

# THE LONEY COMPANION

"10 Steps" to Starting a Social Enterprise in Canada

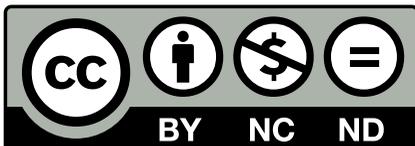


**SHAUN LONEY** with contributions from  
James Stauch and Anna Johnson

# JUNE 2019



Institute for  
Community Prosperity



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## ABOUT SHAUN LONEY

Shaun has co-founded and mentored 11 social enterprises including BUILD Inc, which won the 2011 Scotiabank EcoLiving Green Business of the Year and the 2013 Manitoba Apprenticeship Employer of the Year. Before co-founding BUILD Inc, Shaun was Director of Energy Policy for the Government of Manitoba. Loney is the first prairie Canadian to be awarded an Ashoka Fellowship (2015) and was Ernst and Young's Entrepreneur of the Year in 2014. Shaun lives in Winnipeg with his partner Fiona. Between them they have three boys -- Aandeg, Weslee, and Owen. Shaun is proud to be part of a strong and visionary social enterprise team that is flourishing across the country. Shaun is the author of three books including: *An Army of Problem Solvers: Reconciliation and the Solutions Economy* (2016) and *The Beautiful Bailout: How a social innovation scale-up will solve government's priciest problems* (2019). Go to [www.encompass.coop](http://www.encompass.coop) to purchase books.

## ABOUT THE INSTITUTE FOR COMMUNITY PROSPERITY

As part of Mount Royal University's commitment to providing an extraordinary experience for undergraduate students, the Institute for Community Prosperity connects students with social impact learning through applied, community-partnered research, creative knowledge mobilization, and systems-focused education. The Institute designs and hosts learning tools and experiences to help students lead transformative change in their communities. James Stauch is the Director of the Institute, and Anna Johnson is the Community Engagement Strategist. Special thanks also to Elle Griffin, (BComm, Information Design) and Mason Benning (BComm, Journalism) respectively for their design and copy-editing work on this document.

## ABOUT ENCOMPASS CO-OP

Encompass Co-op is a social enterprise with a mission to spread powerful social innovation tools all across the country. Encompass connects practitioners and our real-life experience running social enterprises with non-profits, community leaders, and progressive civil servants who want to see change happen. Encompass hosts social enterprise boot camps (Change Maker workshops) both in First Nation and urban contexts. Change Maker leaders and our social enterprise practitioners are available to speak at events to spark more interest in social innovation across the country. Encompass is housed at Winnipeg's Social Enterprise Centre, which is like an industrial park for social enterprises.

Shaun Loney is an Ashoka Fellow



MRU is an AshokaU designated Changemaker Campus



## FORWARD: A NOTE ON HOW THIS GUIDE WAS PUT TOGETHER

We first met Shaun Loney in 2016 at the Grey Eagle Hotel, owned and operated by the Tsuut'ina Nation on Treaty 7. Loney was invited by our colleague Dr. Katharine McGowan, a professor in MRU's Entrepreneurship, Marketing and Social Innovation Department, to speak to her undergraduate students. Shaun's lived experience and natural passion for teaching had students on the edge of their seats. This, the students recognized instantly, is what changemaking looks like. Then, in early September of 2017, Shaun designed and delivered a workshop for students and community practitioners with MRU's Institute for Community Prosperity in Calgary. The workshop was based on his book *An Army of Problem Solvers*, but also drew from his journey to Scotland, where there are over 5,600 social enterprises employing over 80,000 people. The participants challenged Shaun to put things into a simple model: "Do you have, like, a 10-step guide to starting a social enterprise?" one participant asked. Others chorused, "Yeah, oh, would that ever be helpful!" Shaun paused, wheels turning in his head. He was tempted to say, "Guys, it's not that simple, you can't distill this stuff into

10 linear steps." But, after he slept on the idea, he woke up with a flash of inspiration: "Eureka!" He scribbled an initial draft over coffee, tested it on the group, and spent the next year refining and adding thoughts. Then, back at MRU in the fall of 2018, he test-drove the 10 steps approach that you'll find in this Companion. It embellishes each of the points and puts a light frosting of academic scholarship on an otherwise relentlessly practical recipe. We're grateful that Shaun saw value in partnering with a post-secondary institution, which takes more than a little patience and a leap of faith. We've embellished on each step, but hopefully are still honouring Shaun's experience and voice, and the lived experience of the army of problem solvers that Shaun's work has touched across the country. We are thrilled to offer this small contribution to bridging knowledge and practice -- from the ivory tower of ideas and criticisms, to what's really going on 'out there' in this great big beautiful mess of a country we call Canada.

James Stauch and Anna Johnson  
Institute for Community Prosperity,  
Mount Royal University

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## PREFACE: A NOTE FROM SHAUN

**THE FIRST THING** I want to say is that I don't really know what I'm doing. I've never taken a business course in my life, I didn't know what a social enterprise was in the beginning, and my coworkers will tell you (but don't ask them!) I'm not the best of managers. But somehow, teaming up with others, and going forward in a good way and with a good heart, incredible things happen.

**THE MOST IMPORTANT THING** I want to say is right at the top of the list. "Do not, under any circumstances, follow this list." I don't follow it myself. But every one of the social enterprises which I've helped to start has wiggled its way through a list like this. Your list will look different.

**THE MOST MEANINGFUL THING** I want to say is that starting a social enterprise is, in many ways, a spiritual experience. You're reading this because the Universe is somehow calling on your head and your heart to respond to the needs around you with an entrepreneurial approach. The Universe is always right.

**THE MOST COMFORTING THING** I want to say is that you are not alone. When you get going, you will pop up and see a planet full of others doing similar things in other communities. This I know for sure. You're joining a fast-growing, international movement. There are people everywhere creating an economy where everyone matters.

**THE MOST GRATEFUL THING** I will say is to the folks at the [Institute of Community Prosperity](#) at Mount Royal University who continue to uphold practitioners and value our experience.

It was James Stauch and Anna Johnson that first encouraged me to do a workshop at MRU back in September of 2017 and that led me firmly in the direction of motivating and helping others to get going. Making this list was a demand (he wasn't asking politely, he insisted!) of Reverend Greg Glatz from Knox United Church in downtown Calgary, who attended that first workshop. He exited the workshop and worked with his congregation to start [Sanctuary Coffee](#), an enterprise that appears to be on its way to helping tackle loneliness in the city's core and revitalizing a congregation at the same time. How cool is that?

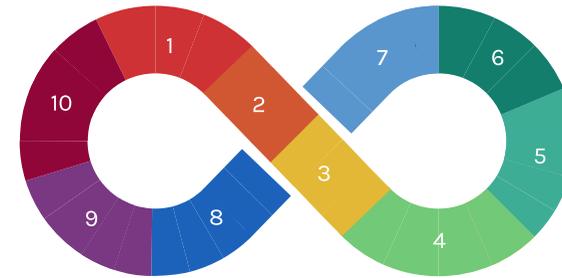


So, enough of the pleasantries. Let's get going!



Shaun Loney  
From Treaty 1  
January 2019

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### "WAIT A MINUTE", YOU MIGHT BE THINKING...

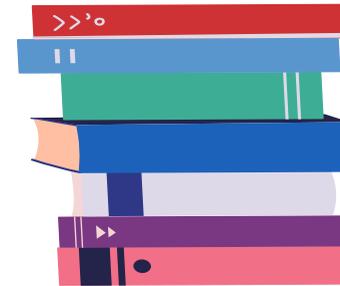
"I thought this was going to be a straightforward series of steps. A to B to C?" Well, no.

The sections of this guide are mapped onto a mobius loop, the symbol of eternity. There's no true starting or ending position here. This loop, also referred to as the "Panarchy Cycle", mimics nature's interplay between change and persistence, and between the predictable (yes, I can plan for this) and the unpredictable (wow, we didn't see that coming!). It's a really appropriate way to see your social enterprise journey. "Panarchy" comes from the Greek god of nature – Pan – also the origin of the word *panic*. But, please, don't panic. Well, maybe just a little.

## STEP 1

# DON'T FOLLOW THIS!

Do not, under any circumstances, follow this list! The journey of your social enterprise will be unique. Do what makes sense for you. Remember that the Earth is on your side.



There are many guides to starting a social enterprise. **Read a few of them; not just this one.** As with starting commercial businesses, non-profits, or social movements, there is no such thing as a definitive guide to starting a social enterprise. This is one method, one guide. Hopefully it's a uniquely Canadian contribution to the field. So let's get started, eh?

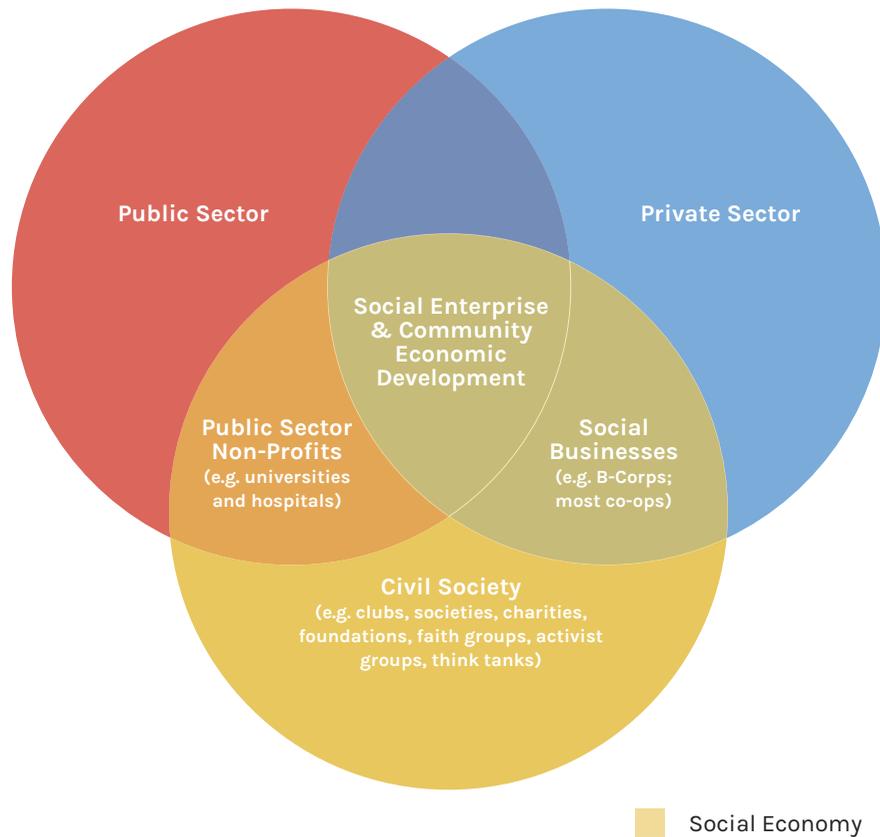
**One thing to remember as you think about the problem you're trying to tackle, is that you have to be OK with multiple answers to the same question.**

### A quick note on jargon:

You will also encounter A LOT of jargon on your social enterprise journey. Jargon from social work, business schools, philanthro-speak, the design world, and beyond. If you don't feel like you're disrupting enough, or pivoting, or ideating, or prototyping, or..., just take a long deep breath and don't sweat it. Your mastery of the lingo has nothing to do with your mastery of the social enterprise. There are "jargon alerts" sprinkled throughout this guide, but we've tried to keep it pretty simple and straightforward. That said, there are three terms we're going to linger on just a bit because you will hear them over, and over, and over. Plus, it's hard to go any further in this guide without at least stopping to think about what they might mean:

**Social enterprise**  
**Social entrepreneur**  
**Social innovation**

**SOCIAL ENTERPRISE:** This guide is mainly about the first of these terms. We'll talk about the others, but the focus of this guide is on the enterprise. *Social enterprise* is a noun. It's simply any business — **including and especially a non-profit** — that is primarily focused on a social purpose. By the way, when we say "social purpose," or "social" anything in this guide, it's meant to include health, environmental, cultural or other common-good purposes. The social enterprise may take many different legal or governance forms. It can be for-profit, though it's usually non-profit. It can also be cooperatively owned. We'll get into more of this later. The 2010 *Canadian Task Force on Social Finance* defines social enterprise as "...any organization or business that uses market-oriented production and sale of goods and/or services to pursue a public benefit mission." Bottom line, it's community+enterprising+public outcomes. And maybe this diagram<sup>2</sup> will help; Notice how social enterprise is right in the middle where some cool connections happen:



Source: <sup>2</sup>Quarter, J., Mook, L. and Armstrong, A. *Understanding the Social Economy: A Canadian Perspective* (2nd Edition). University of Toronto Press: 2017.

