

MONEY & MISSION

SOCIAL ENTERPRISE IN CALGARY

An Environmental Scan & Readiness of Calgary & Area Social Enterprise Activity

Report Brief



United Way
of Calgary and Area

BUILDING STRONGER COMMUNITIES



THE CALGARY
FOUNDATION



family & community
support services

A Brief Introduction

The following offers a brief summary of select report findings from an environmental scan and readiness assessment of social enterprise and earned income activity in Calgary's human service nonprofit sector. The report provides better understanding of this activity in Calgary, reviews the readiness for a social enterprise stimulant,¹ and provides recommendations regarding key considerations for stimulant activity.

As project sponsors for this initiative, the City of Calgary's Family & Community Support Services (FCSS), The Calgary Foundation and United Way of Calgary and Area undertook this project to:

- better understand current social enterprise and earned income activity in the human service nonprofit sector
- enhance the ability to support innovation
- act upon presenting opportunities
- collaborate effectively with community partners

¹ A Social Enterprise "Stimulant" refers to actions that successfully support development of social enterprise activity. Stimulants may include providing financial support, human resources and/or technical assistance for social enterprise development.

What is Social Enterprise?

For the purposes of this research, social enterprise was defined as: ***an enterprise, organization or venture that advances its social mission through earned income strategies.***

Social enterprise is a business model with a long history – a model that considers the needs and requirements of its stakeholders while leveraging the market mechanism to earn income that supports social outcomes.

Nonprofits that earn income from the marketplace are not new – consider those that run gift stores or charge a fee-for-service. Recent profiles of social enterprise activities have highlighted their successes, analyzed the mechanisms, and supported the rapid growth of a network of social enterprise developers, collaborators and leaders across Canada and the globe.

The environmental scan and readiness assessment took a mixed-method approach using both exploratory and descriptive research including an e-survey and one-on-one interviews with key social enterprise operators, proponents and leading mainstream entrepreneurs. A comprehensive literature review of secondary sources supported and enhanced primary research findings.

The e-survey was distributed to 144 human service nonprofit agencies jointly supported by the project sponsors. Though some local nonprofits were excluded through this method, using this population ensured that respondents were pre-screened to provide programming aligned with the project sponsors' goals.

Interview participants represented:

- **Nonprofit entrepreneurs** – individuals actively involved in running a social enterprise or earned income initiative in Calgary.
- **Capacity builders** – organizations that currently provide financial or technical support to social enterprises and/or small business development.
- **Community leaders** – individuals with political leadership or a proven entrepreneurial record in key business sectors in Calgary. Some individuals are recognized as active proponents for social enterprise, others represent sectors considered critically important to the success of a collaborative social enterprise stimulant.

The Social Enterprise e-Survey was undertaken from January 7 to January 30, 2009. In total, 76 agencies completed the survey for a completed survey response rate of 53%.

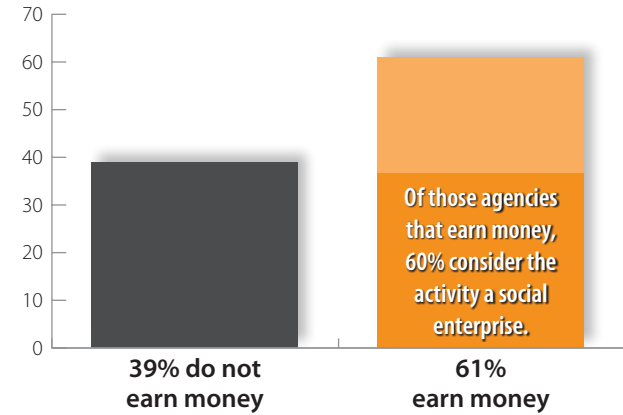
Key Survey Findings

Calgary is home to an innovative and entrepreneurial nonprofit sector

Survey respondents indicated that 61% of agencies currently earn money through the sale of goods and services to the marketplace, and 60% of these agencies consider their activity a social enterprise.

More than half of responding agencies wanted to learn more about social enterprise.

Percentage of Agencies that Earn Income

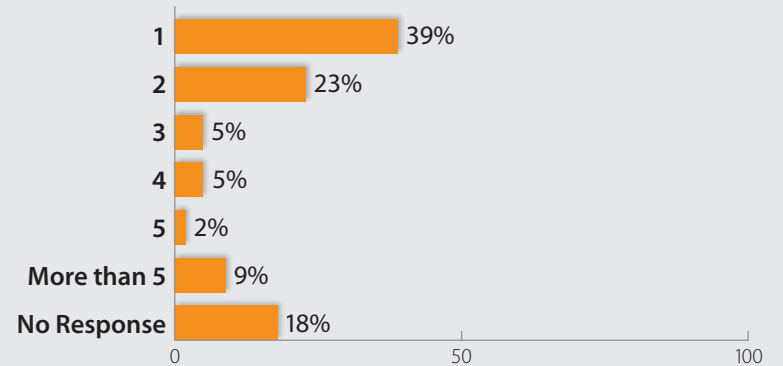


Entrepreneurial nonprofits duplicate with capacity

Agencies earning income from the marketplace were split almost equally between having only one earned income activity underway (39%) and having more than one earned income activity (43%).

