- to four-day workshop, and a facilitator's manual, all of which are still available on the Centre for Community Enterprise (CCE) website at 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 1990s by Lutherwood CODA in Cambridge as a community enterprise development tool for community groups and non-profits, which was part of a broader initiative to take 2000 families out of poverty within four years. Their adaptation is also available on our website under the title *Local Action to Fight Poverty* (see next page).

In late 2004, CCE 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 can be scaled up. We decided on the Development Wheel as a focus. We thought we could contribute 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.

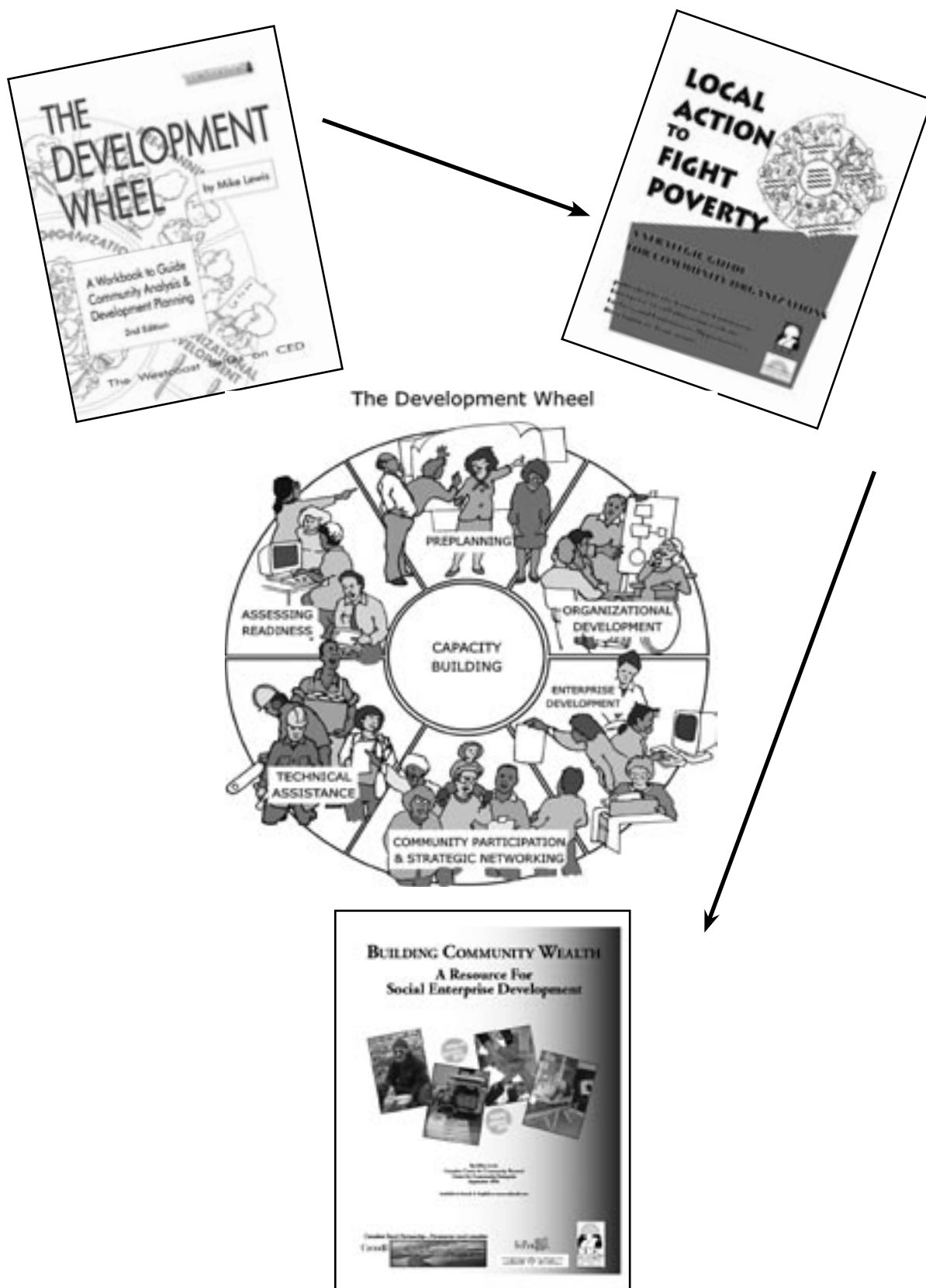
This book is one of the results of our project. There are several other resources that will be gathered or developed as the project proceeds, including results from a research component that is part of the Rural Secretariat's Models Program. This also includes a facilitator's manual for workshops that have been designed for use across the country. All of these are available at www.cedworks.com, then click on the link through the Social Enterprise bar.

We hope that others who are engaged in Social Enterprise Development will find the resources contained in this book helpful. We would appreciate hearing about how you use it and what results you get.

Mike Lewis Project Co-Director
Executive Director, Centre for Community Enterprise
Managing Director, Canadian Centre for Community Renewal

EVOLUTION OF THE DEVELOPMENT WHEEL—ITS CONCEPTS AND APPLICATIONS

The Development Wheel concept has evolved over the past 25 years into an excellent tool for helping groups and organisations assess their readiness for social enterprise development and for assisting social enterprise developers in *Building Community Wealth*.



INTRODUCTION

In the most general terms, this book is a basic introduction to social enterprise. Through examples depicting the scope and range of social enterprise in Canada in Chapter 1, readers can get a feel for the potential benefits that can be generated by enterprises that use business means to meet social goals. The stories about what people and organisations are accomplishing in widely varying circumstances inspire us, inform us and, most importantly, provoke us to think outside the box to which we've often confined the "world of business."

These stories are examples of practical, on-the-ground initiatives. However, they also serve to help us probe some broader questions: How we understand our economic life and, based on that understanding, how we organise ourselves to manage it. The notion of integrating social goals into matters of business and economy may seem like a foreign concept to many, but by probing a bit more deeply, we discover that for much of human history, social goals have been central to governing how we managed our economic transactions.

Chapter 2 defines social enterprise and where it fits into the larger systems we live within. It helps us to better understand the "not so foreign" landscape social enterprise traverses, and describes the key elements we need to attend to if we are to grow social enterprise into a more powerful tool for building community wealth.

Beyond these introductory features, which will be of interest to those working to strengthen communities, this book is aimed at helping people systematically assess the readiness of their groups or organisations to undertake social enterprise and, if a decision is made to proceed, to plan more effectively how to get on with the myriad tasks and decisions that must be done in order to succeed.

There are three main categories of organisations or people who will find these practical features most useful. These are discussed in chapters 3 through 5:

- 1. Groups and organisations that want to explore starting a social enterprise.** A wide number of interests are taking up social enterprise. Some examples are: a group of individuals considering a worker co-op, a non-profit seeking to diversify its financial base or design new ways of achieving its mission, a First Nations development corporation planning a community-owned business, several individual artisans or organic farmers considering a marketing or producers co-op.
- 2. Organisations that already own one or more social enterprise.** The practical resources provided herein will lead to improvements in how they structure ongoing enterprise development activity. This book also provides a framework for critically reflecting on your experience to date.
- 3. Social enterprise developers.** These are organisations whose mandates include assisting others to build non-profit or co-operative enterprises, such as Community Futures Development Corporations, some credit unions, co-op developers, aboriginal development organisations, and some United Way operations. Of course, there are some organisations that are developers as well as owners of social enterprises, the Centre for Community Enterprise being one example.

This book is aimed at helping people systematically assess the readiness of their groups or organisations to undertake social enterprise and, if a decision is made to proceed, to plan more effectively how to get on with the myriad tasks and decisions that must be done in order to succeed.

For much of human history, social goals have been central to governing how we managed our economic transactions.

If more detailed information and resources are needed, Chapter 6 provides some useful references. We would be pleased to receive referrals that readers believe would also be useful.

Bon voyage. Send us a postcard to let us know how you are faring on your social enterprise journey.



A wide range of groups and organisations are becoming interested in social enterprise as a means to advance their capacity to meet their social and economic goals.

During the first half of 2006, *Building Community Wealth* was tested in workshops held across the country; from Smithers, BC to the Ottawa Valley. The book was used as a resource in workshops that focused on helping people assess their group readiness to seriously engage in social enterprise.

The excellent results, as well as the feedback from these workshops, have fed into this edition of *Building Community Wealth*.

We also used the feedback to finalise two facilitator manuals we had previously developed: one for a two-hour introductory workshop, and the other for a full-day readiness assessment and social enterprise planning workshop. All can be downloaded from www.cedworks.com.

These photos were taken at the workshops held in British Columbia and Ontario.

CHAPTER 1

SOCIAL ENTERPRISE AT WORK— A CONTINUUM OF ENTERPRISING SOLUTIONS

Beginning with the story of Quebec's St. Tharcisius Co-op, this chapter highlights examples from the continuum 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 in St-Tharcisius. Others concentrate on meeting the unmet needs of a particular segment of the population, at-risk youth, for example. Sometimes it's a particular sector that is the focus of enterprise activity, such as agriculture, or arts and culture. Such variation is illustrated in the following stories.

Social Enterprise: Stemming Rural Decline in Small Town Quebec

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-op 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.

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.

The co-op in St-Tharcisius has restored grocery, fuel, and postal services to the town. It faces the same economic pressures as its failed predecessor but... has staying power because of community control and network support.

Kitsaki's joint ventures have created jobs and are capturing profits & management capacities—all of which build greater community self-reliance. Social goals are being met through business means!



In *le Boulot vers*, a Quebec-based training business, 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.

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



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.¹

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.

Saskatchewan First Nation Takes Social Enterprise to Scale

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, much of the business in northern Saskatchewan 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 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 held by aboriginals. 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 that 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.

Salvaging Lives at Risk—*Le Boulot vers* and the Trail Skills Centre, Training Businesses that Work

Tiny in comparison and narrower in scope, training businesses occupy a very different place in the social enterprise continuum. 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 to further training and education. *Le Boulot vers*, a pioneer of this model in Quebec, has been operating for well over a decade. Found across the country, but most prominently in Quebec, where there is strong provincial policy support, 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.



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

Enterprising Solutions by Women for Women

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)² 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—The Differently Abled Creating Community Profit

Based in rural southern Alberta, the Olds Bottle Depot 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.