**SOCIAL ENTREPRENEUR:** That's you. The 'social' part is that you observe and are moved by something you see in the world around you (maybe in your local community, maybe at a much larger scale) that is impacting the health or well-being of people or ecosystems. And you aren't afraid of asking questions and listening intently to the people living the issue. The problem(s) you see may even anger or enrage you. The 'entrepreneur' part is that you also see the flipside of what is wrong: You see assets, opportunities and resources where other people tend to see only problems. You think there may even be a 'market' for the social 'good' that accompanies the social 'bad'. You feel that there is a way forward that is pregnant with possibility, even if it seems murky, distant or outlandish. So, social entrepreneurship is just a way of seeing, processing and engaging with the world. Sadsacks need not apply!

**SOCIAL INNOVATION:** The federal government's 2018 report on *Inclusive Innovation* defines social innovation simply as "a response to a social or environmental problem (including everything from a program or a service to different ways of structuring organizations) which, once adopted, results in better outcomes than existing approaches."<sup>3</sup> Better outcomes is the key phrase here. If your enterprise is selling better outcomes, who's interested in buying?

"As I say in the *Beautiful Bailout*, think of social innovation as being to social enterprises what technical innovation is to smart phones. They are the factors that cause positive, rapid change. These factors could be ideas, but also platforms, processes, policies, programs and mindsets. Social innovations can be new but they could also be reawakenings or reworkings of old things: As Manitoba Senator Murray Sinclair has said, 'Innovation isn't always about creating new things. Innovation sometimes involves looking back at our old ways and bringing them forward to this new situation.'<sup>4</sup> Ultimately, social innovation is the process of making it easy for problem solvers."

#### WHAT'S THE CONNECTION?

Social enterprise should flourish when there is social innovation – there should be more of them, they should start, retool and scale more quickly, and they should have lots of support and guidance. Universities, non-profits, accelerators and incubators, and now governments and the corporate sector, are all talking about social entrepreneurship and social innovation. There is a tidal wave of conversation – floating atop of which is a froth of action.

But make no mistake: The implications – and benefits – for government are big: Social innovation can also mean turning government from a funder (colonial) into a customer (decolonial). Business as usual just isn't cutting it. **Social problems are insatiable, stubborn and expensive. Well thought-out solutions are cheaper. Every. Single. Time.**

The implications for non-profits are just as big: It's about stepping up from the kids table, where we are stuck with grants-based funding and donations as our main revenue options while the private sector gets to use outcomes-oriented tools. Non-profits need to stop giving away our lucrative outcomes by valuing them and selling them. Ain't nobody gonna buy something from us if we aren't selling it. And you may be thinking of selling goods and services. Yes! Please do. But social enterprises can sell social outcomes as well...

So put down this guide and let's get going!

### LEARN MORE about these Concepts

#### WATCH:

- Stephanie Pronk from the Social Enterprise Institute produced a video called '[WTF is Social Enterprise](#)'<sup>5</sup>. What is discussed seems pretty self-explanatory.

#### READ:

- It can all be a bit overwhelming as everyone talks about these concepts a bit differently. Here's [one article](#)<sup>6</sup> that tries to clear the fog.
- The [Stanford Social Innovation Review](#), despite its academic-sounding name, is filled with all kinds of real-world stories and lessons learned. A search for "social enterprise" produces well over 4,000 articles!
- For social enterprise resources and general readings, go to the end of this guide, as there's a lot of suggestions. If you want to geek out on the bewildering array of social enterprise definitions and forms that academics spend endless hours debating, a good resource is the [The Social Enterprise Zoo: A Guide for Perplexed Scholars, Entrepreneurs, Philanthropists, Leaders, Investors and Policy Makers](#).<sup>7</sup>
- The Europeans also have some good resources on social innovation. Here's a couple:  
[Kennisland: Social Innovation Toolkit](#)  
[Nesta: Open Book of Social Innovation](#)

#### DISCOVER:

- There are many great Canadian resources on social innovation and social entrepreneurship. In academia, the University of Waterloo's Frances Westley was one of the first people to write and speak about these concepts. A lot of universities and colleges have since developed major programs in social innovation, supported and spurred on by the [RECODE](#) and [AshokaU](#) networks.
- Some foundations are also really big into social innovation or social enterprise. In Canada, we are lucky to have entities like [McConnell Foundation](#), [Suncor Energy Foundation](#), [RBC](#), [VanCity](#), the [Tides Canada Projects](#) (a platform for new social and environmental start-ups) and [Trico Foundation](#). Many others have created specific funds for social enterprise, like the [Social Enterprise Fund](#) in Alberta or the [Jubilee Fund](#) in Manitoba.

## STEP 2

# UNDERSTAND THE PROBLEM

### What is your problem anyway?

We don't just start a social enterprise for the heck of it. It's because we're keeping awake at night thinking about a problem. Lack of income for single moms? Too many kids in child welfare? Unemployment among Indigenous youth? Worried about sensitive land being developed? Need revenue for your non-profit? Social enterprises can handle any of these problems, but usually only one at a time.



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### Why should you spend so much time learning about the problem?

The problems we face today are complex and abstract. They raise big questions, assumptions, and gaps in our understanding. Problems are uncomfortable and we have a wealth of them.

Solutions, unlike problems, make the abstract concrete and provide specific answers to questions, even if they are just guesses. It's a natural human tendency to drive to a solution too quickly, before we have a handle on the ins and outs, the players, and the true nature of the problem. This "rush to a solution" tendency, like so many other insights about human behaviour, naturally has a fancy German term: The "Einstellung Effect"<sup>8</sup> is a person's tendency to solve a given problem in a certain way, even though better means of solving the problem exist. Jumping to solutions is comfortable and makes us feel good. But don't do it. Don't fall victim to this innovator's bias. As Lean Canvas creator Ash Maurya<sup>9</sup> urges: **Fall in love with the problem before you start dating solutions.**

And it just so happens that this tendency, unfortunately, can actually cause more harm than good. For instance, your proposed solution could take resources that were being used elsewhere, or draw people and organizations away from their original focus, creating a net negative impact. Albert Einstein was rumoured to have said,



*"If I had an hour to solve a problem I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions."*

The more time that is spent learning about the problem, the more effective the resolution will be. Wherever you start, keep in mind that this is part of a learning cycle: You will most likely have to change and develop as you learn and adapt: **Adapt, try, reflect. Adapt, try, reflect.** And so on...

There is a story of a charitable foundation that fell in love with a solution to poverty and school drop-out rates in the far north of Ontario. It set about providing a simple computer for every child in every school. The problem was, they didn't spend the time learning about the problem. The solution was so patently, obviously shiny, that its lustre obscured the many reasons such an investment would not work – lack of broadband, lack of cultural fit, lack of training, ignoring root causes, and so on. Non-profits and socially well-intentioned businesses (and governments, to be sure), make these kinds of mistakes over and over and over.

### LEARN MORE about Understanding the Problem

#### TRY:

- **5 Whys**<sup>10</sup> is an exercise that helps you think about the root of a problem quickly.
- **DIY Toolkit** is a more in-depth tool than 5 Whys, a way of defining a problem and mapping its causes and symptoms.
- **Reframing Tool**<sup>11</sup> by **THNK School of Creative Leadership** will help you generate creative approaches for the problem(s) you are working to address.

#### WATCH:

- **A cautionary tale (cats in Borneo)** is a classic story of hopeful innovations and the unintended consequences that follow.
- The Reluctant Innovator Ken Banks' TEDx talk on where to begin: **Social Change Starts By Paying Attention**<sup>12</sup>.
- Social entrepreneur and non-profit executive Janice Abbott urging to start with what really matters to you (rather than "I think I want to start a social enterprise"): **Start from your passion**.<sup>13</sup>

#### READ:

- Daniela Papi-Thornton's **Tackling Heropreneurship**<sup>14</sup>, challenges readers to re-think 'social entrepreneurship', which too often tends to glorify the start-up 'founder' and too seldom focuses on real social impact.
- The **Student Guide to Mapping a System**<sup>15</sup> was created for a post-secondary student challenge, but has a host of tools and tips for understanding a social problem and the system that surrounds it.

## STEP 3

# EXPLORE MANY POSSIBLE SOLUTIONS

Who else is trying to solve the same problem? Who's playing in the same sandbox? Make friends with them and don't steal their toys. Share! Do not compete against other social enterprises. That's just not cool.



If you can't name at least 5 organizations working on tackling the same problem, as Daniela Papi-Thornton challenges us, then you don't know nearly enough about the landscape you are hiking into. She refers to this as the "**solutions landscape**" – "what has already been tried, what has worked and what hasn't, how are these efforts connected and building upon each other, what future efforts are planned, etc."<sup>16</sup>

This will help you to understand if you are actually innovating or simply just reinventing the wheel. What organizations or initiatives are trying to do the same thing? Are there other social enterprises on the planet tackling your problem? Spend time on the internet seeing what else is being done and how. Talk to them. Beg, borrow, and steal (with permission). Use their approach and adopt it for your own context. If they are really a social enterprise, they'll be happy to help. They may even turn out to be potential partners or people you can learn from! Either way, it's worth the time and energy to find out.

Take a page from the craft brewing industry – they help each other out. They lend space to startups, experiment with collaborative ales, and are focused on building a collective market, as well as a community. It's a good test. Social enterprises should be at least as collaborative and mutually-supportive as this commercial industry. It will raise all boats, including yours.

**IMPORTANT REMINDER:** Just because a solution to your problem exists in another country or province, it may not work in your community.

Maybe you're not sure how or where to begin scanning? Try a stakeholder mapping exercise to get you started. Understand who's doing what in your community.

**Who will pay for my service, product or outcome?** This will depend on the nature of your social enterprise. You may have several different customers, but unless you can answer this question well, you will struggle to make ends meet. It's important to also remember not to conflate social need with commercial opportunity. **You can't assume that, just because there is social need in the area you are looking to address, there are people willing to pay for it.** The reality is that those most in need are often unable to afford it themselves. Similarly with systems, the government departments and agencies most saddled with the costs of managing a program are usually the ones least able to solve a problem. Take policing for example. The vast majority of police department resources are expended on problems caused by poverty, but they don't have resources to address the problem of poverty directly.



Governments are paying massive amounts of money to manage social problems. Each person in jail costs Canadian taxpayers \$80,000 a year. A year of treatment for a diabetic is \$20,000. Each child being raised in the system is \$80,000 a year. Homelessness costs governments \$50,000 a year per person.

You get the picture. **People live at the margins because government systems have failed them.** They generally are interacting with governments in very expensive ways — think emergency room healthcare or police interventions for many of Canada's homeless. These are expensive services in the end-stages of a failed system, far from the early stages where lower-cost interventions can make a huge difference (and long-term cost savings to government). A question that's repeated throughout this guide, but can't be said enough: **Can you get government to be your customer? Will they pay you for the outcomes you are offering?** You can learn more about this in *The Beautiful Bailout*.<sup>17</sup>

**Don't give away your outcomes!** The reason why non-profits are starving for resources is because we give away our lucrative outcomes. We know we save government money but we're stuck with paltry funding. Meanwhile, the business sector gets paid for outcomes. What's up with that? It's time we used the same tools as the business sector to ramp up the good things we do and get governments to pay us for outcomes.

Solutions may not be what you think they are. One example is food deserts in many of Canada's inner cities. It may seem like a grocery store is needed. But if the private sector can't run a grocery store in a particular neighborhood, why would a social enterprise grocery store work? Maybe a better solution is to sell healthy food boxes or a mobile food market instead.

- What are others doing to address the problem? Where are the gaps?
- What opportunities exist to address the problem and fill gaps?

**CASE STUDY:** In spring of 2018, the City of Calgary provided start-up funds for a mobile food market pilot to the Leftovers Foundation, a local non-profit dedicated to rescuing edible food from landfill and redirecting it to service agencies. The funds were used to retrofit a truck and to purchase equipment to set up and run the markets. In May, they began running weekly mobile markets in four neighbourhoods which were identified by City Community Social Workers as food insecure. The markets were community-driven, volunteer-run, stocked with produce purchased from wholesalers, and offered prices equal to or below those



at regular grocery stores. During the first few months, the founding team spent a lot of time connecting with organizations across Canada who had been running mobile grocery stores for years. They were able to draw on insights and expertise from established social enterprises, such as the [Halifax Mobile Food Market \(MFM\)](#) and

[Aki Foods](#). These organizations were eager to provide lessons learned, helpful tips regarding operational efficiencies, volunteer engagement, and establishing meaningful community partnerships. Within the first four months, the pilots resulted in a total of 7,904 transactions, each one representing an opportunity to provide healthy and affordable food to residents in identified food deserts and low-income communities. Today, the Community Mobile Food Market is a registered non-profit social enterprise known as Fresh Routes, operates in over 16 communities across Calgary, and is planning to expand to other cities. The founders believe the rapid success was in part due to the insights and learnings shared from successful social enterprise practitioners.