Entrepreneurial Activity is motivated by both financial needs and innovations in service delivery.

Number of Earned Income Activities per Agency



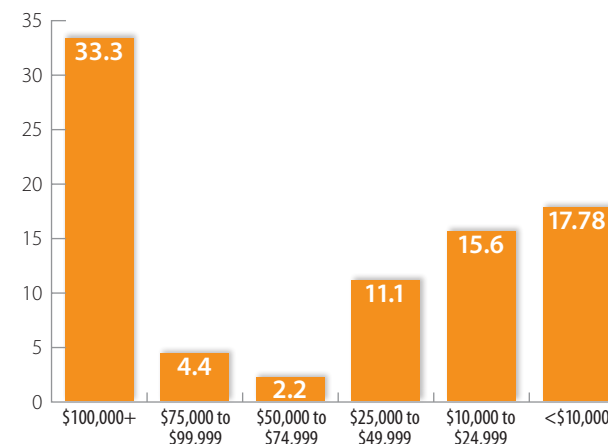
Key Survey Findings

Earned income initiatives stabilize and add value

More than half of the most successful initiatives have been active for more than six years (53%). Activity of less than one year was the next most often indicated timeline (13%); 4-6 years and 1-3 years of operation made up the remaining responses at 11% and 9%, respectively.

Overall revenue numbers indicate that one-third of all income generating activities earn their agencies more than \$100,000 per year, while one-third earn \$25,000 or less annually. While the chart to the right indicates earnings for the entire sample, once established, **more than half of all longer-term activities earned more than \$100,000/year** (54%). Income level expectations for longer-term initiatives **most often met or exceeded income generating expectations** (54%). The marketplace was cited as the source of 76% of all revenue earned.

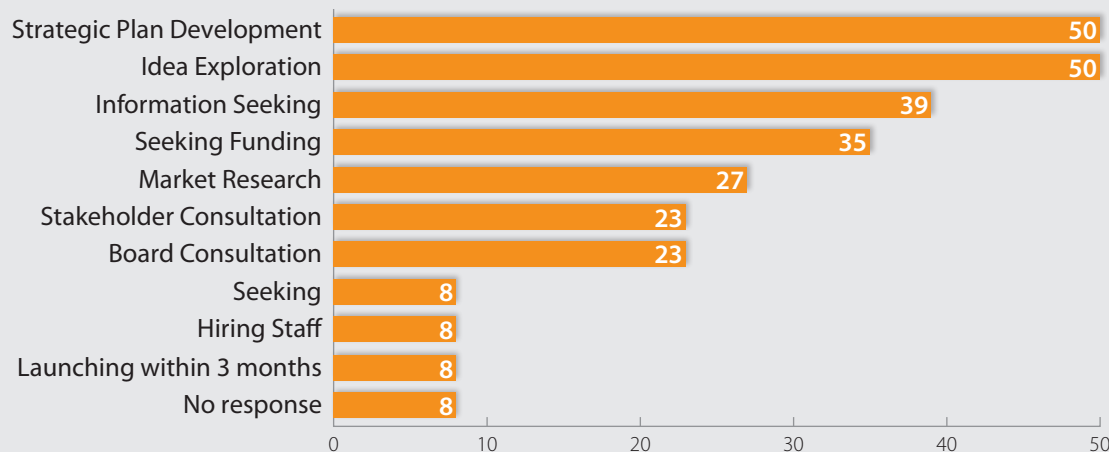
Annual Revenue (%)



Innovative nonprofits see growing opportunities

Approximately 31% of respondents plan to implement a social enterprise or earned income initiative in the next three years. These agencies are at the following stages of development for their new initiatives:

Stage of Pre-implementation Frequency (%)