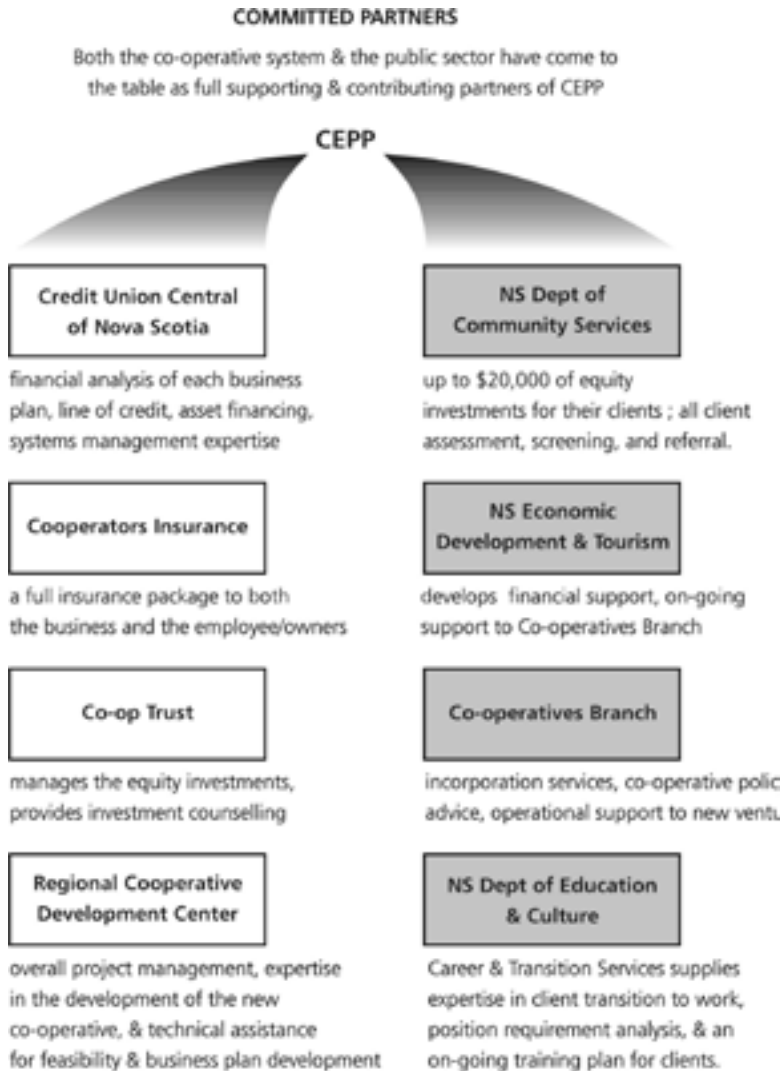
The Depot is an integral part of the town's recycling initiative. Over the years, the Depot has survived four moves, a serious fire, adaptations to the Alberta Beverage Container collection system, and operational changes. Through it all, the Depot has hired and retained dedicated employees and increased 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.

Maison Verte...was started by women to improve their lives. After 20 years...the business has grown into a profitable enterprise with nine full-time and 20 seasonal jobs.

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



Targeting People on Social Assistance to Become Worker-Owners in Nova Scotia



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



The work of the Nova Scotia Co-op Development Council is 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.

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.”

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

Farmers Capturing Value and Adding Value in Ontario

Consider the case of the St. Albert Cheese Factory in St. Albert, Ontario. For four generations, the dairy farmers of St. Albert have added value to their product by producing fine cheeses, with curds as a specialty. Organised 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.

Finding Solutions to the Health Care Crisis in Rural Quebec

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 organised 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 recognised 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.

Bringing Arts and Culture Alive—From the High Arctic to the Fraser Valley

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 mobilised 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!

When the rural community of Saint-Étienne-des-Grès was faced with an exodus of medical services in 1992, they developed a co-op clinic with the help of the local credit union. By 2003, it included a physiotherapist, 19 care spaces for the elderly, and has helped establish another clinic in another rural village.



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



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.

Solidarity Chocolate—Fair Trade Built on the Triple Bottom Line

The international concern for creating fairer trade between “Third World” producers and northern markets has generated a new sector of social enterprise activity 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 organised as co-operatives or non-profit associations of producers.

Social & Environmental Solutions Through Multi-Stakeholder Enterprise

Rounding out this survey is an emerging innovation in social enterprise in Canada. Although still early in development, ARISE (Abbotsford Recycling Industries Social Enterprise) was conceived as a means to melt and cast recycled glass into functional, long-lasting products, such as glass sinks and wall blocks. The initial goals reflected environmental concerns: to save energy and reduce landfill use. However, through a cross-cutting set of conversations with local businesses and charities,

the vision has expanded to include training and socialisation of marginalised individuals, such as ex-inmates and people experiencing multiple barriers to employment. Still in its planning phase, ARISE intends to offer financial literacy training, use energy from the production process to heat a greenhouse for 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.

This introduction to social enterprises illustrates well the concept of a continuum. At one point is a training business, partly supported by public investment and partly by selling products and services into the market. This type of enterprise specialises in empowering and training a particular social group. At another point is a multi-million-dollar set of businesses owned by a First Nation through its community development corporation. In between, we see interest-, sector-, 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 the benefit of individuals, communities, and society at large.

The Social Enterprise Continuum

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
large X = Secondary Focus
small x = Type of Ownership

We encourage readers to examine these experiences in more detail. More summaries and case studies are in Chapter 6. All are available at www.cedworks.com, where you'll find the examples highlighted in this chapter, plus several additional ones, along with linkages to additional useful resources for further study.

CHAPTER 2

DEFINING SOCIAL ENTERPRISE— ITS SCOPE & WHAT IT NEEDS TO GROW

A SIMPLE DEFINITION

When one distills the essential features of the examples presented in Chapter 1, a simple, clear definition of Social Enterprise is possible.

A social enterprise is a business with primarily social objectives where the surplus is reinvested in the business and/or used for community benefit.

This definition is also relevant in the historical context, when you trace the birth of social enterprise in England just over 160 years ago (see article in box). The impoverishment and displacement created in the 19th century by the Industrial Revolution compelled people to invent new ways to re-insert social goals into the economic domain. Early in the 20th century, similar movements emerged in Canada. The organising of farmers in the Prairies and of fishermen in the Maritimes are just 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; with co-operatives and credit unions being two notable models.

Co-operatives 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.

The Beginnings of Social Enterprise: Rochdale, England

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 advantages 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.

This describes 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. Co-operativism is an innovative movement that crafts entrepreneurial strategies to meet unmet needs and to realise unfulfilled opportunities for social and economic inclusion and betterment.

PUBLIC, PRIVATE AND VOLUNTARY SECTORS: WHERE DOES SOCIAL ENTERPRISE FIT?

In Canada, when we refer to the public, private, and voluntary sectors, we are talking about how different social and economic functions are met. Typically, the public sector (government) is the regulator (and sometimes the funder) of activities, the private sector is seen as the wealth-generator, and the voluntary sector is usually a vague “catch-all” phrase to mean a wide range of charitable and civil society types of organisations and activities. This is not very helpful and is much too limiting. What follows uses different language and casts what we call “sectors” as systems—systems that emphasise very different ways of thinking about how we manage economic life.

Three Perspectives on Managing our Economic Life³

There are three ways of thinking about how to manage our economic life, each of which tends to emphasise quite different values and principles. As shown in the graphic presented on the opposite page, these perspectives can be referred to as the First, Second, and Third systems.

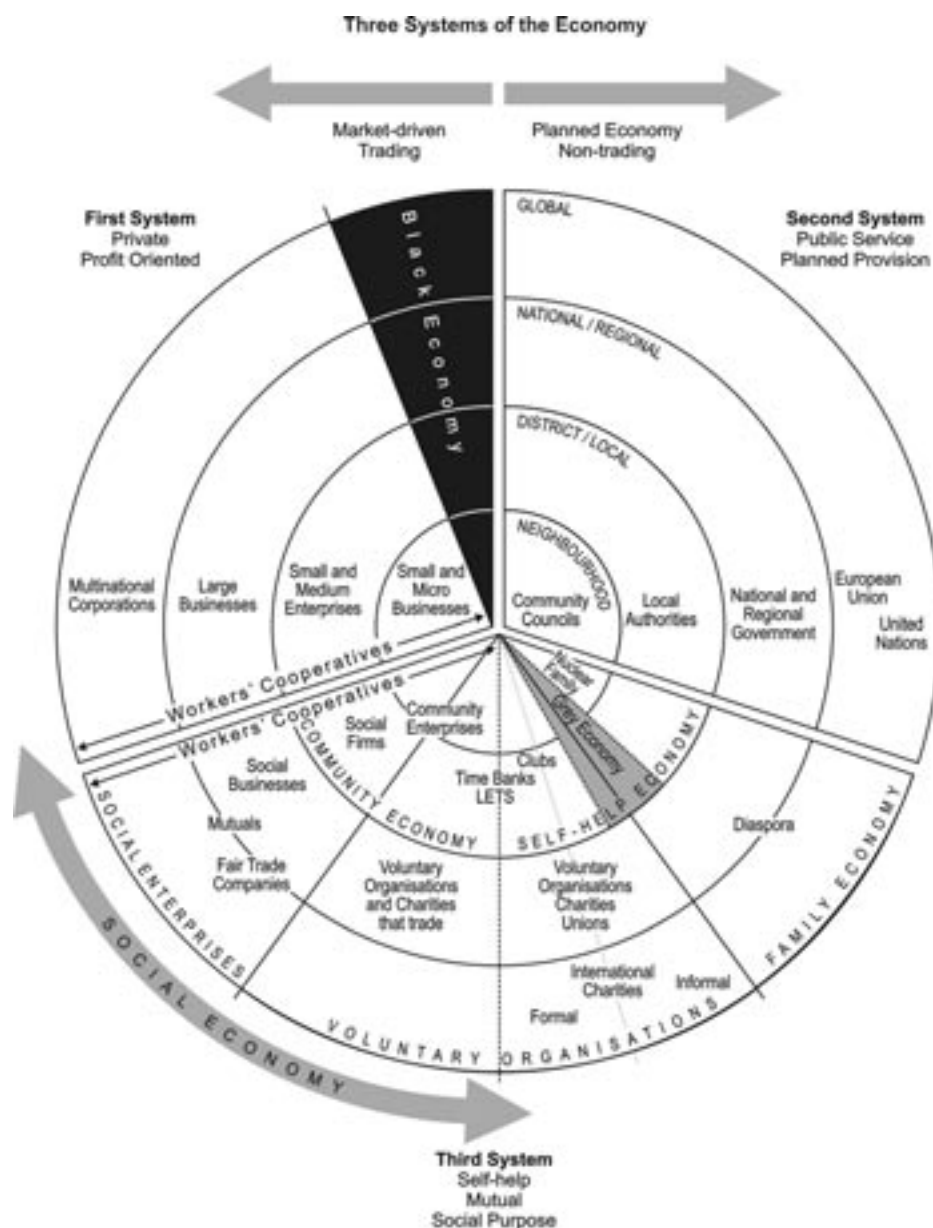
The private sector, what John Pearce calls the “First System,” is profit driven. It seeks to maximise financial returns to individual owners called shareholders, otherwise known as investors. One dollar equals one vote; thus, those who own the most shares exercise the most control. The protection of shareholders is the primary focus of legislation that sets out the framework for the operation of private companies. This “First System” embraces everything from locally owned small businesses to large multi-and transnational corporations that have come to dominate commerce across the globe over the last 40-50 years. It is the dominant system in much of the world today that facilitates the commercial exchange of goods and services on the basis of an agreed-upon value, or the exchange of equivalents. In the most general terms, it is based on competition, defines success in terms of individual gain, and makes financial return the first priority. The economic principle that is central to this system is efficiency.