Interested in starting your community mobile food market? Check out the Halifax MFM's "[How To Guide](#)"!

## LEARN MORE about Scanning the Solutions Landscape

### TRY:

- Relationships are key to running a successful social enterprise. Try a [stakeholder mapping exercise](#)<sup>18</sup> to help identify people, groups, and organizations that might have vested interest in your company. NCVO [Knowhow](#) provides a [great overview](#) for those looking to learn more about stakeholder analysis.
- [Appreciative Inquiry Commons](#) — Tools, tips and exercises for discovering the hidden potential and possibilities in communities, hosted by The Champlain College David L. Cooperrider Center for Appreciative Inquiry and Case Western Reserve University's Weatherhead School of Management.
- Asset mapping is an activity used in asset-based community development that emphasizes community strengths rather than needs. Americorps' Vista Campus has a [helpful overview](#) and [ten step process](#)<sup>19</sup> to asset mapping.

### WATCH:

- [How to Solve Social Problems](#)<sup>20</sup>— Non-profit leader, Rosanne Haggerty, reveals insights into moving away from conventional program design, instead focusing on the process of generating solutions that work for people.

### READ:

- [An Army of Problem Solvers: Reconciliation and the Solutions Economy](#) by yours truly, Shaun Loney.
- [SolutionsU](#) is an effort of the Solutions Journalism Network that serves as a repository of articles that are solution focused. Their stories illustrate the real struggles in social change, going beyond inspiration to provide evidence and insights about how social change really works.
- [Maytree](#) is a Toronto-based foundation focused on social welfare, economic poverty, human rights, and inclusion policies and practices.
- [Nesta](#) is a UK-based innovation foundation looking at big issues in education, culture, health, and public sector innovation.
- [What Works Network](#) is a UK government-supported network of centres intended to improve the way government and other organisations create, share, and use high-quality evidence for decision-making.

## STEP 4

# COST THE PROBLEM & CREATE MARKETS FOR SOLUTIONS

What is the financial cost of this problem and who's paying? (Hint: it may not be who you think is paying)



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One reason why we have problems in the first place is because there are no markets for solutions. Social enterprises, even non-profit ones, are businesses. Like any business, you need to understand the nature of the market into which you're testing and prototyping a solution. And, like many enterprises, you will not only need to create your product or service but also the demand for your product or service.

**It is important that you understand fully who is financially paying for the costs of the problem you are trying to solve.**

It's also important to think about who is benefiting from the way things are: There are non-profits, companies and people that make money off the misery of others. Think of the charities, the employee giving campaigns and the helping professionals that would be left high and dry if we actually managed to eliminate poverty. You can expect resistance. But you can also expect keen interest and support from others who share your frustration with the status quo. The movement for change that you find yourself a part of is also a developing market for solutions.

Many Canadian municipalities treated garbage, well, like garbage. Initially, it was cheap and easy to stuff under the topsoil. Then they had to start lining landfills and monitoring groundwater. That cost some money. Then they started shipping garbage out of country. That cost more money. But then other countries didn't want our trash. We treated garbage like garbage until a market appeared for recyclables. But the market was hard to see at first: It took many years of advocacy and innovation to come to the surface — grassroots non-profits showing proof of concept, social enterprises run by bottle pickers. In 1983, a group of social entrepreneurs in Waterloo saw the time and inconvenience cost to consumers, and the market for convenience, and voila, this was the beginning of the blue box. As with so many social innovations do, this began as a non-profit model. Eventually, scaled-up commercial enterprises appeared on the scene that could show a profit margin, and finally entire municipalities began adopting and massively scaling sophisticated recycling initiatives. The mass market for this solution didn't just pop into existence — the social enterprise(s) created the proof of concept, embarked on dogged campaigning, and led years of chipping away at the public consciousness.



### **Quantify the cost of the problem.**

What are the costs that taxpayers are responsible for as problems are being managed rather than solved? You will need to know this if you are selling an alternative (e.g. social assistance, healthcare treatment, incarceration, environmental cleanup etc.). Are there other costs outside of what governments are responsible for? For example, homeless people asking for money outside small businesses driving away potential customers. Who cares about these problems and are they willing to buy a solution?

**For a change, let's try not to give away our outcomes!** The biggest financial beneficiary of non-profit work is usually government. For example, if we are reducing homelessness, governments financially benefit because there is an associated decrease in emergency ward visits, use of expensive psychiatric beds, or trips to police stations for disorderly conduct. If we are reducing the alarming trends of diet-related diseases such as diabetes, governments will need fewer doctors, dialysis treatment beds, and so on. We need to start thinking about how we can get government to pay for our outcomes (see *The Beautiful Bailout* to learn more).

One study by the University of Calgary School of Public Policy reveals the cost of chronic underinvestment in social services to the health care system: "Research on social determinants of health suggests that further investment in poverty reduction and housing yields higher rates of return in terms of improved

health outcomes than additional investment in direct medical care. The data show that over the past 37 years, Canadian governments and voters have prioritized health over social spending. Real per capita provincial government spending on health care has, on average, more than doubled, while spending on social services has remained relatively constant since 1999."<sup>21</sup>

**There are three truths: 1) Problems are really expensive, 2) Problems always have solutions, and 3) Solutions are way cheaper than problems — Every. Single. Time.** This is common sense. Especially if you consider solutions to be addressing root causes, not symptoms. The cost of avoiding conflict with the law is always cheaper than the cost of the legal and corrections intervention. The cost of healthy lifestyles is always cheaper than the cost of healthcare treatment. So the trick is to get resources now to save money later. It's also important to know who's paying these costs, so you know who needs what you're selling. But, as Ann Mei Chang puts it, "in the social sector, what people want, what will make the greatest impact, and what funders will pay for are not always the same."<sup>22</sup>

**Value your outcomes to create a market for solutions.** It's really important to think about your desired social impact — what is it you are trying to change in the world? It's also important, though not always easy, to try and put a number — and ideally a dollar figure — on the benefits of your impact. Putting dollar figures on social impact may seem tawdry, and the truth is that

even tools like cost-benefit analysis and SROI (social return on investment) are crude, at best. But if you don't try, others will — and you may not like what they conclude, or how they arrive at their conclusions. Get out on top of this, and be the author of your own numbers narrative.

For generations, governments have asked non-profits for their outputs such as reporting on the number of parents in a parenting class or the number of people in a driver's training program. But the next step is the important one: what is the value of someone getting a driver's license, if they are chronically unemployed and on social assistance? This extra step — measuring the financial benefits to government is called "mission measurement." Or, some people call it, "impact measurement". The benefits to government of someone with barriers to employment getting a driver's license are staggering. Did you know that in many jurisdictions, over 75 percent of job postings require a driver's license and the vast majority of



people without ongoing employment don't have a license? So what is the value to government in reduced social assistance over many years of someone becoming more employable if they get a driver's license? And this is only one benefit. There would be secondary benefits too of reduced incarceration, reduced drop-out rates (kids seeing their parents working are more motivated), and improved employment for local businesses.

The field of mission measurement is growing quickly and becoming more standardized, giving governments more faith in their numbers.

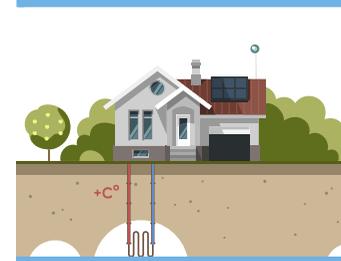
**Non-profits have been asking the following questions for generations: "Will you please give us some funding so we can do something good with it." The better question we should be asking is: "Will you agree to save money?"** There are powerful tools of social innovation that are great alternatives or additions to funding. Some of these are outlined in *The Beautiful Bailout*. There are also people within government — intrapreneurs — that are willing to stick their neck out and facilitate change rather than exert control to keep the status quo going. These people are as vital to change as social entrepreneurs working outside government. Find them, and then give them something to invest in, demonstrate value from, and celebrate.

**Test your assumptions, but don't drown in evaluation.** You definitely should be thinking about how you evaluate your outputs ('widgets'), outcomes (e.g. people served) and impacts (societal change) at every stage of your enterprise development. But you also need to be able to retool and change course. As you'll see in *Step 7: Start Lean*, you'll want to avoid cumbersome logic models and other planning tools that make you path-dependent. Remember, it's your enterprise, not your funder's. Listen to their advice and wisdom, but you're

on the ground. There are many, many tools on evaluation; far too many to list here. Just remember that a culture of curiosity is what made you go down this path, and never abandon that: While numbers will be tremendously useful, it's not what you measure but what you learn that counts.

#### CASE STUDY: Aki Energy

Darcy Wood is the CEO of both Aki Energy and Aki Foods. He was the Chief of the Garden Hill First Nation in Manitoba from 1999-2001 and has worked for many First Nation organizations advocating for solutions. He's very excited about how social innovation is providing First Nations and non-profits tools other than funding to raise revenue: "When Shaun Loney and I co-founded Aki Energy, he thought that the



main beneficiary of the installation of ground source heat pumps on First Nations would be the people living in the homes. This is what Shaun was familiar with in his work with homeowners in non-Indigenous communities. He was pretty surprised to find out that on most First Nations, the social assistance department pays utility bills for recipients of the program and that the Government of Canada reimburses First Nations for their program costs. In other words, the government of Canada is the main beneficiary of energy efficiency work, and so if we were to get anywhere we had to design a solution where the government paid for it, rather than the people living in the homes. We have now installed over \$12 million in job-creating, energy-saving geothermal — these are government contracts, not grants. And nearly half of this was used to cover paycheques of members of the First Nations where the systems were being installed."

## LEARN MORE about Costing the Problem

### DISCOVER:

- [Canada's Centres of Evidence](#) – Hosted by the Mowat Centre at the University of Toronto, this tool highlights centres of evidence across the country with accessible, quality research aimed at informing social decision-making.
- [Mission Measurement](#) – A U.S. resource aiming to be an evidence base for social investment decisions. Includes hundreds of academic studies on the costs of social problems.
- [Statistics Canada](#) – In building your case for the cost of a social problem and the potential market for solutions, you'll need to marshal data. In addition to StatsCan, many provinces and municipalities are pursuing open data initiatives. Thanks to the efforts of groups like [OpenNorth](#) and [Data for Good](#), some of these initiatives increasingly involve non-profit data.
- [Washington State Institute for Public Policy](#) aggregates research on social or environmental interventions to make evidence-based policy options more understandable for politicians and civil servants. Their [benefit-cost](#)<sup>23</sup> section is especially useful.

### WATCH:

- [The Solution Economy: A Framework for Decision-Making](#)<sup>24</sup> (2:21) A bit jargon-heavy, but provides a basic overview of problem-costing and creating a solutions market through the example of ride-sharing.

### READ:

- Schwab Foundation for Social Entrepreneurship's [Beyond Organizational Scale: How Social Entrepreneurs Create Systems Change](#)<sup>25</sup> – Addresses how your enterprise has to link to systems change if you want to create a market for solutions (and have impact at scale).
- [Training the Archer: Accelerating Changemaking Through Testing Assumptions](#)<sup>26</sup> – Explores the use of tests, experimentation, and effective learning for budding social entrepreneurs.
- [The Solution Revolution](#)<sup>27</sup> – Describes how government alone can't solve today's toughest challenges and looks at how citizens, social enterprises and even some commercial businesses are reaching the previously unreachable (and listening to the previously voiceless): "... Raising funds from untapped sources, and leverage social networks – all conditions that fuel new markets for solving entrenched societal problems."

## STEP 5

# GENERATE IDEAS

What product or service might you design that best tackles the problem?



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**JARGON ALERT:** In *design thinking* parlance, this phase of work is often called "Ideation." That's a fancy way of saying "coming up with ideas."

It involves listening, reflecting and imagining interventions, products, and services. You may generate ideas that are market-testable, public policy interventions, or belong in the realm of social movements or behaviour change – boycotts, campaigns, etc. All of these are valid, may well be worth pursuing, and are all in the realm of social innovation. But they are not necessarily *social enterprises*.

**Your idea responds to real need, real demand, and real people.** The 'enterprise' part of 'social enterprise' means there must be a service or product that others (whether it be governments, citizens, or socially-responsible companies) are willing to pay for. The 'social' part means that the idea is one that actually improves the common good. To know that, you need to have your ear to the ground. Yogi Berra said, "you can observe a lot by watching."

People who are really good at service design know that the way people encounter a system – how they act, feel and respond – gives you many clues about ideas for improving that system. **You can also learn a lot by listening. Really listening.** Those who are impacted the most by the problem you are trying to solve hold the key to how to solve it. They are whole human beings who hold perspectives, ideas, and insights. If your mindset is to 'help' or 'fix' or 'do for them,' you'll never get your social enterprise off the ground. Too many one-for-one models claim to be social enterprises, but they're still treating beneficiaries as helpless, broken, and in need of charity.