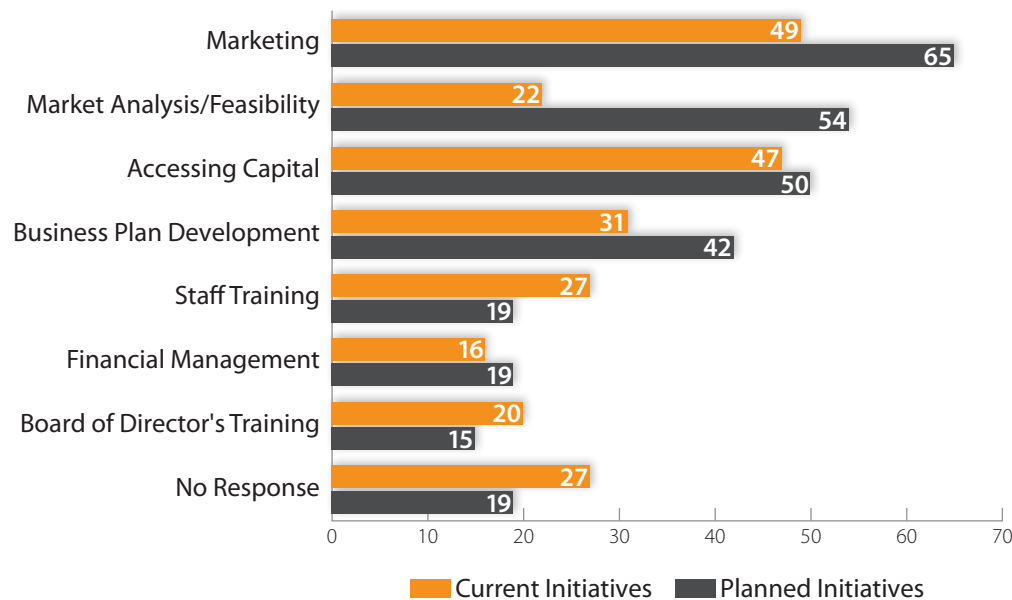
Key Survey Findings

Entrepreneurial leaders seek support to develop resiliency and sustainability

Organizations considering an earned income or social enterprise initiative indicated that marketing support (65.4%), market analysis/feasibility study (53.9%) and accessing capital (50%) were the top three areas of training or technical assistance that would be of value to them. It should be noted that business plan development was a close fourth, indicated as important by 42.3% of respondents in this category. Organizations currently active with an earned income or social enterprise venture also indicated that they required support to grow and expand their activities.

Help is wanted to build capacity through technical assistance & needed capital

Frequency & Types of Support Requested (%)



Honest recognition of the challenges

Approximately 16% of responding agencies indicated that they have undertaken other earned income or social enterprise initiatives that have since been retired or disbanded. The top three reasons cited for disbanding an initiative were the lack of profitability, mission fit and resources to plan or market the initiative.

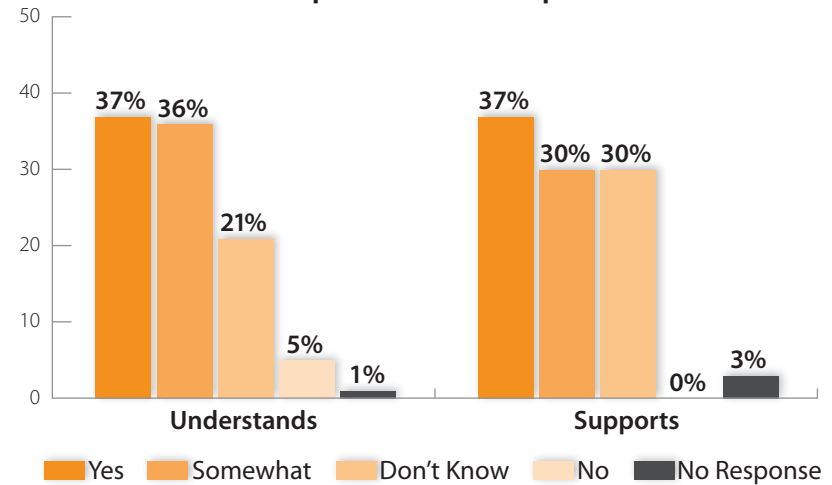
In addition to those that failed, 26% of organizations indicated that they had considered creating a social enterprise but did not undertake the initiative due to either a lack of capital, an unsure board or legal issues.

Key Survey Findings

Governance & leadership require additional information...

When asked whether their board **understood or supported** the concept of social enterprise, respondents were almost evenly split in their responses. Respondents either indicated that their board had a moderate understanding, or respondents were unsure of their board's position in this matter.

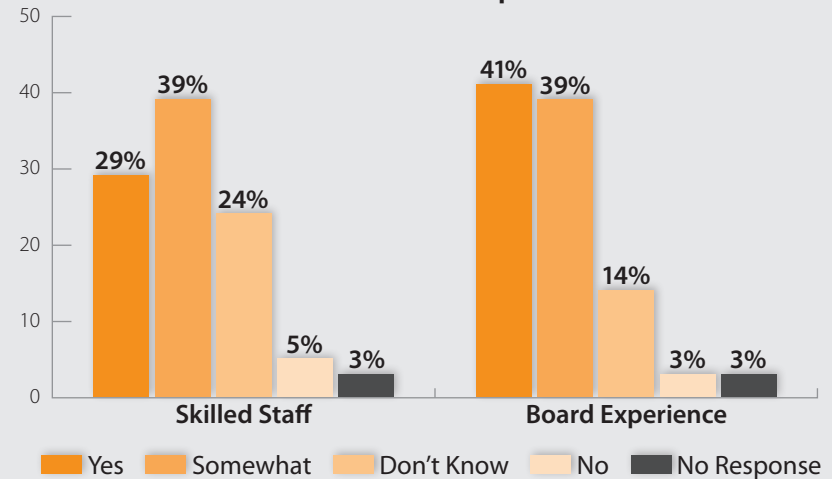
Our Board understands/supports the concept of social enterprise



...but provide access to skills

The comparison between the agencies' **access to skilled staff** with the access to **experienced board members** reveals that agencies are more confident with the depth of experience at the board level than at the staff level.

Access to specialized staff skills & Board business experience



The majority of respondents strongly encourage staff to develop new skills.