The “Second System” is about redistribution and planning. It is the domain of governments—local, regional, national—and such bodies as the European Union and the United Nations. Its major focus is the provision of public goods and services. It is a common part of political debate whether the state should play a larger or smaller role in managing the economy. In the last 30 years, the pendulum has swung to the state playing an ever-smaller role. Economists such as Milton Friedman, and think tanks such as Canada’s Fraser Institute, which are heavily funded by corporations from the “First System,” have been successfully arguing for the state to retreat, which they say frees the marketplace to be the prime determinant of what is valued. Indeed, the central economic goal of the “Second System”—greater equality—is attacked as being counter-productive to economic efficiency. This argument has found fertile ground, in part because the “Second System” has come to be viewed by many as “bureaucratic, paternalistic, centralised, and inefficient.” Ironically, many of the services we value most highly—health, education, the care of children and the elderly, to name a few—have come into place through the state often with fierce opposition from those who ascribe to the dominant values within the “First System.”

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**.



See Appendix 1 for source credit and a glossary of terms used in this graphic.

The “Third System” is about citizens themselves taking action to meet and satisfy needs, and working together in some collaborative way to do this. It includes what we think of as the family or household economy (the wedge at the far right) and extends into the range of ways people exchange with each other in local areas on a volunteer basis (barter, recreation, clubs, self-help groups, etc.). It also extends to a wide range of more formally structured organisations, some of which organise their affairs as charities (e.g., faith-based organisations, Oxfam) or member-based associations (e.g., trade unions, Rotary and similar clubs), and others that employ business, to varying degrees, to meet social goals (the two wedges at the left side of the “Third System”). As indicated at the bottom of the graphic, the values of mutuality, self-help, caring for people and the environment, are given higher priority than maximising profits. The economic principle that animates organisations in the “Third System” is reciprocity. Organisations in this realm emphasise mutual and collective benefit. Their aim is to foster a greater measure of solidarity among human beings, their communities, and society as a whole.

In the “Third System,” the values of mutuality, self-help, and caring for people and the environment are given higher priority than maximising profits. This realm emphasises mutual and collective benefit.

It is possible to expand the simple definition of Social Enterprise to include these key features:

1. It elevates social goals as an explicit priority in the business.
 2. It is preoccupied with building the means for people to organise on the basis of mutual support and solidarity.
 3. It always sells into the marketplace.
 4. Integration of social and economic objectives with accountability is achieved through collective ownership.
 5. Profits, assets, and wealth are re-invested, rather than distributed to individuals.
-

As Pearce points out, the “Third System” is rarely given much recognition. Indeed, the social enterprise wedge at the far left of the “Third System” is often argued to be no more than a subset of the “First System.” To so argue relegates the family economy and much of the voluntary and member-based organisations to an economically irrelevant part of society. The “First System” holds the view that maximising profits is the most “efficient” way of creating the wealth necessary to support social services and programs. It totally ignores the strategic importance of the daily transactions within the “Third System.” Without the economic value of what Pearce calls the self-help economy (the two wedges on the right within the “Third System”), the smooth functioning of the other systems is severely compromised.⁴

A Closer Look at the “Third System”

The Social Economy occupies the two wedges to the left within the “Third System.” It includes “all that part of the Third System that is on the trading side” or, put another way, that sells products and services into the marketplace. Within this definition of the Social Economy, the social enterprises at the far left are those that focus on enterprise as the primary means to achieve their social purposes.

Those in the voluntary organisation wedge of the Social Economy (just to the right of Social Enterprise) engage in some market-based activities. However, they do not view their mission and goals as being primarily met through social enterprise. For instance, a church that receives funds from donations or grants may rent a portion of its facilities to a day care, but the church would not be seen as a social enterprise in and of itself. The income that is generated, however supplements cash from other sources and thus is important. The activity of renting the space, however, is not central to its mission as a voluntary organisation. On the other hand, the day care that rents from the church, if organised as a co-operative or a non-profit and using a mix of user, government, and volunteer resources, would be considered a social enterprise.

Based on the discussion thus far, it is possible to expand the simple definition of Social Enterprise set out at the beginning of this chapter. Several key features can be elaborated:

1. Social enterprise elevates social goals as an explicit priority in the business. Social and economic returns on investment are deliberately pursued, whether or not there is any public investment.
2. Building the means for people to organise on the basis of mutual support and solidarity is a preoccupation of social enterprise. A way to achieve this is by engaging members & beneficiaries in the governance of the enterprise.
3. Selling into the marketplace is always a central feature.
4. Collective ownership is an important means of achieving integration of social and economic objectives with accountability to a defined constituency and the wider community.
5. Profits, assets, and wealth are not distributed to individuals; they are held and invested for community benefit.

In Quebec, “social economy enterprises,” as they are called, have a similar but somewhat different articulation of principles and structural features, notably the following:⁵ They...

- 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.

Around these principles, in the last 10 years, Quebec social economy networks have created hundreds of social enterprises and many thousands of jobs. While far from being the dominant means of organising economic life, crucial strides are being taken to elevate the social economy into a major, recognised feature of the Quebec economic landscape.

Nine Dimensions of Social Enterprise

Pearce discusses the considerable variation within the world of social enterprise and uses the word “dimensions” as a way of describing this variation. Within each dimension, he further describes a kind of continuum within which any individual social enterprise may be located. It is useful to introduce these dimensions to help the reader better understand the overall scope and variation that exists at any one time.

It is important to keep in mind that the continuum within each of these nine dimensions is not static. Over time, a social enterprise may shift its position within the continuum. It is also important to note that the idea of the continuum does not imply that any one location within it is more valuable than another. Indeed, the social purpose, the context, the opportunity, and the leadership available are critical factors shaping the approach of any particular social enterprise and thus, where it might be located within the continuum.

Nine dimensions of Social Enterprise

1. from very small to very large
2. from voluntary enterprise to social or community business
3. from dependence on grants and subsidies to financial independence
4. from people orientation to profit maximisation
5. from informal to formal economic activity
6. from single enterprise focus- to multifunctional
7. from voluntary organisation to social enterprise
8. from radical to reformist
9. from individual to collective initiative

Social economy enterprises in Quebec have a somewhat different articulation of principles and structural features...

Around these, Quebec social economy networks have created hundreds of social enterprises and many thousands of jobs in the last ten years.

The world of social enterprise contains considerable variation—or dimensions. Within each dimension is a further continuum within which any individual social enterprise may be located.

Exploring the Dimensions of Social Enterprise

<p>From Very Small Includes the smallest of neighbourhood & local endeavours that generate or save income (local craft fairs, a village hall run by a community association, voluntary food co-op, local thrift shop).</p>	<p>To Very Large VanCity Savings, a Vancouver-based credit union started very small over 60 years ago as a means for a few people to get access to credit. Today, it has \$10 billion in assets and has explicit social goals that it integrates throughout its business, including an annual social audit. Others in this category include Kitsaki Development Corporation and the St. Albert Cheese Factory cited in Chapter 1, the Co-operators (a national insurance co-operative), larger non-profit and co-op housing organisations, Mountain Equipment Co-op (now across Canada). In between, there is the Olds Bottle Depot, fair trade companies such as Siembra, and the health services co-op in Saint Étienne-des-Grès, Quebec.</p>
<p>From Voluntary Enterprise This includes enterprises that depend entirely on volunteers, such as a small thrift store, or enterprises that may have a small paid staff but still use volunteers to run some aspects of the business.</p>	<p>To Social or Community Enterprise Mainly paid staff with most of the volunteers being board directors. Examples include a multi-stakeholder health co-op, non-profit day cares, a community owned grocery, a funeral co-op.</p>
<p>From Dependence on Subsidies where part of the income stream remains dependent of grants and fundraising One example is Le Boulot vers, a training business that receives government grants to cover the development of the social capacity of high risk populations through working in a structured business that sells into the marketplace The province of Quebec, where this model is most prominent, receives a return on taxpayers investment within 12 months.</p>	<p>To Full Financial Independence This end of the continuum has social enterprises that are fully self-sufficient through income generation in the marketplace. They reinvest profits in expanding their enterprise(s) and/or use portions of it for generating community benefits. Most of the examples in Chapter 1 fit this category.</p>
<p>From People Orientation All facets of the enterprise are focused on social goals being met. For example, the Olds Bottle Depot in Alberta integrates all of its employment and its profit re-investment policy to meeting the needs of the differently abled, as well as providing a needed community service. The financial goals are focused on sustainability of the enterprise to ensure that social goals related to their defined constituency continue to be met over time.</p>	<p>To Profit Maximisation This end of the continuum has enterprises that emphasise profitability. The commercial focus is not directly related to meeting social goals per se, but generating profits for re-investment in social goals. For example, Kitsaki Development Corporation is seen as the economic arm of the La Ronge First Nation. Profits feed enterprise reinvestment, pay the core costs of the community development corporation, and become a source of revenue for the First Nation government, thus moving the overall community towards greater self-reliance. Employment and training of members is important, but KDC puts profits first seeing the resulting equity as central to their goal of building a more self-sufficient community. Habitat for Humanity resale stores is an interesting example of where the goal is profit maximisation but it is all run by volunteers</p>
<p>From Informal Economic Activity Activities such as Time Banks and Local Economy Trading systems (LETS) that facilitate barter are economic activities that expand participation in local economic life without the use of money as a means of exchange.</p>	<p>To Formal Economic Activity for example, Van City or the Olds Bottle Depot. Note that social and community enterprise can emerge for LETS activities. It is also conceivable that barter could emerge as part of formal social enterprise activities; for example, where one or more market-based social enterprises barter goods and services.</p>