Content experts are also important – health practitioners, front-line workers, police and justice workers, scientists – whomever might be relevant to the problem you are trying to solve. Seek them out, take them for coffee or buy them a beer. And again, listen, listen, listen. You can tell them you're kicking the tires on an inkling of an idea, but if you try and sell them on a fully-cooked idea, the best outcome you can hope for is a knowing smile of pity.

Whether it's content experts or people directly affected by the problem, try bringing them into your work as participants, board members, advisors, co-creators, co-conspirators, 'shareholders,' members, champions, employees... There are many possibilities.

**Let the slow hunch take shape.** Narrow your search to the widget you might create that best tackles the problem. And, also, is the idea earth-friendly and people-friendly? Keep in mind that, at this stage, you just have a hunch, or an hypothesis. Stephen Johnson talks about 'slow hunches' in his book *Where Ideas Come From*, where ideas typically don't pop into your head in a Eureka! moment. They bubble up and burn onto your imagination with experience, connections and time.

As you begin to come up with ideas, write them down. Consider the following questions as you begin to explore your hunch:

- What is the thing that you want to improve/change?
- What is wrong with it at the present moment/current state?
- Why should it be improved? Who will benefit from the improvement? How do you propose to improve it?
- Why will you succeed where others have failed?
- Do you have the know-how to do the work required to improve it? If not, can you get help? Who can help you?
- Could it be combined with something else?
- Can partnerships be developed around it?

**Some cautions to keep in mind:**

**Tech peddlers are not problem solvers.** There is a well-travelled cartoon of a refugee camp where one person standing in line for food leans over to one of the thousands of hungry people waiting in line with him and whispers, "don't worry, there's a group of grad students at Stanford working on an app for this." There are a lot of people proposing solutions to other people's problems that comes from a place of naivete, often in the form of a tech-based solution. Beware the 'instant expert' peddling an idea, but lacking deep knowledge of the problem, or connection to the people experiencing it. **A common mistake is people assuming that the problem plaguing low-income communities is a lack of technology.** First Nations communities with poor water quality can certainly benefit from better water treatment tech, but often that's where all the money's spent. **The problem is more often the failure of systems, not the absence of technology.** Tech is a tool that can be purposed or scaled as part of a social innovation strategy. But it is not an end, and is rarely even a primary means to an end. Remember, you need a problem solver to solve a problem.

**Should we crowdsource our idea?** There is value in getting people you know, trust and admire into a room and letting the ideas fly. You can gain a lot of

valuable insight for your enterprise through the 'hive mind' and 'collective intelligence' of a wise crowd. But, at this fragile stage, be careful... There is evidence that many of the most imaginative ideas get killed early in brainstorming processes. Trust must be at a maximum, and judgement at a minimum, to allow your thinking to diverge into wild, imaginative and audacious realms.

#### LEARN MORE about Generating Ideas:

##### TRY:

- Need a bit of motivation to get started? Ideo U shares some tips for effective [brainstorming techniques](#)<sup>28</sup>. Want to know more? IdeoU offers an online 5-week course called "[From Ideas to Action](#)"<sup>29</sup> where participants learn about design thinking skills, ideation, prototyping, and iteration.
- Stanford's d.school shares some resources and tools to help you get started with some design thinking concepts: [Design thinking artifacts](#)<sup>30</sup>

##### WATCH:

- [Design Thinking Resources for Practitioners](#)<sup>31</sup> hosts an amazing clearinghouse of information on design thinking, from lists of courses, videos and readings, to case studies and provocations.
- [Getting Cash for your Start-up](#)<sup>32</sup>. The School for Social Entrepreneur's Alastair Wilson on why you need to stop blathering on about your idea and listen to potential funders and investors: The more they have an opportunity to poke holes in your idea, the stronger the idea will become.

##### READ:

- Steven Johnson's [Where Good Ideas Come From: A Natural History of Innovation](#).<sup>33</sup>
- [The Field Guide to Human-Centered Design](#)<sup>34</sup> IDEO.org's step-by-step guide that will get you solving problems like a designer in no time. Want a deeper dive? Check out their [Facilitator's guide to human-centered design](#).<sup>35</sup>

## STEP 6

# FIND YOUR "WE"

Who's 'We'? You don't start a social enterprise on your own. If you want to go this route, you may well be an entrepreneur. We love entrepreneurs, but there's a reason we use the word 'social' (see [www.armyofproblemsolvers.com](http://www.armyofproblemsolvers.com)).



**If you haven't lived in or with the problem that you're trying to tackle, make sure you are getting advice from people with lived experience.** Remember that social enterprises don't do things to and for people. **You do them with people, and in a way that reflects and honours their lived experience with the problem, and supports them to be masters of their own solutions.** You are part entrepreneur and equal part community builder: It is essential that the communities where you're working must be involved in making the key decisions.

Get a team together made up of community-minded folks with diverse skill sets and contacts that could come in handy as you go forward. These folks might be called an 'interim board' in the beginning. As long as they care about your mission and share similar goals, you should be able to find ways to work together in order to achieve synergy. The whole impact of a team is greater than the sum of its parts. Remember Open Space Technology founder Harrison Owen's 4 rules: Whoever comes is the right people. Whenever it starts is the right time. Whatever happens is the only thing that could have. When it's over, it's over.

**Diversity rules!** The more perspectives the better. And we don't just mean things like race, ethnic backgrounds, age, gender, ability, or sexual orientation, consider skill sets such as financial background, trades, non-profit governance, business experience, and public profile that will provide credibility. **Political diversity helps too.** While lefties may think they have cornered the market on social change, make sure you also have some conservative-minded folks – they care about communities too, and it's important not to create an echo chamber. Social enterprise should appeal to both sides of the spectrum. Focus on values you share, not on ideology. You'll bring people together that way.

If you're working in an Indigenous community, **visit an Elder.** Visit many Elders. Take tobacco. **Listen – really listen – and learn.** Read and follow the Elder Protocol that is relevant to your area. Offer real opportunities to the community beyond 'consultation.' Are there employment opportunities or equity partnerships? Does the design and governance of your enterprise sync with local culture and value systems?

At the same time, think about **who (or what) is going to get in your way or cause you problems?** Make a plan about how to handle them. For example, you may have a housing solution involving tiny homes, or an urban farm, or a mobile clinic, but there may be municipal by-law issues standing in the way, in which case it's obvious who you'll need to get on board. Right, Uber? The private sector may not welcome competition from better business models (so get the Chamber of Commerce on your side by describing your venture as offering more value for the dollar). Learn how to talk to people through their own lens. Remember that ideology separates us from each other.

**JARGON ALERT:** A **heropreneur** is a founder who is greatly admired, as if a hero, and viewed as the main actor in social programs. They are a person who starts an organization, and who overemphasizes their role as founder, overshadowing teams, collective impact, and building upon the ideas of others. Don't become a **heropreneur**<sup>36</sup> – it's *groups* of people who change the world.

#### LEARN MORE about Who's on Board:

##### DISCOVER:

- [Building Your Board](#)<sup>37</sup> from Imagine Canada Sector Source. This helpful guide outlines key topics for building and managing your board.
- [How to Establish a Social Enterprise Board](#)<sup>38</sup> from School for Social Entrepreneurs provides a quick board of governance 101.

##### WATCH:

- [Open Space Technology Introduction](#)<sup>39</sup> – Many companies and non-profits use this simple technique to bridge inclusivity with the need to push forward. "Design sprints" are an adaptation of this.

##### READ:

- Elder Protocols, for example:
  - [Elder Protocol and Guidelines](#)<sup>40</sup>, University of Alberta Council on Aboriginal Initiatives.
  - [Elder Protocol Handbook](#)<sup>41</sup>, Queen's University.
  - [You Can't Get an Elder in an App](#)<sup>42</sup>: Elder Engagement for Mi'kmaw and Wolastoqey Post-secondary Education.
- Papi-Thornton, D. [Tackling Heropreneurship](#). Clore Social Leadership Program, 2016.
- Schwab Foundation for Social Entrepreneurship. [The Governance of Social Enterprises](#). World Economic Forum, 2012.

## STEP 7

# START LEAN

Start. Please start. Baby is born, but it can't do anything for themselves yet. Give baby a name. A temporary one is ok. You can change it later.

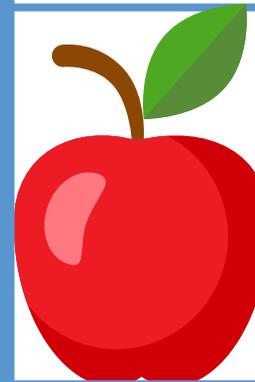


**This is the easiest step on the list and yet the hardest part for people to get their heads around.** It's a lot simpler than most people think. And it may even be liberating: The traditional way non-profits seek funding – via grant proposals – requires a lot of detailed planning. You have to outline your specific activities, your budget and staffing requirements, your outputs, outcomes and other metrics. And you better not stray from the plan. You do what you said you'd do – damn the evidence, damn what works. This is not usually how change happens.

There are lots of groups interested in social enterprise: Advocacy groups, impact investment firms, leadership programs, ecosystem generators, scale-up hubs, post-secondary programs. But for every 10 people working to support social enterprises, it seems there is one actually doing it. **So put your plan down and just get going.**

**JARGON ALERT:** Familiarize yourself with the concept of a **lean start up.**

Your social enterprise can start as a cost centre inside an existing non-profit. You don't need a bank account yet, or a bookkeeper or incorporation or a business plan or full-time staff. That stuff is for later. You need a market activity and the ability to carry out one job. Just one. Get the wheels rolling. The magic will begin to happen.



Darcy Wood, co-founder of Aki Foods: "There is a huge problem with lack of affordable, healthy food in my home community of Garden Hill First Nation. When Shaun and I co-founded Aki Foods, we didn't start off with a grocery store. We bought food from a wholesaler, borrowed a table from the band office and put the food on it with a clearly marked sign indicating the prices. Then community members went on our local TV station to say we were open for business. We sold out in minutes which gave us confidence to quadruple our stock the next week and so on. Now, Aki Foods sells healthy food boxes and delivers right to people's doorsteps."



Lucas Stewart, co-founder of Manitoba Green Retrofit (now Purpose Construction), The Social Enterprise Centre and Encompass Coop: "When Shaun and I started Manitoba Green Retrofit we were both working at BUILD. We were given a huge job to insulate a horse barn but civil servants who were providing funding to BUILD objected to us maximizing our impact by doing work in the private sector. So we incorporated MGR and temporarily hired employees from BUILD in addition to renting a truck and an insulation blower. Presto, MGR grew from there to the \$1.5 million a year social enterprise it is today. I recently met with a women's centre that wants to start a painting company. They were surprised to hear me say they didn't need to buy a ladder or a truck. They could rent or borrow instead. The crew can take transit to the job site if need be. Hire a crew lead that knows what she's doing and pay her by the job. Insurance? Think about what can possibly go wrong and take measures to mitigate it. If the job isn't done to the customer's satisfaction, just redo it. If you're hiring people with criminal records, (and we hope you do!), make sure they are thinking long term and make your customer feel comfortable by ensuring a supervisor is always there. Just make sure your total revenues exceed your total expenses on that first job. Your revenues can include a donation (instead of thinking of it as a donation, think of it as selling outcomes - it changes your mindset)."

The key is to **start at the beginning, rather than the end**. This is the most common mistake. Many try to replicate the size and breadth of a social enterprise that's been around for a while. That successful social enterprise didn't start where they're at now. So take the first step. That's the only way you'll get anywhere.

One good thing to remember is risk. Non-profits tend to avoid risk. That doesn't work for social enterprises. We like to mitigate risk instead. Anticipate what could go wrong and reduce the likelihood of that ever happening. So, use a desk in a friendly space instead of renting. Don't hire a full-time staff person until the revenues support it. Selling healthy food? Order less than what you think you'll need. Take on jobs you know you'll do well. A good reputation will pay off big time as you go along.



Kalen Taylor, co-founder of Aki Foods: "Not everything will work out. You'll often hear me say: **"Fail fast. Fail often. Learn and move on."** We've tried so many things that in the moment seemed like a failure but in hindsight redirected us to better options. The key is to not go all in right away. Purpose Construction has a successful bed bug remediation division but before we spent the money to advertise to the general public, we got the kinks worked out with an innovative relationship with Manitoba Housing."

Lean start-up is a principle that extends to Human Resources too. Don't spend hours developing organization charts and job descriptions. Hire the right people first, and then find a role that fits their abilities and energies. Strong employees make all the difference in small and medium sized enterprises.

#### Do you need a business plan?



Eleven out of the twelve social enterprises I've been involved with didn't use a business plan. We used lean start-up methods and just got going, adjusting and pivoting as we went along. The only exception was when we bought the 30,000 square foot building that became the Social Enterprise Centre. The Credit Union needed a business plan because they were trusting us that we could pay them back over time. Fair enough. So do a business plan if it makes sense to do so or, of course, if a lender or investor needs it. But it hasn't been an important use of our time so far.