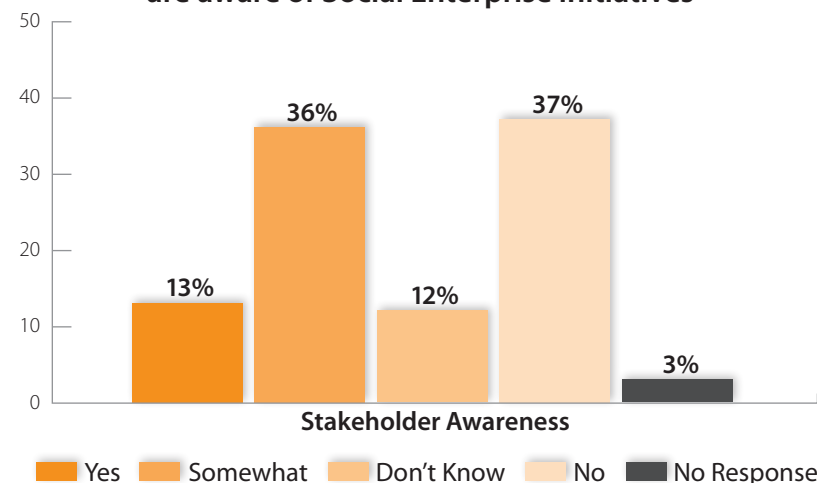
Key Survey Findings

Success is a product of and results in a broad stakeholder base

Secondary research indicates that more successful social enterprise initiatives benefit from the **support of the agencies' broader stakeholder base**. This secondary research source indicates both limited stakeholder awareness of social enterprise initiatives, and limited understanding of stakeholder awareness. This response may reflect a variety of issues, including: the respondents' lack of knowledge regarding their stakeholders' positions; the limited exposure of their earned income initiative in the community; and/or a difficulty with measuring this level of awareness.

These findings indicate that **there is work to be done in extending the awareness of social enterprise to the greater community** – a finding that reflects the call for marketing support from survey respondents.

Our stakeholders (other than the Board and staff) are aware of Social Enterprise initiatives



Results of the Interviews

Nonprofit Entrepreneurs

Nine individuals involved in active social enterprises or earned income initiatives provided their thoughts for consideration in this report. Respondents in this group indicate their **social enterprise activity supports their agency’s sustainability and the delivery of programs.**

On the economy

While interviewees were concerned about the economic situation, the majority had not seen a negative impact on their social enterprise operations at the time of this study. Some indicated the downturn was leading to an ability to finally meet their hiring targets and, for the first time in many years, their initiatives were staffed adequately.

On the concept of a potential Calgary Social Enterprise Stimulant

All of the representatives from social enterprise initiatives interviewed for this report strongly expressed a need for a social enterprise stimulant in Calgary to provide:

- advocacy for the social enterprise sector with government
- training in key business skills
- a network of social enterprises to share learnings
- awareness within the community with corporate entities and the public
- additional financial support to initiate new ventures (seed capital) and hire expertise to assist with business decisions (grants). Examples provided included: program expansion, exit strategies and business planning.

“When we describe what we do to others, we tell them that we run a **Profit with Purpose** business – and they understand right away what our venture is about.”

Results of the Interviews

Capacity Builders

Due to limited formal support for social enterprise initiatives in Calgary, a number of organizations based outside of Calgary were interviewed. Eighteen participants provided their thoughts for this report.

Many respondents articulated the need for nonprofit agencies to understand the risks and challenges associated with developing a social enterprise prior to initiating their ventures. Interviewees emphasized the need to have appropriate people involved to fund and support a social enterprise, including experienced business people as well as legal and tax advice from experts who understand the unique challenges of the social enterprise sector. Respondents also described how a social enterprise stimulant should be able to adjust and change as its proponents learn through experience.

“The social enterprise sector requires **more than just access to funds** if we want to see it grow and flourish.”

On the economy

Interviewees cautioned that social enterprises can operate with less-than-adequate systems and processes because they can access granting and other funding from sympathetic lenders, which may create an environment where undesirable practices go unmanaged. The changing economic climate will pressure these initiatives to improve their practices, and this pressure may lead to a change in the number of initiatives or the manner in which they operate.

Proponents for social enterprise as a capacity-building or sustainability-supporting activity need to ensure that the **support offered is more comprehensive and integrated than simply access to additional funds.**

On the concept of a potential Calgary Social Enterprise Stimulant

Many interviewees saw social enterprise as an investment toward financial sustainability that meets the needs of the organization’s mission as well as the marketplace. All participants addressed the need for the stimulant to provide access to centralized resources, capital and skilled advisors in order to support the sector and alleviate some of the risk associated with business start up. Some also took a cautionary tone, indicating that social enterprise is not a panacea for funding problems; initiatives must meet a demonstrated market need in order to be successful.