<p>From Voluntary Organisation</p> <p>Increasingly, voluntary organisations are engaged in some type of commercial activity. Those voluntary organisations that engage in commercial activities as a sideline, primarily to raise funds for their operations (e.g., a gift shop in a museum), essentially remain voluntary organisations.</p>	<p>To Social Enterprise</p> <p>This is where the trading or commercial activity is the primary means of meeting social goals.</p>
<p>From Focus on a Single Enterprise</p> <p>Enterprises such as Olds Bottle Depot, non-profit or cooperative day cares, and many others are focused on a single enterprise. In the case of Olds, profits are also linked to a strategy of re-investment in specialised housing and transportation services to their specific constituency.</p>	<p>To Focus on Multiple Tasks</p> <p>Typically, CED organisations focused on a particular locale or region have several tasks they undertake to strengthen the social economy, of which social enterprise development may be one. There are also examples, such as Kitsaki Development Corporation which focus only on enterprise development. They have 11 different enterprises, generate \$50 million in revenues, and employ over 500 people. The Human Resource Development Association in Halifax acquired or built several enterprises that aimed to employ single employable people on welfare, integrating enterprise development with training and supports necessary for the constituency they were targeting.</p>
<p>From Radical</p> <p>Where social enterprise is seen as a contribution to expanding economic life based on “Third System” values and goals wherever feasible. These people and organisations will take every opportunity to publicise social enterprise as a way of working. They often describe themselves as being the harbingers of a paradigm shift necessary to bring our society and the planet onto a more just and sustainable path.</p>	<p>To Reformist</p> <p>Social enterprise in this perspective is seen as an extension of the private and public systems, largely engaged in activities from which the public system has withdrawn and the private system cannot make sufficient profit. It is more about keeping the system going and often downplaying being a social enterprise in favour of being “just a business like any other.” Some parts of the co-op and credit union movement are criticised for having lost touch with their radical roots, becoming little different than a private business.</p>
<p>From Individual Initiative</p> <p>This dimension describes how a social enterprise comes into being. Individual initiative refers to a social entrepreneur who must establish roots in the community, build the legitimacy of a community constituency, and get a collective undertaking underway. There are now entire support organisations (e.g., Ashoka) that are oriented to supporting social entrepreneurs as a means to advance social change around the world.</p>	<p>To Collective Initiative</p> <p>is where the originating point is a group or organisation, no doubt with leaders that provide the initial drive and energy. An example of this is the Olds Bottle Depot, which was initiated by a group of parents who acquired control of a charity that they transformed into the base from which to build a social enterprise.</p>



It takes cooperation to weave the web of supports needed to nourish successful social enterprises.

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.

THE WEB OF SUPPORTS REQUIRED TO START AND GROW A SOCIAL ENTERPRISE

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.⁶ It requires entrepreneurial leadership, capacity to engage and empower, participation from a variety of stakeholders, inspired persistence, an ability to tolerate ambiguity, and an aptitude for using 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 close attention to the nitty-gritty of achieving on-the-ground success.⁷

The stories in the opening pages are only snapshots of the mosaic of social enterprises that exist in Canada. This book, and its links to more detailed 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 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 illustrated already, 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), 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 have 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 and people who are committed to rolling up their sleeves and acting. 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.

Linking Your Social Enterprise to the Web of Supports

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 diagram. Think about each task and ask yourself what the implications would be in your community if each remained undone? What in your community is being done well, what is not, and where are the gaps? Which groups are excluded from access to credit, social supports, or access to training that’s focused on getting employment, to name just three? What are the unmet needs?

How the functions in the diagram are woven together and managed within a community vision and strategy is what we in Canada call community economic development (CED).⁸ 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.

When all the strands of the web are woven together, significant results can be achieved. In Quebec, where social enterprise has a supportive policy environment, and where the local and regional CED organisations and provincial-level support infrastructure is the strongest, the results speak for themselves.

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

Identify Your Region's Web of Supports Early in the Process

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.

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.

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.

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 Social Tasks

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.”



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 marginalised from participation in jobs.

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.⁹ 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 organisations 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-ops, 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,¹⁰ 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 organisations 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 mobilised community capital to create a municipally owned social enterprise that is returning social, economic, and environmental benefits to the citizens of Revelstoke.



CHAPTER 3

DETERMINING YOUR ENTREPRENEURIAL PROFILE

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 book, organisations 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 organisations 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 socialise both actors and constituents into a way of operating that one can call an organisational 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 organisational patterns that can be characterised 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 organisations 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 organisational culture, from a management and program

Entrepreneurial values and qualities are by no means restricted to the private sector. Consideration of the extent and strength of your entrepreneurial values is a valuable—and necessary exercise.

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.

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

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. Recognising where you are starting from is a prerequisite to efforts fostering change, whether through recruiting new people into your group or organisation, 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.

THE 25 TOP ENTREPRENEURIAL CHARACTERISTICS

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 organisations. 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 organisations to use as part of their entrepreneurial assessment. We have adapted the list slightly, but its essence remains.

We invite the groups and organisations of various kinds using this book 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 organisation 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 organisation 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.

Before conducting your assessment, review and ponder these 25 key entrepreneurial characteristics.

1. Drive and Energy

Entrepreneurs can work for long hours and for extended numbers of days. Entrepreneurial organisations 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 organisations 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 organisations. 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 capitalise 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.

* * * * *

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 organisation 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 organisations are hugely important community assets, this is true. However, so are people and organisations 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.



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.

PROFILING YOUR INDIVIDUAL, GROUP, OR ORGANISATIONAL ENTREPRENEURIAL CHARACTERISTICS

Listed below and on the next page are the characteristics of successful entrepreneurs. The first table is designed for organisations. On a scale from 1 to 10 (low to high), rate yourself, your manager, your board, and your organisation as a whole.

If you are a group, use the table on the following page to rate your group members and key stakeholders (if relevant). The second table can also be used by people in the same organisation 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.

ASSESSING YOURSELF AND YOUR ORGANISATION				
Entrepreneurial Characteristic	Self	Manager	Board	Organisation as a whole
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				

ASSESSING YOUR GROUP				
Name of Group Member				
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.

Those interested in forming a collective enterprise must bear in mind that the social demands and group dynamics of the enterprise are important parts of achieving long-term success.

BALANCING SOCIAL AND ENTREPRENEURIAL OBJECTIVES

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 organisation.

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.

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.

CHAPTER 4

OVERVIEW OF THE ENTERPRISE DEVELOPMENT PROCESS

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 on the following page 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.¹¹

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

OPPORTUNITY IDENTIFICATION

Community economic development organisations 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 organisation 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 maximises the fit with the mission, goals, strengths, and skills of your group or organisation and that has the potential to be financially viable.

ENTERPRISE SELECTION CRITERIA

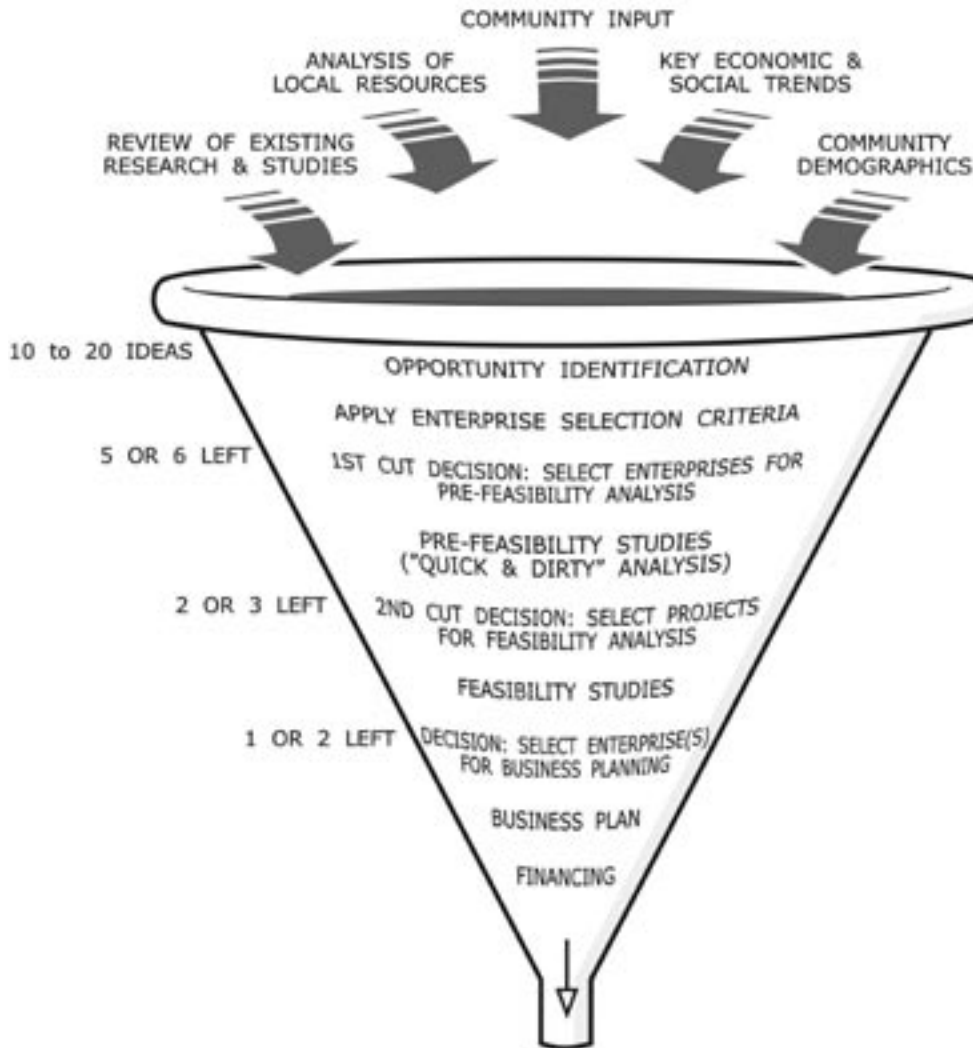
Each enterprise idea identified is evaluated according to the enterprise selection criteria. For community-based organisations, such criteria (see the last section of this chapter) represent a carefully designed set of screens that filter opportunities. There are three main types of criteria: community criteria, organisational 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 organisation.

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.

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.

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

The Enterprise Development "Funnel"



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 24 and 25). 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.

