

BUILDING COMMUNITY WEALTH

A Resource For Social Enterprise Development



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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.

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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.

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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.

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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.