Results of the Interviews

Community Leaders

Of the eighteen entrepreneurs and community leaders interviewed, the majority of participants in this database have involvement with the nonprofit sector by way of past professional experience or board participation. Overall, with a few considerations, these community leaders were exceedingly supportive of developing a social enterprise stimulant for Calgary. While some participants cautioned that social enterprise initiatives undertaken by a nonprofit agency must be well planned and must meet a defined market need, all saw potential for agencies to meet social outcomes in an entrepreneurial manner if risk is managed well.

On the economy

Participants indicated that economic turmoil seems to be reducing people's appetite for risk, and increasing the desire to make safe investments that ensure benefits to the community.

Even given the risks, the majority were enthusiastic for social enterprise as an innovative approach to service delivery that supports long-term sector sustainability.

On the concept of a potential Calgary Social Enterprise Stimulant

When discussing what kind of initiative would best support the social enterprise sector, the majority indicated that the initiative should:

- **Provide incubation advice** – operate an active advisory board that engages entrepreneurs in problem solving for social enterprise initiatives.
- **Offer entrepreneurial mentorship** – support the development of necessary skills and 'can do' attitude required in the sector's leadership.
- **Be defined by the participants** – the social enterprise stimulant should be developed by those involved with the initiative, rather than overseen by a funder's board.
- **Be developed with the long term in mind** – new innovations can take many years to succeed.
- **Integrate into current systems** – there is a small business development network with supporting financial institutions in Calgary. Interviewees were keen to limit duplication of services and address gaps in service in a way that meets the unique needs of social enterprises.

What the Findings Tell

The information provided by the e-survey, interviews and secondary research paints a detailed picture of both the micro and macro environments affecting the decisions of this report’s sponsors. The following analysis further synthesizes research findings to summarize key conclusions.

Developing Demand: Readiness for Social Entrepreneurial Activity

Technical assistance programs that support the development of business ideas exist across all sectors. Often labelled business incubators, these programs provide advisory services and grants to entrepreneurs to support the exploration of their concepts – from market feasibility to business plan development and support seeking capital. **Interviewees indicated that programs that provide these developmental services help to reduce the risk associated with the initiative and, when associated with a capital source, provide vital procedures for potential lenders.**

Several business development support programs unrelated to social enterprise exist in Calgary, including: Alberta Women’s Entrepreneurs (AWE), the Chamber of Commerce, Business Development Canada, and BusinessLinks. Although the latter two initiatives provide some support to social enterprises, all initiatives offer a model from which key elements might be replicated to support initiatives specific to social enterprise.

Technical assistance programs specific to social enterprise initiatives have developed proven models for this sector. Participants in these programs indicated that the development

process reduces the risk for investors by providing intimate knowledge of the social enterprise’s business concept, challenges and motivations prior to investment. In some centres, municipal governments and more mainstream lenders have recognized the lower risk of these initiatives, providing guarantees to loans accessed by community initiatives. These forward thinking investments improve social outcomes by supporting an economic initiative that serves market needs and provides local employment.

As indicated, approximately one-third of survey respondents are planning some form of new earned income or social enterprise – half are at the early stages of exploring ideas and just over one-third are actively seeking funding for their plans. Nearly three-quarters of the social enterprise initiatives who are currently operating are at the Growth or Mature stage and are seeking advisory support regarding expansion opportunities and/or potential transitions in their legal status or operations.

Although many respondents identified the need for capital, all identified the need for **development advice** as a priority. This advice is recognized as key to success: seasoned entrepreneurs argue that “nurtured” entrepreneurs are as successful as those who come by entrepreneurial ventures due to their “nature”.

What the Findings Tell Us

Given these findings and the experience of the social enterprise and small business incubators interviewed for this report, it is important to understand that:

- an organization will be most successful with its social enterprise when it is guided through a formalized business development process
- just as in the for-profit sector, once social enterprise initiatives are established there still remains critical inflection points for their leadership where seasoned advice and guidance is required
- although there is a limited network of business development services in Calgary to provide support to social enterprises, there is no agency that exists with a social enterprise-oriented focus
- initiatives that undergo a proven development process reduce their risk and provide improved outcomes for invested capital

Conclusion

Although access to capital is critical, there is also a **significant need in Calgary for access to business advice that understands the challenges and intricacies of social enterprise development within the nonprofit sector**. This advice is required not only at start-up, but throughout the phases of the enterprise life cycle including growth, expansion and exit to help balance business and organizational aspects of the initiative.

Just as in the for-profit sector, where seasoned business experts provide advice to enterprises through their role on boards, or where for-profit initiatives seek the professional opinions of specialized advisors such as investment managers, business development support is an ongoing need for the social enterprise sector. However, nonprofit entrepreneurs currently have access to few knowledgeable mentors, business advisors or resources.

What the Findings Tell

Addressing Supply: There is Limited Financing Available

Almost half of all currently active social enterprise or earned income initiatives require capital and, though only one-third are actively seeking capital, half of all planned initiatives indicate they will require access to capital to initiate their ventures. **Lack of capital was the most frequently cited reason for initiative failure**, which echoes common experience in the small business environment. Although interview participants indicate there are several agencies that may provide access to limited business development support and capital, mainstream institutions that provide traditional small business development support often exclude the nonprofit sector due to lending criteria. The nonprofit sector is also limited by a lack of capital assets that can be leveraged, the personal liability risk for charitable boards, and charitable society bylaws that limit access to debt. It must also be noted that these risks can be addressed to some extent by the way a social enterprise is legally structured and by a process of development that ensures due diligence.