APPLYING THE SELECTION CRITERIA

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

Pre-feasibility analysis asks why an enterprise **won't** work rather than why it **may** work. It helps eliminate some enterprises from further consideration... This level of analysis is a perfect opportunity for training key personnel.

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.

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 organisational capacity is to be built; and without relevant organisational 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.

GETTING INTO MORE DETAILED RESEARCH

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.

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.

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

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 confers these benefits:

1. It reduces firefighting.
 2. It forces you to justify your plans and actions.
 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.
-

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 to complete, 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 start-up, 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 start-up.

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.
4. **It 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.

TIPS FOR DESIGNING ENTERPRISE SELECTION CRITERIA

The foregoing summary 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 organisation or group, a First Nation, a CED organisation, etc. to select enterprises that integrate the factors crucial to the sponsoring group or organisation. Note how Social Enterprise Checklist #4 (in Chapter 5)

makes enterprise selection a basic policy issue to be addressed right at the front end of the organisational development work. It is important that all the key players and decision makers in the group or organisation 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 organisation, group, First Nation government, or CED organisation judge the extent to which a particular enterprise will build organisational 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 organisation's constituency.

1. Enterprise Selection Criteria from the Development

Organisation's Perspective

Does the proposed enterprise...

- provide for the development organisation's involvement in decision making?
- develop the development organisation'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 organisation so that investment in other activities is possible?
- maximise the development organisation'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 organisation willing to accept shared ownership of the enterprise if equity financing is necessary?
- In case of enterprise failure, will the organisation 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?

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

Use the questions below as an aid to formulating your own enterprise selection criteria. Keep in mind that you may omit some of them and add others of your own.



You will have to create your own criteria to fit the mission, goals, and capacity of your group or organisation.



- 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?
- avoid environmental pollution, including noise and odours that affect the quality of health and well-being of community members?
- avoid any social impacts that could potentially cause harm?

There are many examples of enterprise selection criteria that development organisations use. An example developed by the National Economic Development & Law Centre (NED&LC) in California is

found on the following pages. This model evaluates enterprises on the basis not only of profitability, but of potential long-range benefits for the organisation and for the community. This includes realisation of long-term employment and long-term social, educational, training, and other local benefits. You will, of course, have to create your own criteria to fit the mission, goals, and capacity of your group or organisation.



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



Raphael,
a worker at
le Boulot vers

The NED&LC Model for Enterprise Selection Criteria

ENTERPRISE 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											
Key											
0 = enterprise does not satisfy the criterion											
5 = enterprise strongly satisfies the criterion											
Note: This model developed by the National Economic Development and Law Centre, 1950 Addison St., Berkeley, California, USA 94704											

Model for Enterprise Selection Criteria: For Your Use

[illegible]

CHAPTER 5

THE DEVELOPMENT WHEEL'S SOCIAL ENTERPRISE CHECKLISTS

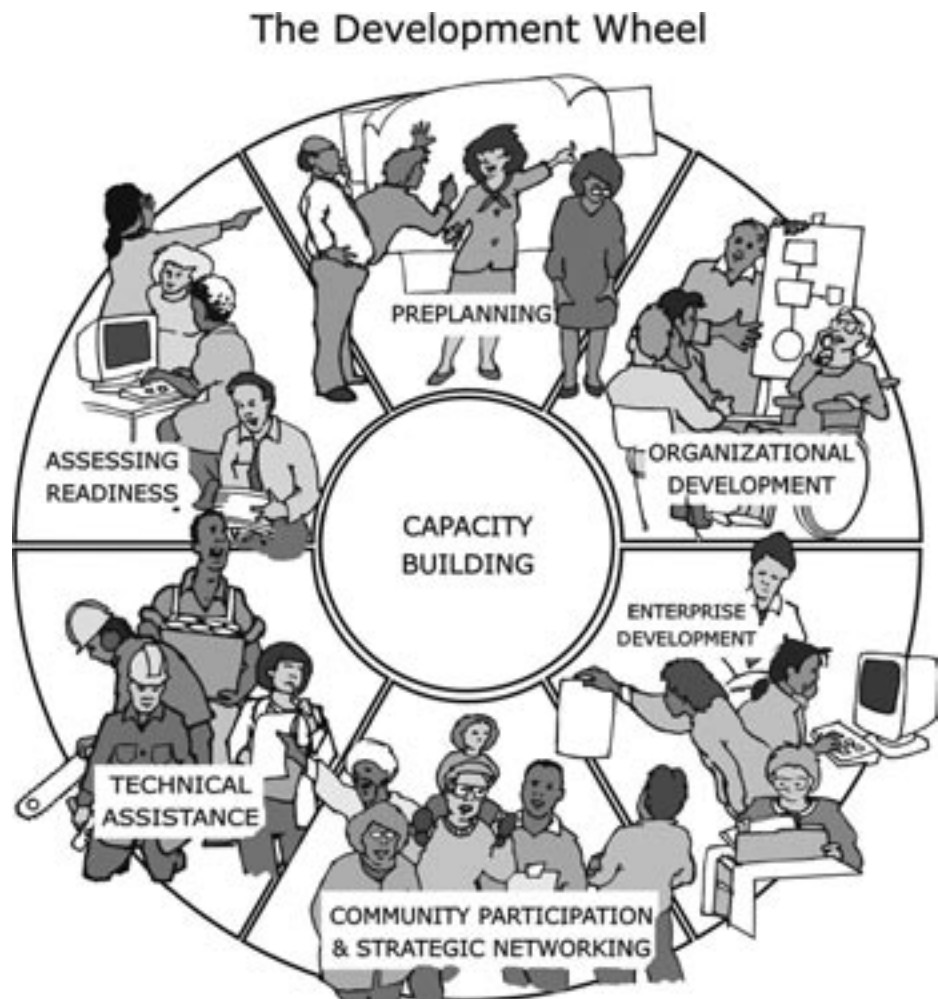
INTRODUCTION TO THE DEVELOPMENT WHEEL

The checklists presented in this chapter are the result of experience gleaned from across North America over the last 25 years. The Centre for Community Enterprise's initial presentation of this material was in a guide published in the early 1990s called, *The Development Wheel: A Guide to Community Analysis and Development Planning*. Many aboriginal communities across Canada used it to assess where they were in their community economic development process, particularly as it related to strengthening their ability to plan and successfully start up what were then often called community businesses.

One of its most important contributions may have been to demonstrate the importance of paying attention to organisational development and a structured approach to engaging key community stakeholders. Much government support for aboriginal economic development in the 1970s and '80s had been enterprise-focused and completely ignored organisational and community factors. The results were often dismal. The Development Wheel introduced a systematic way for First Nations to assess all the critical factors, thus creating a much sounder base from which to plan a realistic community economic development strategy, of which enterprise development was one key element.

The graphic representation of the "Development Wheel" shown here was designed to depict the interdependence of a number of key elements. The designation of the hub of the wheel as capacity building is of central importance in the First Nations context, where much effort is directed to building the knowledge, skills, and institutions to take charge of shaping the community's future.

This diagram of the Development Wheel depicts the interdependence of the key elements in planning realistic community economic development.



This adapted version of the Development Wheel checklists can be employed by a variety of community and regional interests

The acronym CBO is used to refer to a community-based organisation.

Later in the 1990s, the Development Wheel was adapted yet again, this time by an urban CED organisation in southern Ontario, which used it as a tool for community groups and non-profits interested in social enterprise development. Another short guide was designed, adapting it to a very different context while maintaining its essential element: “Local Action to Fight Poverty.”

BUILDING COMMUNITY WEALTH: THE LATEST VERSION

This adapted version of the Development Wheel checklists 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 your group or organisation to systematically analyse its situation. 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?

A brief summary of the components and the phases of the Development Wheel are set out below. A summary chart of all of the basic elements is presented on page 40.

OVERVIEW OF THE SOCIAL ENTERPRISE DEVELOPMENT PROCESS

As already noted, a variety of interests may play the key role in launching a social enterprise: an individual social entrepreneur wanting to meet a community need, a group of individuals wanting to start a collectively owned business, a non-profit organisation, a CED organisation, etc. Organisational language is used in this overview, but the basics presented, as in the checklists, are also relevant to unincorporated groups considering social enterprise. The perspective taken in writing this material is from the point of view of a potential owner of a social enterprise. The acronym CBO is used to refer to a community-based organisation. If this becomes confusing, just replace it with the designation that fits for you. If you are reading this from the perspective of a developer, someone who helps others start social enterprises, think about organisations or groups you have worked with as you move through this chapter and the material will be more meaningful.

The Three Streams of Tasks and Decisions

The planning of social enterprise requires that the CBO focus simultaneously on three streams: enterprise development, organisational development, and community participation and strategic networking.

Enterprise Development is the process the CBO uses to identify, develop, and start up one or more social enterprises. It involves identifying and screening ventures based on the CBO’s current level of

organisational resources, the enterprise's fit with its mission and goals, and its feasibility as a business. The organisation also develops the financial and other resources needed to start up and operate enterprises.

Organisational Development involves the CBO evaluating its current resources, experience, and organisational structure to determine the kinds of ventures it can sustain and what changes it can make to increase its capacity to successfully operate enterprises. It often involves board and staff training, as well as the restructuring of management and monitoring systems. Through this process, the organisation considers ways it will benefit from social enterprise and ways in which it will deliver benefits to the community, a consideration that demands becoming clear about the social goal(s) being targeted. Through careful attention to organisational capacity building, the CBO strengthens its position in the community as an organisation that is able to represent the interests of the neighbourhood or constituency it seeks to represent, and to influence community-wide awareness and mobilisation of resources on their behalf.

Community Participation and Strategic Networking is the process the CBO uses to develop and strengthen necessary linkages with the public and private sectors, and with the institutions and members of the constituency it works with or represents. Organising in the community helps strengthen its base in the community. All sectors can be relevant to the success of the social enterprise development effort. Targeting networking efforts strategically requires knowing the community well, who the key players are who have relevance to the CBO's social goals, and who have expertise and contacts important to the type of social enterprise activity being contemplated.

THE IMPORTANCE OF A DEVELOPMENTAL APPROACH

Non-profit organisations involved in delivery of various services and programs are among those increasingly becoming interested in social enterprise development. The following comments are particularly relevant to them.

Initially, some enterprises may be developed from the organisation's existing resources and programs. Later, it may expand on this experience and try more complex ventures. In whatever way a CBO chooses to become involved, however, it is generally true that first efforts should be small, then expand incrementally as market conditions and the growing competence of the CBO and its members warrant.