## LEARN MORE about Starting Lean

### DISCOVER:

- [Checklists and Guides for Starting a Business](#)<sup>43</sup> — From Innovation, Science and Economic Development, a compendium of checklists for many kinds of enterprises, from food trucks, to senior citizens facilities, to Indigenous-run or immigrant-run enterprises.

### TRY:

- The Blender Canvas in Dan Overall's [Rethinking Social Entrepreneurship](#)<sup>44</sup>. Trico Charitable Foundation: 2017. Adapted from the business canvas model.
- [The Build-Measure-Learn Loop](#) at Mindtools. Helps entrepreneurs check their ideas against assumptions, and helps you to realize early on when you've got things wrong (before you've spent too much time and energy).
- +Acumen Course: [Lean Startup Principles for the Social Sector](#). This free online course helps you "test, validate, and adapt your vision of change to ensure you're creating the greatest impact." Also good for designing new programs within existing organizations.
- Financial Intelligence Guide for Social Enterprises<sup>45</sup> — From the social impact firm Demonstrating Value, this site includes worksheets and guidebooks for setting up for setting up financial monitoring.

### WATCH:

- Mary Poppendieck on the [Lean Mindset](#)<sup>46</sup>. A long video, but relentlessly practical, focusing on why any successful enterprise must not fixate on financial results, but rather cultivate enthusiastic workers, loyal customers, efficient flow, and market-creating ideas and products.

### READ:

- Steve Blank's [Why the Lean Startup Changes Everything](#)<sup>47</sup>. A quick read that explains the rationale and potential behind "starting lean."
- Ann Mei Chang's Lean Impact: [How to Innovate for Radically Greater Social Good](#)<sup>48</sup>. An excerpt from her book by the same title, specifically for social purpose organizations.
- Eric Ries' [Lean Startup](#)<sup>49</sup>. Ries is the originator of the 'lean startup' concept, in which he borrows "lean manufacturing's" value-creating waste-eliminating mantra.

## STEP 8

# CHOOSE A FORM

### Baby knows best!

This is where the magic starts to happen. Once you get going, the social enterprise will tell you everything you need to know. Think of it this way: what does a new dad of a 3-month old know about how to parent a 4-month old? Not much. But thank goodness, the baby will tell him what he needs to know. If you need to incorporate, the social enterprise will tell you. If you need your own bank account, you'll know. Need a business plan? Do it if baby says you need it, not anyone else. Just remember... baby likes revenues being greater than costs.



The saying "form follows function" is kind of like "baby knows best": The strategies, plans, management structure, governance, and legal status you choose for your social enterprise will flow from its function and purpose. **Don't force a model on the enterprise that may not fit – if the baby doesn't want to be swaddled, don't ignore its cries (even though the book you've been reading says 'all babies love to be swaddled').**

**Be prepared to move in unexpected directions.** Manitoba Green Retrofit was set up to insulate low-income houses in Winnipeg's inner city and quickly started doing bed bug remediation and apartment renovations. We eventually renamed it "Purpose Construction." Had we stayed solely on retrofitting, we would have gone bankrupt.

At the same time, **don't be distracted by shiny objects.** Stay focused on results. Not every opportunity that comes at you is a good fit. Be open and flexible, but it's also OK to say "no."

**Do not be in a hurry to choose your business model.** You can start early on in lean mode and perhaps well beyond, as a sole proprietorship. You may also operate as an unincorporated (i.e. loose) association.

**Should we be a Non-Profit, For-Profit, or Co-op?** It depends. Again, form follows function. **Leave this decision as long as possible.** Make sure the business model meets the needs of your business rather than the other way around.

**An important question we ask ourselves is whether the model is compatible with the expression of the Indigenous values that we imbed ourselves in: Is the local community making the decisions, and is the community benefitting? That has been important to us in Winnipeg, but your situation may call for something different.**

In the end, all of these models must be able to credibly function as a social enterprise – a business whose mission aims to solve a problem – to promote, encourage, and make social change by positively impacting people and planet. **A social enterprise is also financially self-sustainable.** And finally, net revenues are reinvested in the business with the aim of increasing social impact. Selecting a business model for your social enterprise can be very confusing. We recommend that you seek out advice before rushing into making a decision.

Read on for an overview of the advantages of each form: For profit (including B-Corp), non-profit, co-op or – in some jurisdictions – a new social enterprise legal form:

#### FOR-PROFIT?

The for-profit path may work for you – whether a sole proprietorship, partnership or a limited liability company. If you are applying for a juicy

business grant that has your name written all over it and one of the eligibility requirements is that only for-profits can apply, then you should incorporate as a for-profit. The vast majority of government contracts are open to for-profit companies. But then again, for some regions and tenders, the reverse is true.

**BUILD, Building UP, and Build up** Saskatoon are all non-profits because governments find it easier to prioritize work for us the more different we are from the private sector. This won't always be the case.

There is also, in many quarters, a kind of cultural respectability with a for-profit. Rightly or wrongly, it is culturally associated with being self-made, enterprising and efficient. These are myths, but they are powerful myths. Brandon Day from Community Builders in Barrie, Ontario incorporated this social enterprise as a for profit entity but later converted to a non-profit to better capture their unique selling proposition - the hiring of people with barriers to employment.



Since 2004, Pirurvik has developed and delivered training programs that respond to the needs and aspirations of Nunavummiut (residents of Nunavut), building essential skills that provide students with a deeper appreciation of Inuit knowledge and a stronger sense of Inuit identity. Leena Evic, the founder, President and vision keeper of Pirurvik, with guidance from Elders, created

the organization as a for-profit enterprise. From the outset, this Iqaluit-based training centre saw itself as selling educational and language preservation outcomes to government, not as a cap-in-hand non-profit, hoping to sustain itself on public grants and charitable donations. This commercial business model bakes in a kind of 'dignity' as it delivers cutting edge programming to strengthen and maintain Nunavut culture and language.

On the other hand, there is **growing distrust of for-profit companies** (warning: acronyms ahead): Even if a company has a strong corporate social responsibility (CSR) focus, there is often an authenticity challenge. This may be one reason to become a non-profit, but these days there are other options: Some provinces have legislated a new category of "benefit corporation" specifically to enable the growth of social enterprises (Community Interest Companies (CICs) in Nova Scotia and Community Contribution Companies (C3s) in BC). Alternatively, for-profit companies anywhere in North America can seek B-Corp designation, which is an independent certification of commitments to strong social and ecological commitments well beyond what is expected in typical environmental and social governance (ESG) reporting. There are now over 230 B-Corps in Canada.

#### NON-PROFIT?

We are usually drawn to the non-profit model because it is often more embedded in the community (or at least perceived to be). The

more pragmatic reason is that non-profits may be more able to attract early investment through grants or through crowdfunding platforms. Enterprising non-profits can either be a stand-alone business created to earn income for their parent non-profit, or a commercial venture within a non-profit.

**I thought non-profits aren't supposed to make money?** The most common mistake people make about non-profits is that they can't make money. This isn't true. If revenues exceed expenditures, we call it surplus. The difference is that with profit, it can be distributed to shareholders. With non-profits, surplus is used to expand their mandate. It's completely legit and desirable for a non-profit to earn money. In fact, overall, charities now earn more revenue than they receive in receipted donations, and that trend line is headed in one direction.

**But won't a non-profit model impair my ability to achieve disciplined excellence?** Well, there's no evidence for that. Non-profits are already businesses. In Canada, a large number of non-profit organizations have an enterprise component, with earned revenue exceeding philanthropic donations among non-profit organizations overall, nationwide. Moreover, many commercial businesses – including most start-ups – struggle to make a profit. Jim Collins, the author of the bestselling business book *Good to Great* argues that, because most commercial businesses perform on a spectrum from mediocre to just good enough, "we must reject the idea—well-intentioned, but dead wrong—

that the primary path to greatness in the social sectors is to become 'more like a business'... We need to reject the naive imposition of the 'language of business' on the social sectors, and instead jointly embrace a language of greatness."



#### What about charitable status?

In order to receive grants from charitable foundations, or to provide a tax receipt for individual donations, the non-profit must also be federally registered as a charity. The rules for getting charitable status are much more restrictive than for creating a non-profit society. But your non-profit company might be contracted to do work on behalf of a charity. That's legit. If you do align yourself with a charity, there are [rules around 'related businesses'](#)<sup>50</sup> that you need to watch out for. So you'll want to check these out and consider getting legal advice. Encouragingly, there's more and more noise about loosening these restrictions as government clues in to the power of social enterprise.

If non-profit is your route of choice, like it is with most of our enterprises, get a [non-profit by-law template](#)<sup>51</sup> and adjust it for what will work for you. Take a course on governance if this isn't your bag. United Way, your local volunteer network, community college, university continuing ed program, or your provincial government will often offer workshops or short courses in these areas – for both you and your board. Regardless, you want your board to be focused on accountability, approving policies and procedures and generating energy, ideas and momentum for problem solving. You do not want them managing the business. Many non-profit boards like to get their fingers in the daily operations and process, becoming a primary source of stress for the executive and staff. Good businesses aren't run this way.

#### CO-OP?

A third option in the "goldilocks" zone is one that has deep roots in Atlantic Canada, Quebec and the Prairies: The co-operative model. Co-ops are started by people who want to use services or buy goods as a group, have an equal say in how the business is run and share in any profits. The enterprise is jointly owned and democratically controlled and can operate as a for-profit or non-profit. There are many types of co-ops, and many models of governance (e.g. member-owned, worker-owned, resident-owned).

[Neechi Commons was an Indigenous worker co-op that operated a grocery store and other retail businesses in Winnipeg. It recently closed up operations after 30 years \(greatly exceeding the length of time most private businesses operate\) after hiring hundreds of Indigenous Winnipeggers, retailing locally made food and crafts and inspiring a new generation of social enterprise developers. One of its spin-off enterprises is a still-operating Designer Co-op that creates customized garments and runs a fashion store.](#)

#### A LEGAL STATUS FOR SOCIAL ENTERPRISE?

Yet another option, available so far in only two provinces, is a new legal corporate form designed expressly for social enterprises. In BC, these are called [Community Contribution Companies](#)<sup>52</sup> (CCC's), where the purpose of the company is community-purposed, and while the company can make profit, there are limitations re. disbursements to shareholders and with regard to how they manage and transfer assets. In Nova Scotia, you can create a similar type of entity, called a [Community Interest Company](#)<sup>53</sup> (CIC). Even if you live in one of the provinces where this is an option, it may not automatically be the most ideal for what you are doing. There are special reporting requirements and you may find that your social and commercial missions are so blended that this model presents challenges of its own.

### Some important considerations when deciding the legal structure of your social enterprise:

1. **Customer:** Understanding who your customers are is one of the most important factors to consider. Are the customers who will be using the product or service the same as the people paying for it? Will your customers feel differently about using your service knowing you are a for-profit vs a non-profit?

Lourdes Juan, co-founder, Community Mobile Food Market: "A main factor in the decision to register the Community Mobile Food Market as a non-profit social enterprise was community perception. We wanted our customers and community partners to know that we weren't in the business of selling produce to maximize profit, but instead we were in the business of furthering our social mission to achieve maximum community impact. Being a non-profit has helped monetize the social value of our work."

2. **Motivation:** If financial return is your primary motivation, a social enterprise isn't right for you. The social purpose should remain as the dominant factor in the operational decision making process of a social enterprise. This means that any surpluses are principally reinvested to further its social purpose, rather than mainly being paid to shareholders and owners.
3. **Funding:** Generating revenue (and sometimes profit) for many social entrepreneurs is a key driver in ensuring financial sustainability and avoiding the need to rely on charitable donations or grants. Others, however, may choose to pursue donations and grants as their primary funding source.

### LEARN MORE about Choosing a Legal Form:

#### DISCOVER:

- [Business Link](#) – A non-profit organization that helps Alberta entrepreneurs start their own business.
- [B-Corp Certification](#)<sup>54</sup> – Third party certification of your business, requiring exceptional environmental, labour and community benefit standards (currently only to for-profit companies).
- [Registering Your Business](#)<sup>55</sup> – A guide from Innovation, Science and Economic Development Canada to registering your business, including specific provincial and territorial requirements and an overview of different incorporation forms.

#### WATCH:

- [The Way we Think about Charity is Dead Wrong](#)<sup>56</sup> – A classic TED Talk from Dan Pallotta that explains part of the reason charities need to step away from the kids table and stand up for their business and revenue models.