Conclusion

When developing a new entity, it is critical to **integrate the systems currently available in order to ensure sustainability, reduce duplication, and quickly build capacity for the initiative**. There is also a need for a lending agency to provide financial instruments with requirements that the sector can meet, and this entity should be developed with the guidance and planned integration of support from a financial institution.

Lastly, solid legal and tax guidance are required to reduce risk for the nonprofit organization and to offer the greatest flexibility to access capital for the initiative. In some cases, it is the legal structure of the social enterprise that limits its access to funds. These two points are interrelated and must be addressed with qualified legal advice.

What the Findings Tell

There is a Broad Spectrum of Support for the Concept of Social Enterprise

Across the spectrum of interviews, there is significant support for a stimulant that will approach the delivery of social services in a manner that also addresses some form of cost recovery. Respondents were eager to see social enterprises that support the:

- Financial sustainability of charitable organizations.** In some cases those initiatives do not need to be related to the mission of the agency but can operate as separate from the agency's mission (i.e. operating a franchise and/or developing an incorporated for-profit company based upon the skills inherent in the agency)
- Development of new capacity for both the agency and the clients it serves.** In the case of the agency, using earned income or social enterprise initiatives to build additional business acumen and skills within the charitable sector and/or attract candidates from new human resources pools to provide those skills. In the case of the agency's clients, developing their capacity (social, technical or life skills) within the environment of "real work" in a way that provides them with some income and a sense of overriding purpose. Though perhaps less tangible, the value of real work was seen as a critical benefit of social enterprise initiatives.

More than one-third of responding initiatives provided human service agencies with more than \$100,000 in annual revenue and nearly half of all survey respondents indicated that their initiatives have met or exceeded expectations. Both of these statistics indicate success in Calgary's social enterprise sector.

Conclusion

Even when respondents explored the risks associated with small business and social enterprise start-up, the potential benefits of these initiatives were considered worth the risk. **There is an appetite to publically innovate in order to explore how social enterprise and earned income can meet social needs in our community.** Success within the sector indicates that there is inherent capacity established in our community that may be used for the support in the development of other initiatives.

What the Findings Tell

The Current Economic Situation Provides Both Challenge and Opportunity

Though some would indicate that the economic environment has improved since early 2009, the economic situation across Canada and around the globe is changing daily. Calgary benefits from being located within a country with a relatively solid banking system and a province that began to weather the economic storm from a position of strength: high employment and several years of significant economic growth. Though interviews indicate the downturn will make it more difficult for marginalized businesses to succeed, those that have been established on solid fundamentals are seeing benefit in the increased access to skilled labour and the reduction of costs for both business services and goods.

Seasoned entrepreneurs indicate that all business planning and financial models must take into consideration swings in business cycles in order to succeed. From an investment perspective, fear of the volatile stock market has led to significant pots of money awaiting market re-entry. According to interviews, those with financial assets are looking for a new approach in investment opportunities in the expanding Canadian market of value-based ventures.

Conclusion

When making strategic decisions to build capacity for initiatives within a sector, decision makers must look into the future as their choices carry long-term impact. Though fear of risk has increased with the volatility of the mainstream market, this has also led to some stagnation in investing, **potentially increasing the availability of funds for unique investment opportunities** that incorporate the social and humanitarian needs of our community. In order to receive support, a social enterprise stimulant requires a **solid business case and a portfolio of opportunities that balance risk.**

What the Findings Tell

The Scope of a Social Enterprise Stimulant

The role of a social enterprise stimulant is not just one of business development and capitalization, but also includes:

- developing and supporting **networks** between active social enterprise initiatives and the broader community (i.e. the public, educational institutions and investors)
- advocating for the **policy** changes required to support social enterprise development (i.e. the viability of a unique business model for social enterprises)
- acting as a primary source for the most relevant **information** regarding the social enterprise sector, tax and law information, and board and agency education.

Many interviewees explained that the scope of the initiative should also be reflected in the timeline for its development. Just as most participants indicated that it took a significant amount of time to establish their social enterprise, so too will it take time to demonstrate the value of a social enterprise stimulant to the sector. Participants in the Demonstrating Value Project indicate that it can take up to 10 years to establish a social enterprise.² They also indicated that this is a generative process, meaning that it will need to be innovative and flexible, perhaps changing its focus and scope in order to meet the needs of the community.

² Demonstrating Value Presentation, Social Enterprise Fund, University of Alberta, Edmonton, Alberta, February 5th, 2009.

Conclusion

To be truly of use to the community and support successful outcomes for the initiatives in which it invests resources, **the scope of the social enterprise stimulant must address the broader needs of the social enterprise sector.** In order to be successful, patience for its development must be built into the stimulant's business plan.