Many non-profits are used to operating with what might be called a captive market. It serves an identifiable group of people who cannot get, or cannot afford to get, the service in another way. For example, a nutrition program for seniors usually does not compete with other nutrition programs for seniors; it is often the only service of its kind in the area. People who need the service need to come to the organisation that manages the program. Money to support the program is committed in advance; thus there is assurance of resources for a defined period of time.

The planning of social enterprise requires the CBO to focus simultaneously on three streams of tasks and decisions:

1. enterprise development
 2. organisational development
 3. community participation and strategic networking
-

In whatever way a CBO chooses to become involved in the delivery of services and programs, it is generally true that first efforts should be small, then expand incrementally as conditions and the growing competence of the CBOs staff and members warrant.

There are four phases in the social enterprise development process:

Phase 1: Assessing
Readiness and Pre-Planning

Phase 2: Building the Base

Phase 3: Focusing the
Opportunities

Phase 4: Planning the
Enterprise and Mobilising
Resources

A business, however, runs very differently. Often, its market is not confined to a specific service area and it faces some level of competition. While its start-up financing should include enough money to sustain the business for an initial period, after that, the success of the business depends on its generating enough income to cover its expenses.

Without doing away with risk entirely, a developmental approach—along with careful planning—will minimise the risk involved. Starting with existing resources at a level within the organisation’s current capability, the developmental approach plans for growth as capacity grows.

THE FOUR PHASES IN THE SOCIAL ENTERPRISE DEVELOPMENT PROCESS

Phase 1: Assessing Readiness and Pre-Planning (Checklists 1-3)

This is a preliminary phase focused on two main goals. First, it is designed to help a group or organisation come to a decision on whether or not it possesses the basic prerequisites necessary to properly support the development process. Second, there are consultations, discussions, basic information-gathering, and some analysis to perform—what is referred to here as pre-planning. This work feeds into the assessment of readiness and thus the decision whether or not to proceed. If the decision is yes, this pre-planning work becomes of use in subsequent phases.

Phase 2: Building the Base (Checklists 4-6)

During this phase, the concentration is on developing the organisational capacity to undertake social enterprise development, and on an initial assessment of possible enterprises. The CBO assesses its organisational structure, its policies, its management information systems, and its programs in light of their suitability for enterprise development. If it is a group, rather than an organisation, attention will be paid to developing appropriate capacity around similar issues. As many enterprise opportunities as possible are identified and then begin to be narrowed down based on the application of business, organisational, and community benefit criteria.

Based on this initial assessment, a plan to assess the viability of different enterprise opportunities in more detail is designed, as is a plan to bring about changes in the organisation that have been identified as necessary (or to build the necessary organisation if it is an unincorporated group).

Phase 3: Focusing the Opportunities (Checklist 7)

During this phase, the CBO puts its plan into effect and adapts administrative and management structures to properly support social enterprises. Enterprise possibilities are further narrowed down. Detailed feasibility studies are undertaken to determine the enterprise’s funding and technical assistance needs, management requirements, market demand, costs, and community support. Community and organisational development begins to be oriented toward the specific needs of the enterprises being considered. Near the end of this phase, the beginning (or base) enterprise is chosen and a work plan developed for the next phase of implementation.

Phase 4: Planning the Enterprise and Mobilising Resources (Checklist 8)

This phase focuses on preparations for the start-up of the chosen enterprise. It determines the enterprise's organisational relationship—internal or external—to the CBO, establishes management and monitoring systems, and prepares a business plan. Resources and community support developed during the previous two phases are called into play to support the start-up of the new venture.

THE ROLE OF TECHNICAL ASSISTANCE

Technical assistance (TA) supplements the existing skills available to the organisation/group and its enterprise(s). While assistance from volunteers, such as members of the advisory committee, can play a very important role, realistically, additional outside help will also need to be acquired at some point. Ideally, paid assistance will help the organisation mobilise local resources, such as universities and private businesses, to donate free assistance. Although it can be difficult to allocate the money out of limited resources, TA can make a crucial difference.

The type of TA called for will depend on the level of sophistication and where the CBO is at in the social enterprise process. It can involve organisational development issues, such as the development of policies and objectives, the creation or modification of an organisational structure, or the clarification of board and staff responsibilities. It can also be oriented toward specific ventures, and involve market and financial analyses or product engineering.

Whatever kind of TA is needed, it must be designed to augment existing skills; it cannot replace knowledgeable management, staff, or group members. The more knowledgeable people are about the social enterprise development process and what it entails, the more wisely will TA be used and controlled. Understanding the process enables appropriate assistance to be brought into play at key points, and to keep costs down by defining the question or problem as specifically as possible. In short, TA should always be structured in a way that enhances existing capacity as much as possible.

Wherever possible, TA personnel who are already aware of the dynamics involved in social enterprise development should be used, particularly in the work of organisational development and the legal work. There is a bit more leeway in terms of enterprise-specific expertise, but even here it is good to take the time to orient your TA provider to social enterprise and the context of your organisation's development process. Remember however, technical assistance is never a substitute for hard work, or for making every effort to maximise the use of local resources.

Technical assistance supplements the existing skills available to the organisation or group and its enterprise(s)...The kind called for will depend on a number of factors. Whatever kind is needed, however, it must be designed to augment existing skills; it cannot replace knowledgeable management, staff, or group members.



Michelle Colussi of CCE providing group-based technical assistance.

OVERVIEW SUMMARY OF SOCIAL ENTERPRISE DEVELOPMENT

	Phase 1 Assessing Readiness and Pre-Planning Checklists 1-3	Phase 2 Building the Base for Social Enterprise Development Checklists 4-6	Phase 3 Focusing the Opportunities Checklist 7	Phase 4 Detailed Planning & Mobilising Resources Checklist 8
ORGANISATIONAL DEVELOPMENT	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) Organisational development plan to prepare for social enterprise d) Policy-making, mission, goals, CBO roles, enterprise selection criteria	a) Implementation of organisational development plan b) Organisational 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)
ENTERPRISE DEVELOPMENT	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
COMMUNITY PARTICIPATION & STRATEGIC NETWORKING	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) Mobilisation of internal & external networks in support of priority enterprise(s)
TECHNICAL ASSISTANCE: Identifying & mobilising outside skills & knowledge to assist in the SED process				

USING THE CHECKLISTS

Use the checklists to diagnose where you are at and then create an action plan that gets you working effectively, assuming, of course, you've decided to proceed down the social enterprise path. Do not hesitate to write in the spaces provided. It is easy for you to download another copy from www.cedworks.com.

For those using these checklists 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 organisation. In 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.

There will be hundreds of others reading this book who are not participants in a workshop. For you, there are several options.

1. The first is that it is very possible to use the book as a guide from which to do the work in your own setting with whoever your key stakeholders are. We encourage you to do so. What is presented in this book 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. 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 quarterly newsletter associated with the Development Wheel project 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: Keep good notes in the margins. These notes will be valuable to you as you interact with others in your group or organisation, and will enable you to more easily define the areas of consensus and difference, both of which are important to establishing a shared analysis.

PHASE 1: GETTING STARTED: ASSESSING READINESS AND DOING YOUR HOMEWORK (CHECKLISTS 1-3)

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!

Use the checklists to diagnose where you are at and then create an action plan that gets you working effectively...

Honest application of these tools may cause you to decide that social enterprise development is not for you. If so, congratulations; this is a positive decision. If you decide to proceed further, other checklists await your diligent attention. It's probably best to establish a working group of key stakeholders (board members, staff, volunteers, etc.) who have a relevant interest...

Checklist #1, when accompanied with the Entrepreneurial Self-Assessment exercise in Chapter 3, will provoke you to think about your entrepreneurial profile and about the time, talent, and resources you have available for social enterprise development.

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.

Checklist #2 poses some key policy questions that need consultation and discussion. What is the role of your organisation 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 organisations in your community, region, and/or sector(s) of interest?

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 organisation. Based on the results, a work plan for moving onto Phase 2 should then be prepared.

Undertaking the work in Phase 1 is directly related to work you will do later on in Phase 2. For example, it may be difficult to do the policy work of setting or reviewing the mission, the goals, the role and the enterprise selection criteria without the information that several elements of Phase 1 ask you to consider.

Phase 1: Assessing Readiness

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 organisation should proceed with social enterprise development and/or what to focus on to increase your readiness.

Checklist # 1 – Phase One: Self Assessment	Y	N	P	DN	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 their decisions on solid research and planning?						
4. Does your organisation or group have experience in managing successful projects (i.e. planning, financing, implementing and monitoring results), including producing relevant reports.						
5. Within your organisation or group is there a demonstrated capacity to mobilise outside resources to support its work (e.g. financial, in-kind, technical)						
6. Is your organisation or group willing to invest in developing business and management skills as necessary to maximise success?						
Organisations Only (Includes Aboriginal)						
7. Has your organisation's leadership and staff been fairly stable over the last several years? (e.g. few problems with turnover)						
8. Is your organisation willing to consider & make organisational changes to ensure social enterprise development is successful?						

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

Phase 1: Pre-Planning—Basic Research & Consultation

This checklist helps you identify and collect information and knowledge that can help your organisation 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 organisation or group might play in relation to social enterprise development? (e.g. developer, owner)						
2. Has your organisation 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 organisation 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 organisation or group determined what technical assistance it needs, if any, to do the work in this section?						
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 1: Pre-Planning—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 organisation 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 organisation or members of your group demonstrated the ability to work in partnership with other organisations 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

Now the real work begins:

- a) Ensure your key decision makers are adequately informed about the challenges, steps, and resources involved.
 - b) Establish criteria for your working group to screen the enterprise opportunity ideas that are generated.
 - c) Choose the best 3 to 6 opportunities for pre-feasibility study.
 - d) Apply what you've learned to do a "second cut" for those opportunities in which to invest more detailed feasibility research.
-

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 as well, will be done.

Organisational 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 organisational or group needs into account as well as those of your community or constituency.

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 organise 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.

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.

Identifying opportunities, establishing venture-selection criteria, discussion of mission and roles are all good opportunities to broaden and strengthen your key relationships.

Phase 2: Building the Base for Social Enterprise Development—Organisational 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 maximise 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 organisational changes necessary to prepare for social enterprise.