#### READ:

- [Good to Great: Why Some Companies Make the Leap and Others Don't](#)<sup>57</sup> – By Jim Collins (2001) Collins wrote a monograph as a 2005 follow-up to this, called [Good to Great and the Social Sectors: Why Business Thinking Is Not the Answer](#)<sup>58</sup>. For social enterprises, Collins urges people to read the two as a pair.
- Imagine Canada's [Earned Income Framework](#)<sup>59</sup> – (2013) spurred by widespread recognition charities and non-profits are looking to earned income to diversify and supplement their revenue streams.
- [Social Enterprise in Canada: Structural Options](#)<sup>60</sup> – Good legal overview of options and choices.
- [The Pros and Cons of the Legal Structures Available to Social Entrepreneurs in Alberta](#)<sup>61</sup> – An easy-to-navigate guide by Kristina Roberts (2018).

## STEP 9

## TELL YOUR STORY

Make the sound of a bee. Get a buzz going.



To paraphrase the great Bruce Cockburn, if a social enterprise saves a tree from falling in a forest, does anybody hear it? You need to make some noise – show, tell and help people imagine. Don't lecture or shame, as that will turn people off. Make them feel like they are part of a movement, part of the solution and are empowered consumers, making an informed choice.

**It's not about the money.** Money is important – you are building an enterprise after all. But notice that we don't start there. We didn't call this section 'fundraising' or 'financing.' Of course you WILL need to sell, seek, ask, manage, book-keep, account and reinvest. But the money will only flow if you have an amazing story, and you tell the story well.

**Harness the power of storytelling.** Harvest and craft stories to capture the what, why and how of what your enterprise does. Stories allow people to paint a mental picture of the power and potential of your enterprise. They connect with audiences more deeply than mission statements and strategic plans. Can you tell a story of how you have transformed a person's journey from a miserable encounter with a broken system to one where they are clearly better off in some way. Maybe they have a job, or new skills, or clean water or clean energy, or a sense of purpose... Testimonials are important to capture too.

**Capture the spirit of the enterprise.** Bring the community together to discover and celebrate the enterprise. Media is easy with social enterprises – local news outlets like this kind of story. Tour people – town councillors, faith leaders, social media mavens, etc. – so they get excited about what you are doing. Take lots of pictures and video. How about a grand opening? Make some good signs that stand out. The average downtown city block has 500 signs, but your wood-carved, hand-painted or neon sign is unmissable. This ain't no garden-variety business, even though you may be about gardening!

**Be social with your enterprise.** A decent website is vital, as is social media (keep in mind, not everyone's on Facebook, Twitter or Instagram, so don't cheap out by using only one of these channels). It's a balancing act – have great design and ooze a professional vibe – don't settle for a 'non-profit aesthetic'. At the same time, the beauty of social media is that it allows you to move beyond this polished veneer to interact with authenticity and depth. You are probably part of a movement, so dive into the power of that movement: If your enterprise is about alternative or renewable energy, you are part of a movement to de-carbonize the economy. Embrace it.

**Keep your main messaging simple** so your content can be easily updated and doesn't go out of date. And stay away from jargon as much as you can. You may have a health care or social work background, but using terms like 'intervention,' 'engagement,' or 'resiliency' will make people's eyes glaze over.

**JARGON ALERT:** This is a friendly reminder to get rid of jargony language and confusing sentence structures when communicating your mission and

mandate. It's most important to ensure your ideas are understood, remembered, and have a lasting impact.

*Back in BUILD's early days, my coworkers said I was basically a tour guide. I brought hundreds of people, one group at a time, to our job sites so they could see for themselves. Getting civil servants out of their offices and into the community is important. I used to be a civil servant and I know now I should have been in the communities more often where my decisions were being felt. Embrace and support the "intrapreneurs" inside systems. They are our friends!*

If you're selling outcomes (see *The Beautiful Bailout*) make sure you have influencers with you before you approach government. I've never met a police chief who wasn't super motivated to help non-profits raise revenue to support the chronically homeless. Similarly, Chambers of Commerce usually understand what a disruptive business model is and the importance of making sure everyone has access to the labour market. But selling outcomes also means that non-profits must get up from the kids table and value what we have to offer. Selling family reunification to save government \$80,000 per year per child in the system? Selling health outcomes in a diabetes plagued First Nation, saving \$20,000 per year for each person that doesn't have diabetes? Selling a reduction in homelessness, saving government \$50,000 a year in the costs of policing and ambulance rides to the emergency ward? Selling apartment renovations to public housing providers to generate employment for their tenants?

Learn how to talk to government. Remember we're not asking for special treatment, rather we want governments to move from lowest price to best value.

*"An idea is like a play. It needs a good producer and a good promoter even if it is a masterpiece. Otherwise the play may never open; or it may open but, for a lack of an audience, close after a week. Similarly, an idea will not move from the fringes to the mainstream simply because it is good; it must be skillfully marketed before it will actually shift people's perceptions and behavior."*

- David Bornstein, [How to Change the World: Social Entrepreneurs and the Power of New Ideas](#)

### Turning government into a customer: The power of social procurement and outcomes purchasing

Community-driven outcomes purchasing and institution-driven social procurement are two game-changing ways that government can transform from a funder into a customer. This is a powerful shift in mindset and practice, and its ability to turn social enterprise from boutique to mainstream is immense. *Social procurement* is a powerful way to open up the 'market' space for social enterprise to flourish far more than it does now. We are just beginning to scratch the surface of the purchasing power that anchor institutions like municipalities, universities, hospitals, and housing authorities have to purchase goods and services. Coro Strandberg, a Canadian expert on transformational business practices, notes that "the

vast majority of funds for innovation or enterprise are still captured by more traditional organizations and methods. One major part of this is the failure of public sectors... to open up to purchasing and commissioning from social innovators, which has greatly slowed down the pace of change in developing new models of care, learning or welfare."<sup>62</sup>

Buy Social Canada is helping change this by brokering links between social enterprises and institutional purchasers. A handful of municipalities, like Wood Buffalo (Fort McMurray), Vancouver, Edmonton, Calgary, Saskatoon, and some public sectors purchasers like BC Housing and Manitoba Housing are also making landmark commitments to social purchasing. Others, such as the City of Calgary, are updating their existing decades-old green or sustainable purchasing strategies with social components. Still others, such as the City of Toronto, have community benefit agreements, which attach social procurement requirements to large public infrastructure projects.

A new [readiness fund](#) has been set up by Buy Social and the Canadian Community Economic Development Network (CCEDNet) for social enterprises in Canada to assess and build their readiness for procurement.

### The power of outcomes purchasing

**Community-driven outcomes purchasing is another game-changing tool.** The vast majority of what social enterprises do is actually of financial benefit to governments.

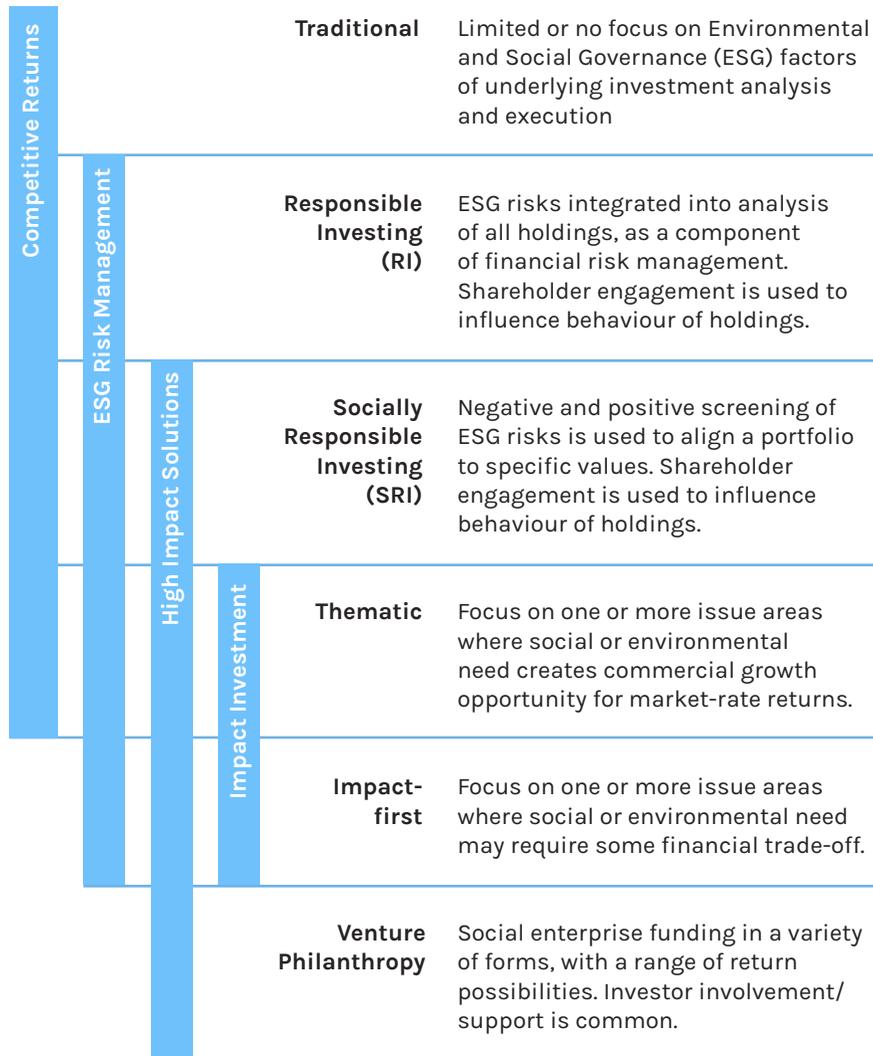
As I say in *The Beautiful Bailout*, "while social procurement is about social enterprises selling goods and services to governments, outcomes purchasing takes it to a whole new level by giving social enterprises the ability to sell our social and economic outcomes."<sup>63</sup> This includes outcomes such as reductions in homelessness, improvements in employability for people at the margins, family reunification, and avoidance of diet-related diseases.

There's also a lot of talk about social impact bonds — and some heated arguments, for and against — but outcomes purchasing is different from social impact bonds. You can read about these important differences in *The Beautiful Bailout*. Jump to the next section — [Step 10: Changing Policy](#) — to see how you can help turn the tide from these early adopters into a tsunami of social and outcomes purchasing in Canada.

### What about 'social finance'?

Individual charitable donations have been dropping for well over a decade and government penny-pinching has been gospel for a generation now. A structural 'social deficit' is something more and more people are talking about. In 2018, the federal government announced a world-leading \$755 million social finance fund, on the heels of over 600 people attending the annual Canadian summit on social finance, hosted by MaRS. There's clearly a hunger in the land for new, socially-purposed capital to be unleashed. The spectrum of how we invest for impact is broadening and diversifying, and we're seeing more and more people

and organizations interested in *investing* in (not simply donating to) social purpose enterprises (expecting some financial return). In the following diagram, adapted by Purpose Capital, you can see where social enterprise financing fits on this spectrum (under *venture philanthropy*, though there may be possibilities under *thematic* and *impact-first* philanthropy if you choose to incorporate your enterprise as a commercial venture).



Source: Purpose Capital adaptation of Bridges Venture Research (2012). The Power of Advice in the UK Sustainable Impact Investment Market



As Canada's first Indigenous social finance initiative, [Raven Indigenous Capital Partners](#) use impact investing and strong relationships communities to work with Indigenous social entrepreneurs to help them get investment-ready. They broker relationships between community and investors, focusing on community-driven outcomes contracts. Their investments to date are in clean energy and reducing diabetes.

Your social enterprise will tell you which blend of options make the most sense. This guide doesn't get into the weeds on this, but there are more and more tools out there. **Smart people are working on developing the social finance market in Canada, and suffice it to say, when it reaches the tipping point, this market will be desperate for enterprises to invest in.** That's where you come in.

### LEARN MORE about Telling your Story:

#### TRY:

- [The Procurement and Investment Readiness Fund](#) – a fund for social enterprises in Ontario to assess their procurement and investment readiness, and to access a range of other supports.
- [Canva](#) – Not a professional designer? Try this free and easy to use design tool with ready-to-use templates.

#### DISCOVER:

- [10 Apps for Managing Your Social Media](#) – Using one of these apps, such as Hootsuite or Buffer, will allow you to update and manage multiple social media channels easily.
- [Buy Social Canada](#) – Brings socially driven purchasers and social enterprise suppliers together.
- [Business Grants and Financing](#) – Federal government site linking to grants, loans and other financing for new businesses.
- [Marketing and Sales tools](#) – From Innovation, Science and Economic Development Canada, this online toolkit helps you think through the marketing strategies, activities and products for your organization. Includes a specific section on [selling to governments](#).
- [Rally Assets](#) – Formerly Purpose Capital, an impact investing firm with a wide range of products + tools to understand impact investing.

#### READ:

- [Guide to Social Procurement](#) (Buy Social Canada)
- [Storytelling for Social Change](#) (Ashoka)
- [Made to Stick: Why Some Ideas Survive and Others Die](#) (Chip and Dan Heath)
- [The Beautiful Bailout](#) (Shaun Loney) – Goes into much more depth about *Community Driven Outcomes Purchasing*.
- Thorpe, David. "[8 Keys To Crowdfunding Success For Social Entrepreneurs](#)", in *Forbes*, April, 2018.