An additional note and summary:

Although significant entrepreneurial activity within Calgary's human service nonprofit sector addresses funding shortages, stabilizes financial positions and delivers innovative programs, social enterprise is also used as a tool to meet outcomes across other subsectors of Calgary's nonprofit community, such as the arts and the environment. Therefore, **it is important that the social enterprise sector as a whole collaborates in the definition and development of the social enterprise stimulant.** Many innovators involved in these initiatives are faced with similar challenges regarding how best to make an impact with limited to no business development support or funding. Although there are some supports available in Calgary, nonprofit entrepreneurs do not experience the same advantages as their for-profit cousins due to a lack of accessible resources.

Recommendations & Considerations

The purpose of this study was to scan the human service nonprofit environment in Calgary to better understand the current state of social enterprise activity and determine the readiness for a social enterprise stimulant, such as a fund. The conclusions drawn from this research indicate there is currently significant entrepreneurial activity within the charitable sector in Calgary, and an appetite both within the sector and the community for additional supports to this activity.

Given these conclusions and the evidence that supports them, **it is recommended that the Project Sponsors explore the establishment of an initiative that supports social enterprise activity within Calgary and area.**

The Project Sponsors should incorporate the following considerations regarding what type of initiative best meets the needs of the community and how to best proceed with the successful development of this initiative. Though these considerations provide some scope regarding implementation, suggestions in this report are preliminary and the recommended actions may be undertaken in a parallel, rather than a linear fashion:

CONSIDERATION 1 Develop the Calgary Model: Ensure the social enterprise stimulant reflects the needs of the community & the guidance of its leaders

The findings of this report indicate a readiness in the community for a social enterprise stimulant. This conclusion is based on the actions of nonprofit entrepreneurs, a defined need for support (both financial and advisory), and an enthusiasm for the concept among respondents. Both the experience in other centres and needs identified by the nonprofit sector in Calgary indicate that this initiative must proceed with a balanced focus on:

- **development:** provide awareness, education, and advisory support to agencies at various stages in their business development process
- **capital:** by way of grants, seed financing, and patient capital for well planned initiatives

- **social innovation knowledge development** across the system: including advocacy for issues that affect the sector both in Calgary and across the country, demonstrated collaborative leadership, centralizing resources, and self-directed learnings.

Ideally, this initiative would build on the actions of other centres and contain both developmental support and some form of a revolving loan fund that earns adequate interest to support the sustainability of this social enterprise stimulant. This funding should have the potential to offer investors a rate of return for providing debt financing, and an opportunity for the municipality, the province and financial institutions to participate through principle guarantees and matching funds.

Recommendations & Considerations

Implementation Suggestions

As a first step, **clearly define the strategic purpose** for a social enterprise stimulant in a way that aligns with the sponsor agency's(ies') goals for the community. In order to support the outcomes of the sponsor agency(ies), the social enterprise stimulant may be created to:

- support nonprofit agency financial sustainability; and/or
- develop the capacity of the nonprofit agency's leadership and clients.

It is important to clarify the purpose of the social enterprise stimulant as it will define the types of initiatives it supports and will provide a framework for project qualification. A clear scope and a strategic purpose will also help identify the best host agency to support the establishment of a social enterprise stimulant in Calgary and provide an opportunity for leadership buy-in at the sponsor agency. To support the successful establishment of this initiative, **a pilot initiative should be incubated in a supportive host environment** to access an operating infrastructure and to reduce initial start-up costs.

Once the strategic purpose of this initiative has been defined:

- **clarify** the scope of its services
- **integrate** with current services available in the community to **create a made-in-Calgary solution**. It is important that the social enterprise stimulant in Calgary assimilates with current systems in order to reinforce the success of “mainstream” social enterprise initiatives and to create greater connections and investment in the initiatives
- **adapt** models from other centres to build on previous experiences

Most critically, the development of the social enterprise stimulant's goals, definitions and criteria should **be undertaken in a collaborative and inclusive manner** with existing social enterprise operators and proponents.

Recommendations & Considerations

CONSIDERATION 2 Put it in Writing: Develop a business plan that combines both capacity development & a portfolio investment approach

Move quickly to develop a business plan and model for a Calgary social enterprise stimulant pilot, utilizing the direction gained from this report’s recommendations in order to build upon interest cultivated by this research. This plan should:

- **consider the staged development of the concept over its first five to ten years**, incorporating an initial pilot phase for the first 18 months to confirm through experience the findings of this report;
- **provide the most attractive alternatives for funder and donor involvement**, by offering various “price points” of involvement including opportunities to:
 - donate
 - provide matching grants
 - use personal credit ratings through lines of credit with offsetting donations to manage potential loan defaults
 - provide capital for investment at a rate of return
 - support involvement of endowments interested in unifying their investments from one that focuses solely on markets to a portfolio that also supports causes to which they also grant
 - municipal, provincial and financial institutions to guarantee principle
- **seek legal guidance** regarding the best structure for the initiative;
- **incorporate projected cash flows** that reflect sensitivities and assumptions; and
- **utilize a portfolio model**, incorporating both higher and lower risk investments in the fund to manage the overall risk of the portfolio.