Checklist # 4 Phase Two: Building the Base for Social Enterprise Development—Organisational 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 organisation or group assessed the time, talent, & resources it currently has available for social enterprise development?						
3. Has your organisation 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 organisation or group established basic policy to guide and direct your social enterprise development activities (answer 5a-5d): 5a) 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?						
5b) Have you defined your goals relevant to social enterprise development?						
5c) Have you defined your organisation or group role in social enterprise development?						
5d) 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 your Phase 2 work?						
7. Has a way to monitor progress been established?						
8. Has your organisation 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 2: 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 4 provides an overview of the enterprise development steps in phases 2, 3, and 4.

Checklist # 5 Phase Two: Building the Base						
Identifying Opportunities & Priorities for Enterprise Development	Y	N	P	DN	NA	Problems/Highlights
1. Has your organisation or group developed a work plan to guide enterprise development?						
2. Has your organisation or group done research and brainstorming to identify venture opportunities relevant to your mission and goals?						
3. Has your organisation or group done its “first cut” selection of opportunities to help focus your planning effort?						
4. Has your organisation 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 organisation or group begun to identify possible financing and business resources that may be relevant to your efforts?						
7. Has your organisation 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 2: 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.

Checklist # 6 Phase Two: Building the Base Community Participation & Strategic Networking	Y	N	P	DN	NA	Problems/Highlights
1. Has your organisation 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 organisation 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 organisation or group determined what technical assistance it needs in this area?						
For Organisations Only (Including Aboriginal)						
4. Has your organisation held meetings of its members and stakeholders to review and approve how social enterprise fits with the mission and goals of your organisation?						
5. Has your organisation consulted with its members and stakeholders regarding your organisations role in social enterprise development?						
6. Has your organisation 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 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.

Organisational 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.

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

Phase 3: Focusing the Opportunities

Checklist # 7 Phase 3- Focusing the Opportunities	Y	N	P	DN	NA	Problems/Highlights
Organisational 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 organisational changes that may be required to make the selected project a success.						
1. Has your organisation 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 organisation 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 organisation communicated with or met with members and key stakeholders relevant to building awareness and support for priority ventures?						
7. Has your group or organisation communicated with or met with private & public sector individuals & organisations relevant to building awareness and support for priority ventures?						
8. Has your group or organisation 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 organisation or group determined its technical assistance needs to complete this section?						

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

PHASE 4: DETAILED PLANNING AND MOBILISING OF RESOURCES

Organisational Development

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

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 some-times 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 organisation 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. Finalising 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 organisational leadership.

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 mobilised the resources and made all the other arrangements required to start up your enterprise.

Phase 4 is the stage where you put in place the capacity—including the legal and management structure—to move your project from paper to reality.

Ensure you are sharing the results of your business planning and other preparatory efforts with your community and stakeholders.

Phase 4: Detailed Planning & Mobilising Resources

Checklist # 8 Phase 4 Detailed Planning & Mobilising Resources	Y	N	P	DN	NA	Problems/Highlights
Organisational 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 organisational changes to make the project a success. The items that follow point to some key considerations.						
1. Has your group or organisation trained key people the basics of business planning, management recruitment & financial packaging?						
2. Has your group or organisation established a legal structure for the venture?						
3. Has your group or organisation selected the management for the enterprise?						
4. Has your group or organisation 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 organisation completed a detailed start up plan?						
9. If your group or organisation 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 from your network?						
Technical Assistance Have you determined your technical assistance needs for this phase?						

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

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.

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.

Keep communicating the results you are achieving to your stakeholders. They have a vested interest in your success.

YOUR NOTES

CHAPTER 6

FURTHER RESOURCES ON SOCIAL ENTERPRISE

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 finally links to additional research reports and papers that put social enterprise in the broader context. This section of the book 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 at www.cedworks.com.

CASE STUDIES AND ARTICLES AVAILABLE FROM 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 to download any of the following. For participants in the Development Wheel Workshops the material is free. Contact ccebe@telus.net. For others it is \$29 to download the entire set of articles.

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.

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?

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!

This section annotates resources of three kinds: articles and case studies; financial and technical resources; and links to additional research reports and papers.

All current and new materials will be found on the Centre for Community Enterprise website.

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:

1. vetting of business ideas by the Credit Union Central,
2. a provincial equity investment (instead of a wage subsidy) to be repaid from co-op dividends, and
3. 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 organisation.



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 organisation 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 organisation 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: Grants, Loans, and Equity

Guide to Financing for Social Enterprise

This guide demystifies funding and financing options for new and practising 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 organisational development, business planning, and start-up and operating capital, as well very useful, short case studies that show the financial packaging that came together for seven different social enterprises. The focus of the resources is within BC, however there are also several Canada-wide and international sources identified (73 pages). This is an excellent resource that we highly recommend for anybody actively getting involved in social enterprise. Download it for free from the website: http://www.smallbusinessbc.ca/pdf/guidetofinance_june05_eng.pdf

EN FRANCAIS

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 vingt 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.

ÉTUDES DE CAS ET ARTICLES DISPONIBLES

1. Centre de recherche en innovation sociale dans l'économie sociale, les entreprises et les syndicats (CRISES); <http://www.cris.es.uqam.ca>:

LES PUBLICATIONS DU CRISES: Les cahiers du CRISES

Le CRISES publie les résultats des recherches menées par ses membres et leurs collaborateurs. On dénombre plus de 400 cahiers de recherche. Plusieurs de ces cahiers sont téléchargeables sur le site en format PDF.

- La collection «Études théoriques » propose des textes conceptuels et de réflexion sur des thématiques spécifiques.
- La collection «Études de cas d'entreprises d'économie sociale» regroupe des études empiriques.
- La collection « Mouvements sociaux» propose des études de cas sur l'action de différents groupes sociaux.
- La collection «Thèses et Mémoires» présente une partie des travaux dirigés par les membres du CRISES.
- La collection «Internationale» propose des études comparatives qui sont publiées conjointement avec le Laboratoire de sociologie du changement des institutions (LSCI du CNRS à Paris).
- La collection «Recueil de textes» regroupe des séries d'articles ou des extraits de monographies portant sur des thématiques spécifiques.
- La collection «Hors-série» rassemble divers rapports de recherche.

2. Réseau canadien de développement économique communautaire/
Canadian Community Economic development network; www.ccednet-rdec.ca

3. Cahiers de l'Économie sociale en mouvement: sections publications. Créé en 1997, le Comité sectoriel de main-d'œuvre (CSMO) Économie sociale et Action communautaire a pour mission de favoriser et de consolider la concertation et le partenariat afin de résoudre les problèmes de main-d'œuvre communs aux entreprises et aux organismes du secteur. Ouvrant au Québec, il vise à assurer le développement de la main-d'œuvre et de l'emploi au niveau sectoriel par la mobilisation et la concertation des principaux acteurs concernés, par une connaissance approfondie du marché du travail et par l'élaboration de stratégies d'action et de formation continue.

Organisme à but non lucratif, le CSMO Économie sociale et action communautaire a été constitué en prenant en compte les spécificités du secteur, telles la diversité de sa main-d'œuvre et de ses activités, la nature collective des entreprises et des organismes, son enracinement dans l'ensemble des régions du Québec, les valeurs qui l'animent : la démocratie, l'autonomie, la primauté des personnes et du travail sur le capital, l'équité, la solidarité, la participation, la prise en charge individuelle et collective; <http://www.csmoesac.qc.ca/publications/economie.html>

4. PATDEC-CEDTAP:

http://www.carleton.ca/cedtap/stories/index_f.html

HISTOIRES COMMUNAUTAIRES: Les organisations de DÉC racontent leur propre histoire. Depuis ses débuts, le PATDEC a voulu être un leader en développement économique communautaire et a appuyé les canadiens et les canadiennes avec leurs initiatives et leurs investissements pour revitaliser leur collectivités. A la 4^{ième} conférence nationale de DÉC à Sault-Ste-Marie, CEDTAP a présenté 19 histoires écrites par les organisations impliqués en DÉC dans ces collectivités. Ces organisations ont écrit leur propres histoires sur leurs succès et leur apprentissages et comment l'aide du PATDEC a contribué à la mise en oeuvre de leurs projets.

Voici les histoires qui ont été rédigées en français:

(a) Un atelier de formation adaptée en Outaouais, un levier de développement économique et communautaire pour la Petite-Nation

“...Dans un contexte où la survie de services destinés à plus de 200 personnes handicapées était menacée, un projet novateur de développement économique communautaire vit le jour et assure le maintien à l'emploi de vingt personnes...” Lire la suite

(b) La Coopérative de soins de santé Aylmer

Un succès sans égal et le citoyen au cœur des préoccupations. “...Franc succès, tout à l'honneur des membres qui croient à la CSA. Le Ministère de la santé garde la coopérative à l'œil pour la bonne raison que la CSA est la première coopérative de soins de santé à être créée dans une ville québécoise moyenne de 40,000 h, soit dans le secteur Aylmer de la ville de Gatineau et de 50,000 habitants si on inclut les environs...”

(c) Innover pour grandir

L'accès à la propriété par la formule coopérative: “...La Fédération des coopératives d'habitation de l'Outaouais (FÉCHO) grâce à PATDEC et cinq autres partenaires du milieu, est dorénavant en mesure d'offrir un nouveau produit d'habitation pour la clientèle dont les revenus familiaux annuels se situent entre 35 000\$ et 65 000\$...”

(d) École Entreprise Formétal

“...Tout en recherchant de nouveaux clients commerciaux, École Entreprise Formétal voulait se donner les moyens d'acheter de nouveaux équipements de haute technologie pour offrir une formation de pointe à des jeunes, hommes et femmes, d'un quartier très défavorisé de Montréal, et leur permettre ainsi d'accéder à des emplois mieux rémunérés répondant à leurs aspirations. Formétal leur sert de passerelle vers le marché du travail...”

5. ÉCOF-CDÉC de Trois-Rivières : étude du cas. Caledon Institute of Social ... projet national piloté par Communautique, une entreprise sociale, pour permettre à la population de ...
www.caledoninst.org/Publications/PDF/553820584.pdf

ENTREPRISES DE FORMATION

Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS); <http://www.aruc-es.uqam.ca>

INSÉRER L'ENTREPRISE SOCIALE DANS LE CONTEXTE PLUS LARGE

(a) Chantier de l'économie sociale: <http://www.chantier.qc.ca>

(b) Centre de recherche sur les politiques et le développement social (CPDS): <http://www.politiquessociales.net/>

FINANCEMENT

Co-op Funders Forum: This funding list is a one-stop funding resource for co-operatives and CED initiatives looking for funds through grants, loans or equity. While it is in English, it is very useful:
http://www.ontario.coop/pages/index.php?main_id=12.