## STEP 10

# CHANGE POLICY

Try to focus on policy change. Consider this a big part of your job. Poverty isn't about poor people, it's about the failure of the system they're interacting with. If we aren't going to work at changing these backward, colonial rules, who is? A small policy change can make a huge difference for a very long time. While this all might seem complicated, what we need to do is to simply make it easy for problem solvers.



Social enterprise does not exist in a vacuum. Your ability to thrive is connected to the ability of the wider system to support your approach. This sounds like common sense, but it is surprising how often we fail to recognize the role of government laws, regulations, spending priorities and purchasing policies.

Is your enterprise helping people leave poverty behind, saving government social service and health costs in the process? Is it producing renewable energy, substituting imported energy from government-backed megaprojects, or needing to break into systems run by private or public sector monopolies? Is it supporting parents who have been separated from their kids (as *The Beautiful Bailout* notes, there are over 10,000 Indigenous kids in child welfare, more than all of the children in residential schools at the height of that system)? Is it employing youth in care, or people who have had encounters with the criminal justice system, or social services, or the healthcare system, or – well, you get the drift. Government is pretty much everywhere.

You can think of government as your funder, regulator and overseer – and your role is to be compliant. Or, you can think of government as big brother, turning everything it touches to poison. Neither view is very helpful. Instead, try thinking of government as your customer; A customer for your products or services, and even your social outcomes. Your enterprise can and should help government make better decisions, achieve their outcomes more effectively, and allocate public money more efficiently.

**Strong social procurement policies are vital to a thriving social enterprise sector.** Social purchasing policies turn governments and other large institutions (hospitals, housing authorities, universities and colleges) into customers for social enterprise. Currently, over \$50 billion is spent by all three levels of government in Canada annually. If even 2% of that were delivered by social enterprises, that is employment for 15,000 people who currently don't have access to the labour market.<sup>65</sup>

### Some inspiration...

Nova Scotia has Canada's most advanced public policy approach to private investment in community enterprise. The Community Economic Development Investment Funds (or CEDIFs), regulated by the Nova Scotia Securities Commission, allows citizens to invest their RRSPs in local enterprise. Over 5,000 citizens have now invested over \$40 million in 120 offerings through 47 CEDIFs. Before CEDIFs, less than 2% of the \$600 million in RRSPs held by Nova Scotians was invested locally.<sup>66</sup> As one overview of the CEDIF program notes, "the magic in the CEDIF approach is that no person inside government decides where investment goes. The role of government is to ensure there is clear disclosure and that investors know what they are investing into. It is a major paradigm shift to have government let go and let communities make these decisions for themselves..."<sup>67</sup>



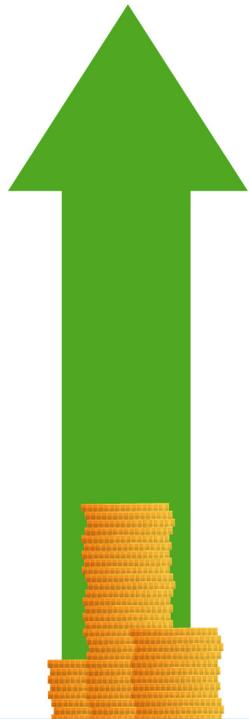
As such, **you'll need to know the "what" of public policy** – the laws, regulations, spending and purchasing policies that affect the *issue* your enterprise is tackling, as well as those that affect your ability to thrive as an organization. Credible think tanks like [Maytree](#), the [School of Public Policy](#) at the University of Calgary, and the [Ecofiscal Commission](#) at McGill University are some of the many sources of high quality data and case studies on social or environmental policy in Canada. The Mowat Centre at the University of Toronto has created a [crowdsourced list of evidence centres](#) useful for helping with public decision-making.

You'll also need to know a bit about the "how" of public policy. How to advocate, utilize and, communicate evidence and ideas, and engage effectively with government. If you are a non-profit, there are public policy training programs available in B.C., Ontario and Alberta through organizations like the Max Bell Foundation and the United Way. CCEDNet has a number of [policy advocacy tools](#). You can also check out former lobbyist Sean Moore's [Advocacy School](#).

Although this formula sounds simple, there is much difficult work ahead. Major shifts in thinking and acting are needed. For example, governments are focused on election cycles, so investments in long-term outcomes (and sustainable change) can be challenging. They also need to view social enterprises as contributors to economic prosperity, and not just to social value. And perhaps most difficult of all is the embrace of people power: Designing and implementing initiatives in partnership with communities, rather than doing things *for* communities. Social enterprises can help government way-find through all of these shifts.

### Some more inspiration...

Momentum<sup>68</sup> is a Calgary-based non-profit enterprise that strives to create a thriving local economy for all by working with people living on low-incomes to manage and save money, train for and maintain good jobs, or start a business. Momentum also works with community partners and government representatives to influence public policies to remove economic barriers and allow people to be more financially stable. Priorities for Momentum's [public policy research](#), coalition-building, and government relations focus on financial empowerment, workforce development, social procurement, innovative community-based investment vehicles, and various social policy issues affecting their participants.



Among their recent public policy achievements is the creation of new provincial payday lending legislation. Low income and precariously-employed individuals are often consumers of payday loan products, where high fees and debt traps are a barrier to achieving prosperity. Moreover, the capital from these enterprises flows out of the community and their presence on main streets is often seen as a blight. Working alongside credit unions, neighbourhood business associations, and other locally-mandated lending institutions (notably ATB Financial), Momentum helped influence the province to enact sweeping regulatory reform to payday lending in Alberta in 2017. As a result of the new legislation, Alberta went from the most expensive province in Canada to receive a payday loan to – by far – the most affordable province. By January 2018, the number of payday lenders in the province fell from 220 to 165 and the provincial government estimates that the payday lending protections saved Alberta payday loan borrowers over \$10 million in loan fees in 2017.<sup>69</sup>

**By the way, if you are worried about the CRA clamping down on your public policy work, don't.** Only registered charities face any restrictions, and even those rules are being relaxed. In any event, the vast majority of charities don't come anywhere close to exceeding the regulatorily-imposed public policy advocacy limits. It's mostly a lack of knowledge or risk-avoiding boards that prevent charities from doing public policy work. To help clear the air on what charities can and can't do, Imagine Canada has provided a [helpful list of resources](#).

### LEARN MORE on Changing Policy

#### TRY:

- Consider a [Master's Certificate in Social Enterprise Leadership](#) from the University of Fredericton, which includes a course in public policy for social enterprise.
- Innoweave's module on [Constructive Engagement](#) with policy makers and other decision makers and influencers.

#### WATCH:

- [Reclaiming Social Entrepreneurship](#) – Daniela Papi-Thornton tracks how the concept has narrowed down over time to simply refer to social businesses. But, as she explains, "we don't need more social businesses, we need more social change."

#### READ:

- [Three Things Public Policy Needs to do for Social Enterprise to Thrive in 2023](#) – Blog post by Dan Overall, Trico Charitable Foundation, on a panel at the 2014 Social Enterprise World Forum.
- [5 Public policy 'tweaks' to support social enterprise](#) – David LePage in SeeChange Magazine, 2014.
- [The Art of Advocacy: A Handbook for Non-profit Organizations](#) – CCEDNet and Habitat for Humanity, 2003.
- [Public Policy Advocacy: Best Practice Guide](#) – CCEDNet, 2013.
- [Rules for Radicals](#) – Saul Alinsky classic about community organizing holds universal truths about effective advocacy for any organization or community, large or small.

## STEP 11

## START AGAIN

Things never work out the way you think. Get used to that if you're in the social enterprise world. This stuff is messy sometimes. You'll weave your way through it.



So why eleven steps in a ten-step guide? Because there's no such thing as a ten-step, linear plan. In fact, as we've seen, the very idea of a plan doesn't really fit with starting a social enterprise. **The point is to start anywhere** — go back and read number seven again; starting lean — or read these in reverse. Or skim the headings, throw this in the glovebox (or on your virtual desktop), and read in six months or a year, when it may have more 'a-ha's' for you.

We've included a bunch of other resources on the next few pages, but this is just scratching the surface. Follow-up on whatever looks interesting or useful to you, but don't linger too long! **Get going, be bold and build community prosperity. We're lucky: Canada in the 21st century is the perfect time and place for a social enterprise renaissance.**



**A closing note from Marc Soberano, BuildingUp:** In Fall 2014, I was 24 years old, had just completed a business degree, and was looking to do something meaningful with my life. This desire to solve social problems led me to volunteer at Ashoka Canada, an organization that supports Canada's leading social entrepreneurs. At the time, I had no idea that this experience would lead me to start my own social enterprise. At Ashoka, I met Shaun Loney. I felt that what Shaun and BUILD were doing in Winnipeg made so much sense from a social, environmental, and financial perspective. I felt deep down that there was no reason for this not to exist everywhere. The rest is history.

I went to Winnipeg where I saw with my own eyes what a successfully operating social enterprise in the trades sector looks like. I understood the spirit of BUILD and the importance of storytelling in getting buy-in from the government, funders, and customers. I felt ready and eager to adapt BUILD's model to my own context in Toronto. Seeing what a healthy social enterprise looked like a few years down the road made things easier as we had a vision to work towards.

After the trip to Winnipeg, a group of us gave birth to our baby, **Building Up**: 7 pounds, 5 ounces of madness. Building Up objective was to create pathways for people with barriers to employment. In the beginning, we did this through training people to install and retrofit water-and energy-efficient toilets (adding another solution). I wasn't an expert in toilets, or trades, or training, or business, or social enterprise, or, for that matter, in anything - believe me. But I learned I didn't have to be.

We didn't have a business plan, but I had crunched some broad numbers and had conversations with meaningful stakeholders to the extent that I saw a feasible path forward. I had a basic understanding of what I thought was needed to run the organization and created a very simple spreadsheet to determine costs and the number of retrofits we would need to do to cover them. That breakeven point felt very manageable. I came up with the name, Building Up, because Build Toronto and Build Ontario were taken. I got a friend to make the logo and the website, and then we seemed to exist! My experience starting a social enterprise from a pre-existing model was unique in that I had Shaun's support, and knew that he was only a phone call away whenever we encountered a problem. There was no reinventing of the wheel here, it was just putting it in a different car.

I spoke to anyone I could, whether they were a potential customer, funder, trainer, or partner, and I asked them each to introduce me to three or four people. At first, I was stuck in a chicken-in-the-egg scenario: Building Up couldn't get credibility until we did work, and we couldn't get work until we had credibility. So we used some unreasonable optimism to create momentum. We hired people to do jobs as we got work or resources. A friend did our books for us. We had no vehicles. No office space. Just good hearts making common sense decisions.

Building Up started to really take off in March 2015, when we received a boost: a \$100,000 USD grant from Michael Bloomberg's Genesis Generation Challenge. The key lesson here is that had we not started, we never would have been in the position to win this award. We were now able to turn some of those 'what ifs' into a reality. And using Bloomberg's name wasn't so bad either!

Starting was important because good things began to happen after that. Our focus was to make sure we were learning along the way. We hired a plumber to lead the crews and teach the trades and I was moonlighting as the unofficial math teacher, social worker, job developer, and marketing manager. I was driving around the city in my sister's car which, if I loaded them just right, would fit 6 toilet boxes in. As we evolved, we were more responsive to the needs of our trainees. For instance, when a couple of Building Up trainees went back to jail, we realized we needed to embed more support to reduce the likelihood of recidivism amongst trainees. The quality of our training and services has improved so much over the years. We now line up loans, drivers' licenses, housing advocacy, mental health

supports and whatever a person needs at a given point of their journey from trainee to tradesperson.

By seeing ourselves as a workforce development agency that operates a business rather than a business that does some workforce development, we offer government a new, more effective approach to help people get off social assistance. The government has been able to appreciate the value of partnering with us. Essentially, they are buying our services.

I help Encompass Co-op when they are doing boot camps to transfer this model. We decided to do it this way as none of us have time to do what Shaun did for me in the beginning. So we get together once a year and can tell people in a position to make a Building UP happen in your hood, everything we know. We are learning from each other.

Building Up now has over 90 employees, an annual budget of over \$4 million (and growing!), and we have built strong relationships with over ten unions that our trainees go on to work for as apprentices. Building Up has evolved from having just one toilet division to having three business divisions: general contracting, general labour, and water efficiency. We have won awards in the non-profit, energy, and social enterprise spaces. We've made appearances on CBC's The National, The Agenda, and in the Toronto Star. Building Up is also inspiring others to get into the problem solving sector. And that we're most happy about.