Consider alternative investments within the portfolio that reduce management and increase return confidence to balance out the investment of time and the higher risk/reward ratio of social enterprise development. It is also important to consider that, although this project had a specific interest in social enterprise as a tool in the human services sector, it is also a useful tool in other nonprofit subsectors that may provide an excellent opportunity for social enterprise development and expansion – the **business model may need to expand supports to areas outside of human service initiatives in order to meet the overall needs of the social enterprise sector.**

Recommendations & Considerations

Implementation Suggestions:

Identify one key project manager who has the skills and reputation to engage a small advisory committee to support the development of a business model and plan for the Calgary social enterprise stimulant. This advisory committee will require members with experience in investment, banking or venture capital in order to develop a model that:

- seeks some level of sustainability over the longer term
- provides financial tools that balance risk to social enterprises in Calgary
- offers investors a variety of mechanisms with which to financially support the stimulant

Once this model and plan have been developed, it is imperative that the initiative identify champions to **communicate the opportunity, seeking both capital and network supports**. Just as in any new business venture seeking financing, develop a solid advocacy and marketing plan to communicate and develop support for the initiative by way of:

- a one- to two-page synthesis of the business plan that offers a “pitch” for the community and business leader audience
- clear messaging regarding the initiatives offerings and how supporters and users of the services can participate
- face-to-face follow-up meetings with community leaders and, where interest is piqued, provide a presentation and business plan summary demonstrating how the stimulant will operate
- strategic social enterprise stimulant design meetings with other small business support organizations and financial institutions in Calgary to feature the services provided by the social enterprise stimulant and determine how to best integrate them with current supports in the community

Recommendations & Considerations

CONSIDERATION 3 Implement Patiently: Plan adequate time to establish the social enterprise stimulant and seek returns

Once the social enterprise stimulant has been supported by funders and the model has been developed, ensure adequate time to establish the social enterprise stimulant, build capacity and technical skills within the nonprofit sector, and utilize a planned social enterprise development process prior to the social enterprise stimulant's first investment cycle to manage risk and enhance organizational development for participating nonprofits. This will include:

- formalizing a **network** for the social enterprise stimulant, and aligning with secondary levels of funding and advisory support currently available within mainstream business or within the broader community investment context
- **marketing** of the social enterprise stimulant's services to the nonprofit sector
- developing **orientation materials and processes** for agencies interested in participating with the social enterprise stimulant. This may be introductory education/information for nonprofit staff and boards regarding the use of social enterprise to address both income and programming innovation. This "Social Enterprise 101" should utilize the experiences of Calgary-based social enterprises and the best learnings from other Canadian centres to ground messaging in the realities of social enterprise development
- coordinating vetted materials and **case studies** to provide the best guidance available for agencies considering social enterprise development in a manner that provides easy

participation for the community to both interact with and add to the database, including information that addresses questions related to CRA rulings, case studies of both successes and failures in the social enterprise sector, the best learnings from social enterprises, both local and from other centres, board and staff readiness, expected impacts, and links to available capital sources for social enterprise

- establishing a **development process** for new and growing social enterprises that supports risk alleviation, providing a comprehensive menu of advice, service and links adapted from other technical assistance programs available in Canada. As part of this development process, provide access to grants for securing professional technical services that help agencies explore the feasibility of initiatives through market studies, social enterprise expansion studies and business plans

As the research indicates, it can take up to ten years to establish a healthy, sustainable social enterprise. Consider that the establishment of a social enterprise incubator may take as long. Adjust expectations accordingly, and measure the impact of this initiative after it is well established. Also, consider that once nonprofit agencies begin to receive advice, there is a lag time between this support and their need to capitalize new ventures.

Recommendations & Considerations

Implementation Suggestions:

- Begin by **recruiting the right leadership**. All new ventures, including those created to support and reduce the risk of other new ventures, carry inherent risk. This risk can be reduced by ensuring the leadership has the right set of skills to foster confidence in the community. Social innovation of this scale benefits when the leadership undertaking the innovation has a recognized track record of success with other leading-edge ventures. This type of leadership engagement will foster acceptance in the funder/donor/investor community by associating it with leadership that has high social capital and is recognized for competent past work.
- **Link with established social enterprise support agencies** across the country to adapt materials for the Calgary initiative. Map potential community partnership and strategic alliances. Ensure the process provides a development path that requires some form of human resource or financial investment by the nonprofit agency to provide an opportunity for the agency to demonstrate commitment to their proposed social enterprise initiative. Consider that agencies participating in this development process may choose not to proceed with a social enterprise initiative due to lack of market, interest or capacity – and consider the agency’s decision to not proceed a success as it has provided an opportunity to develop skills in the agency and has averted risk.
- Develop a **business advisors bureau** of Calgary business leaders interested in providing advice to initiatives.
- Establish **criteria for funding** and a library of resources.
- Develop and implement a **marketing plan and communications tools** for the social enterprise stimulant.

ENTERPRISE | VENTURE | CAPITAL | INNOVATION | POWERFUL | RESILIENT | PRACTICAL | STRATEGIC |

MONEY & MISSION