ADDITIONAL RESOURCES AND LINKS

Print

The Canadian Social Enterprise Guide is published by the Enterprising Non-Profits Program, an innovative partnership in BC made up of VanCity Community Foundation, Coast Capital Savings Credit Union, the United Way of the Lower Mainland, the Vancouver Foundation and Western Economic Diversification. There is some overlap with the material provided in “Building Community Wealth” but it provides more detail on business planning, performance measurement and issues related to legal structuring of social enterprises.

Structuring Your Venture is published in “Social Entrepreneurship: A Reference Guide,” 2004, by John Pepin and Warren Tranquada. See www.pepintranquade.com/ then go to Resources, then Articles, and then onto Publications.

Venture Development Basics. This workbook and the five-day workshop it supports explain how small communities can foster successful businesses. This book specifies procedures for identifying, screening, selecting, planning, and implementing business opportunities that are sound. It is useful from a social enterprise and an individual entrepreneurship vantage point; www.cedworks.com, \$14.

Aboriginal Joint Ventures: Negotiating Successful Partnerships. Often applied very loosely to any sort of inter-business collaboration, the joint venture is in fact a very powerful tool for the empowerment of small communities. A well-designed and -implemented joint venture can boost the investment activity of a community-based development corporation, reduce its risks, and increase its capacity to deliver profits, management influence, jobs, training, and business opportunities to local people. This book lays out the state of the art related to analyzing, negotiating, and structuring joint ventures that work for communities. It includes checklists and sample agreements to help negotiating teams keep out of trouble and on track. A must for any First Nation organisation or company thinking about joint ventures as a possible strategy. www.cedworks.com, \$14.

The Development Wheel: Guide to Community Analysis and Development Planning. Originally designed to support a 4-day workshop on operational planning for First Nations, this workbook encompasses the basics of community economic development (CED) and a detailed scenario in which to apply its principles. Data and instructions are provided for a simulation exercise in which readers define and integrate

steps in organisational development, venture development, strategic networking, and community participation. Checklists permit a simple but systematic assessment and comparison of constituencies, organisational performance, and the development proposals of outside consultants. This process can serve any organisation that needs to determine where it stands in the CED process, www.cedworks.com, \$14.

Local Action to Fight Poverty. This version of the Development Wheel is an adaptation done by Lutherwood CODA in a major poverty reduction strategy the developed in the late 1990s. This was an urban-based initiative and many of the organisations that used this version were non-profits. Available at www.cedworks.com, \$8.

Roles & Responsibilities of Boards of Directors for Aboriginal Economic Development Organisations. A very practical guidebook for directors looking for a way through the thicket of expectations they face, as well as the specific skills, procedures, and attributes they will require to fulfil them. Includes functional vs. legal roles, decision-making procedures, board member selection/training/evaluation procedures, and more. Illustrated with real-life examples. Relevant to all community and social enterprise-related boards, not just in the aboriginal setting, www.cedworks.com, \$14.

Venture Capital for Social Enterprise. Like any venture capital organisation, Social Capital Partners of Toronto has to separate “exciting ideas” from “worthwhile investments.” But that’s where the similarity ends. SCP is looking for partners with the will and the way to achieve real social returns, as well as financial ones, to meaningfully employ the hard-to-employ and compete on the open market. Sean Van Doorselaer explains this selection process and the strategic lessons that it has for the CED sector as a whole. Part of the Social Enterprise Hotlist at www.cedworks.com.

Web

Canada Revenue Agency. *Canada Revenue Agency Guide RC4143 – Registered Charities: Community Economic Development Programs.* This publication explains the criteria used to determine what kinds of CED activities and programs are considered to be charitable, including some guidance related to social enterprises. www.cra-arc.gc.ca/E/pub/tg/rc4143/rc4143-e.pdf

Canada Revenue Agency. *Canada Revenue Agency Policy Statement CPS-019: What is a Related Business?* This statement presents the guidelines relevant to the business activities of charities, specifically the criteria upon which to distinguish “related” and “unrelated” businesses. www.cra-arc.gc.ca/tax/charities/policy/cps/cps-019-e.html

Canada Revenue Agency. *Non-Profit Organisations IT-496R.* What are the conditions that must be met by a club, a society, or an association to be granted status as a tax-exempt non-profit organisation? See this bulletin at www.cra-arc.gc.ca/E/pub/tg/rc4143/README.html.

Co-operatives and Charity Law. On the BC Co-operative Association website at: www.bcca.coop/pdfs/Co-opCharityLaw.pdf.

Fraser Valley Centre for Social Enterprise provides links to a wide range of organisations, networks, and written resources online and through their library (English only) www.centreforsocialenterprise.com.

Enterprising Non-Profits (ENP): The Canadian Social Enterprise Guide is the first extensive and comprehensive published resource, tool kit, and collection of social enterprise stories. While enterprise development among non-profits has grown exponentially in the past few years, many non-profits still face great challenges in getting their ideas off the ground. If they can get ready access to the best available information about how to plan their social enterprises, the road towards start-up will be less stressful and their businesses more likely to succeed.

Specifically, non-profits have indicated a need for information in clear language about the following questions:

- How can you tell if your group is ready to embark on a social enterprise?
- What are the steps in a social enterprise planning process?
- How do you identify and assess enterprise opportunities?
- How do you plan for a social enterprise?
- How can you measure social returns in a business setting?
- What do you need to know about the legal context?

For more information on the Canadian Social Enterprise Guide and ENP see: www.enterprisingnonprofits.ca (David LePage, Enterprising Non-Profits; #510, 815 West Hastings Street; Vancouver, BC V6C 1B4; Phone: 604-871-5477; email: david@enterprisingnonprofits.ca).

APPENDIX 1

DEFINITION OF SELECTED TERMS FROM THE THREE SYSTEMS OF THE ECONOMY GRAPHIC

Black Economy—Commercial transactions that take place outside of the law, for example, stolen goods, drug trafficking, illegal gambling, etc.

Community Councils and Local Authorities—British terms referring to different levels of local, municipal type government.

Grey Economy—Refers to the exchange of goods and services between individuals and groups where the value is not declared for tax or benefit purposes. It is, strictly speaking illegal, but there are few people who have not taken advantage of work done “on the side” or traded services.

Diaspora—Refers to the remittance of sums from money earned in one country by immigrants or refugees to members of family who live in the country of origin.

Time Banks—A system through which people can do voluntary work to assist others and thereby “bank” hours they may later cash in to be helped themselves or which they may donate so that some other person or organisation receives the benefit.

Local Exchange Trading Scheme (LETS)—A system that allows members to trade using a local, non-official currency for the exchange of goods and services.

Community Enterprise—A social enterprise that is linked to a particular locality from which it draws its members and which it seeks to benefit.

Social Firms—A social enterprise that specialises in the employment of people with some form of disability (at least 25% of the workforce) and that earns at least 50% of its income from trade. This is a British designation that does not have a precise counterpart in the Canadian context.

Social Business—A social enterprise that tends to emphasise its business aspect and plays down any distinction from private business; often established without a democratic constitution to involve the beneficiaries. This precise term is not used in the Canadian context, although there are social enterprises that may resemble the stated characteristics.

Mutuals—refers to memberships with a common interest and where each member has one vote regardless of the size of any shareholding they may have, otherwise known as co-operative societies.

Source for Glossary and for graphic on p. 11: Pearce, John. 2003.

Social Enterprise in Anytown; Calouste Gulbenkian Foundation; www.centralbooks.co.uk

ENDNOTES

1 Wall, J., P. Duguay, S. Rohan. “New Synergies: The Co-operative Movement, CED, and the Social Economy,” *Making Waves*, 15:1; Spring 2004.

2 Kihumbi, Mufaume. 1999. « La Maison Verte: un cas réussi de développement économique communautaire. » *Reffet: Revue ontarioise d’intervention sociale et communautaire*. Vol 5, #1, printemps.

3 Pearce, John. 2003. *Social Enterprise in Anytown*; Calouste Gulbenkian Foundation; www.centralbooks.co.uk

4 For a fuller explanation of the family economy and voluntary organisations that make up the self-help economy on the graphic, see pages 26 to 28 in Pearce, *ibid* 3.

5 Neamtan, Nancy. *The Political Imperative: Civil Society and the Politics of Empowerment*, *Making Waves: Canada’s community economic development magazine*, Spring 04, vol15, #1.

6 Ninacs, Bill. September 2001. *Social Enterprise: A Tool for Social Development*, prepared for the International Development Research Centre and Concordia University.

7 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.

8 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.

9 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.

10 Neamtan, Nancy. *Ibid*.

11 Chapters 3 and 4 are adapted from *Venture Development Basics* by Mike Lewis and Frank Green, published by the Centre for Community Enterprise, available at www.cedworks.com.

WORKSHOPS TO SUPPORT *BUILDING COMMUNITY WEALTH*

INTRODUCTION TO SOCIAL ENTERPRISE

This workshop is a 2-hour session that uses examples of social enterprise across Canada to illustrate the core principles and range of features we find in social enterprise. Participants are also exposed to the broader context in which social enterprise operates, the key supports needed, and what the opportunities and challenges might be in their community.

ASSESSING READINESS AND GETTING STARTED IN SOCIAL ENTERPRISE

This workshop is a full day session in which participants explore the purpose of social enterprise, their group or organisation's entrepreneurial characteristics, the tasks and decisions required to advance a social enterprise, and whether or not this is an appropriate tool for them at this time. If the answer to that is yes or maybe, the workshop helps identify priority next steps for their efforts. Participants receive and work with the book *Building Community Wealth* in this session.

TRAINING TRAINERS FOR SOCIAL ENTERPRISE DEVELOPMENT

For organisations that have a mandate to support social enterprise development over the longer term, the Centre for Community Enterprise (CCE) can provide tailored training for staff and social enterprise developers in your region. This training will orient your staff to both workshops described above (and all the related concepts). Using "in-person" and distance learning methods over 4 to 6 months, participants will:

- be able to describe the features, benefits, and limitations of social enterprise
- understand the tasks and decisions that social enterprise requires related to organisational development, enterprise development, and community participation and strategic networking
- learn how to use the Social Enterprise Checklists as planning, coaching, and development tools with clients
- apply the enterprise selection process
- facilitate or co-facilitate both workshops

The Training Trainers curriculum requires a host organisation in your region to organise and support delivery.

For more information about any of these programs, trainers in your area, or to discuss a customised approach for your community, call Michelle at 250-595-8874, or email colussi@shaw.ca.

Why start from scratch *when you can tap the experiences & insight of an entire movement?*

1

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2

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