Two last pieces of advice from me, for what it's worth: First off, just do it. Start easy. Learn as you go. You can't predict what's going to happen anyway, so just get started and figure it out as you go. Second, once you get going, put your energy into the most urgent thing at the time. Before you know it, time will pass, and you'll be able to see the space behind you lengthen. Sure, I could have chosen other career paths but I know this one makes me happy. What's the price of that?

## MORE HELP FROM A FEW OF OUR FAVOURITES...

### ONLINE PUBLICATIONS TO EXPLORE

- Elson, Peter and Hall, Peter. [Canadian National Social Enterprise Sector Survey Report](#). Mount Royal University and Simon Fraser University, 2016.
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### WEBSITES TO BROWSE

- [Business Alliance for Local Living Economies \(BALLE\)](#) – US-based coalition of communities and conveners, entrepreneurs, investors and funders who are defying business as usual.
- [How to Start a Social Business](#) – A 10-step framework from Futurpreneur Canada.
- [Innoweave Social Enterprise Module](#) – Includes a self-assessment tool, access to coaching, funding and other resources.
- [MaRS](#) – The MaRS library offers a comprehensive suite of free online resources including articles, videos, templates, workbooks, reports and curated resource lists to help social entrepreneurs launch and grow their business.
- [S4ES](#) – The Social Enterprise Ecosystem project connects training, marketing, and impact measurement resources for social enterprises across Canada.
- [SEI Social Enterprise Institute](#) – Based in Halifax, working with partners in Australia, Canada and the UK, this company offers online courses, coaching and other tools.
- [Social Enterprise Council of Canada](#) – A national alliance of social enterprise leaders aiming to build a strong and enabling environment for social enterprise.
- [Start and Grow a Social Enterprise](#) – Tools and resources, compiled by Innovation, Science and Economic Development Canada

## VIDEOS TO WATCH

- [How Social Enterprise Can Solve our Most Costly Problems](#) (17:01)  
Social enterprises, social entrepreneurs and the small farm movement are demonstrating we can tackle society's most stubborn problems affordably. How do we reinvent government to make it all happen?
- [Reclaiming Social Entrepreneurship](#) (17:50) Offers tools and perspectives that will help educators, parents, and budding change makers reposition themselves and rethink how we teach, fund, and incentivize social entrepreneurs
- [The Story of Ashoka](#) (3:50) A playful history of the "Everyone a Changemaker" vision.
- [Social EnterPrize winners](#) Profiles of Canadian finalist organizations from the biennial prize honouring best practices, impact and innovation in social enterprise.

## TOOLS TO TRY

- [The Social Business Model Canvas](#)
- [Using the Business Model Canvas for Social Enterprise Design](#)
- [Social Impact Strategy: Tools for Entrepreneurs and Innovators](#)
- [Impact Gaps Canvas](#)
- [Soshent](#) – Offered through the Centre for Social innovation in Toronto, this online tool helps navigate the ecosystem of intermediaries like accelerators, mentors, competitions, grants, trainings, and more

## ONLINE COURSES TO TAKE

### Free & Low Cost

- [Introduction to Social Enterprise](#) – [Innoweave](#) offers assessment, coaching, finance tools and workshops.
- [Social Entrepreneurship 101](#) – [+Acumen](#) offers a 5-module introductory course that is designed for anyone approaching social entrepreneurship for the first time.
- [Social Enterprise Kickstart](#) – [The Sedge.org](#) offers a toolkit on the core foundations for social enterprise to thrive.
- Learning Social Entrepreneurship [Springboard](#) provides a robust introduction to social entrepreneurship and provides a roadmap for those interested in launching their own social venture.

### Other Online Courses

- [8 Steps to Start Up](#) – Offered by the [Social Enterprise Institute \(SEI\)](#)

## COURSES TO TAKE

### In Canada:

- [Hollyhock Social Venture Institute](#) offers the mission-based entrepreneur an opportunity to share challenges, successes, and experiences with peers in an atmosphere of trust and goodwill. Offered on Cortez Island, in Vancouver and in Banff.
- [Indigenous Social Enterprise Diploma](#) – [Red River College](#) includes incubation support and field experience with for-profit, non-profit, and co-operatively structured Indigenous and non-Indigenous social enterprises.
- [MBA in Social Enterprise](#) – [Memorial University](#) is the only MBA program in Canada purposefully designed to prepare students to become a new kind of leader for a new way of doing business – one that is based on the three pillars of sustainability: people, planet and profits.
- [Pond Deshpande Centre](#) – [University of New Brunswick](#) is one of Canada's premiere hubs for entrepreneurship. Their [B4C Ventures](#) accelerator is designed to support social impact ventures.
- [Trico Social Enterprise Workshops](#) designed for organizations either developing or scaling their social enterprise, as an outgrowth of their worksheets and coaching.

### Outside of Canada:

- **Social Enterprise at Harvard Business School:** Trains students to manage social enterprises at a sustainable level. ([www.hbs.edu/socialenterprise/](http://www.hbs.edu/socialenterprise/))
- **The School for Social Entrepreneurs (SSE):** a UK based programme for Social entrepreneurs that helps sustain, support and grow organisations established in local settings. ([www.sse.org.uk](http://www.sse.org.uk))
- **Stanford's Centre for Social Innovation:** University centre promoting the application of entrepreneurial management to the social sector. ([www.gsb.stanford.edu/csi/](http://www.gsb.stanford.edu/csi/))
- **Saïd School of Business:** offers an MBA in social entrepreneurship and is the global centre for social entrepreneurship in the UK, providing both research and education for the furthering of social enterprises ([www.sbs.ox.ac.uk](http://www.sbs.ox.ac.uk))
- **Centre for Advancement of Social Entrepreneurship (CASE):** holds seminars and lectures to generate interest and awareness and to make people more knowledgeable about the concept of Social Entrepreneurship. ([www.fuqua.duke.edu/centers/case/](http://www.fuqua.duke.edu/centers/case/))
- **Institute for Social Entrepreneurs:** provides training and consultancy for social enterprises in North America ([www.socialent.org](http://www.socialent.org))
- **Social Enterprise Program at Columbia Business School:** empowers students to achieve social benefit through business practices and encourages research and education in the field of Social Entrepreneurship. ([www2.gsb.columbia.edu/socialenterprise/](http://www2.gsb.columbia.edu/socialenterprise/))

### FUNDING FOR SOCIAL ENTERPRISES

- **Acumen Fund** is an international fund, based in the US, that links serious philanthropists with social innovators.
- **Buy Social Canada** brings socially driven purchasers and social enterprise suppliers together, building business relationships that generate social benefits to communities across the country.
- **ChangeMakers** is an Ashoka initiative that provides financial awards to budding social entrepreneurs, whose ideas have the ability to help change the world.
- **GlobalGiving** provides a forum for social entrepreneurs to put-up their respective projects and requests for funding. Here, private donors fund projects or ideas that they believe are capable of creating vast social impact.
- **Investment Readiness Program** for social purpose businesses, managed through the Canadian Women's Foundation, Community Foundations Canada, Chantier de l'Économie Sociale, and the National Aboriginal Capital Corporations Association.
- **McConnell Foundation** provides grants to early stage innovations, as well as tools and capacity building through Innoweave.
- **Omidyar Network** funds social enterprises to try and foster a sense of individual self-empowerment on a global scale.
- **RBC Social Finance Initiative** supports impact investing and a network of national and regional incubators, accelerators and social enterprise hubs)
- **SEF – Social Enterprise Fund** is a loan fund social enterprises in Alberta
- **Skoll Foundation** provides grants and development programming to support social entrepreneurial organizations.
- **Toronto Enterprise Fund** is a program of the United Way of Greater Toronto that supports employment social enterprises in Peel, Toronto and York Region.
- **Trico Charitable Foundation** provides grants and prizes to social enterprises across Canada, and works to mainstream social enterprise practice.

## EXAMPLES OF SOCIAL ENTERPRISES IN CANADA

Following is tiny sampling of social enterprises in Canada, most listed here having been created in the last decade. There are MANY other examples of social enterprise, from your local YMCA to the many thrift shops, museum stores, arts organizations, student association-run businesses, co-operative enterprises and B-Corps operating in Canada.

**INCLUSIVE EMPLOYMENT SEs** are social enterprises that create training and employment opportunities for people facing barriers to the labour market.

- **Atira Property Management**, Vancouver, BC – A for-profit business, wholly owned by the registered charity Atira Women’s Resource Society, providing jobs to hundreds of women and men facing significant barriers to employment.
- **BUILD**, Winnipeg, MB – A home renovation company that hires and trains that otherwise would not have access to the labour market—mostly Indigenous Winnipeggers who have criminal records, no driver’s license and a lack of work experience.
- **Building Up**, Toronto, ON – a non-profit construction contractor that trains and employs people facing barriers to the labour market to provide energy-efficient retrofits.
- **The Cleaning Solution**, Vancouver, BC – A commercial cleaning company dedicated to providing supportive, quality employment to people living with mental illness.
- **CMNGD Linens**, Calgary, AB – A commercial laundry service that provides employment mentoring to people facing homelessness & poverty barriers, while using food waste biofuel and solar to power their equipment.
- **Embers Staffing Solutions**, Vancouver, BC – A non-profit temporary employment placement agency for people facing employment barriers.
- **Good Foot Delivery**, Toronto, ON – A registered charity that provides personalized point-to-point delivery service on foot and public transit creating employment opportunities for people with developmental disabilities.
- **Hungry Heart Cafe**, St. John’s, NL – high-end bakery helps women offenders gain successful employment reintegration back into the community.
- **Options Printing**, Mississauga, ON – A registered charity print shop and office service provider, employing and training people with intellectual disabilities.

**EDUCATION SEs** are social enterprises on a mission to improve learning outcomes for people of all ages.

- **Twenty One Toys**, Toronto, ON – Commercial venture that designs and manufactures toys that teach 21st century skills, including empathy, failure, creative communication and collaboration.
- **Forward Vision Games** (National) – Commercial venture that provides game-based financial literacy training. We empower learners by exposing them to real-world financial decisions
- **Textbooks for Change**, Hamilton, ON – B-Corp that recycles, resells domestically and donates used post-secondary textbooks to libraries in Africa.
- **Jump Math** (Global) – A non-profit enterprise that uses evidence-based curricula and professional development to replace math anxiety with an understanding and a love of math in students and educators.
- **Future Design School** (National) – A commercial consultancy that works with schools an, educators and companies to support future ready skill development through project based learning, deep inquiry and user-centered design.

**ENERGY** or **ENVIRONMENT SEs** are some of the many social enterprises involved in renewable energy, upcycling or waste reduction.

- **Aki Energy**, Winnipeg, MB – An Indigenous non-profit social enterprise that works with Manitoba First Nations to reduce energy costs through smart, cost effective investments in renewable energy.
- **SolarShare**, Toronto, ON – A cooperative that develops commercial scale solar energy installations and provides opportunities for Ontarians to invest in a renewable energy future.
- **KARIBU Solar Power** (Global) – Designs, manufactures and distribute a solar pay-as-you-go "business in a box" kit for communities in Tanzania, making energy available at the price of kerosene.
- **CoPower**, Montreal, QC – Manages a diversified portfolio of loans to clean energy and energy efficiency projects that generate steady revenues from the sale of clean energy and carbon-reducing technologies.
- **Mattress Recycling**, Hope, BC - Charge a small fee to recycle 90 percent of mattress materials
- **Newo Global Energy**, Camrose, AB – A non-profit social enterprise that specializes in solar PV installation and financing, as well as sustainability education.

## FOOD SEs

- **Aki Foods**, Winnipeg, MB - An Indigenous non-profit that prepares First Nations to sell diabetes education.
- **Eden for Change**, Mississauga, ON - Grew out of the United Church-run food bank, this initiative includes a fee-based fresh produce box delivery program that helps finance their food skills training and community employment initiatives.
- **Fresh City Farms**, Toronto, ON – Operates urban farms, two retail locations, and home-delivers organic produce, groceries, meal kits and prepared meals.
- **Fresh Routes**, Calgary, AB – A community-driven grocery store on wheels that increases the availability of healthy and affordable foods in underserved neighbourhoods.
- **Goodly Foods**, Vancouver, BC - A joint venture of the Greater Vancouver Food Bank and Fulmer Capital Partners Inc. that repurposes surplus produce from local suppliers while creating supportive community employment opportunities.
- **Hawthorne Food & Drink**, Toronto, ON – A culinary training academy run by the non-profit Hospitality Workers Training Centre (HWTC), created as a partnership between the Hospitality Workers' Union and major hotels in the city.
- **Loft Kitchen**, Toronto, ON – A catering business run by the Christie Ossington Neighbourhood Centre (CONC), a multi-service community service agency.
- **Potluck Café & Catering**, Vancouver, BC - Employs neighbourhood residents in the Downtown Eastside and provides up to twenty five percent of the operating revenue required to run the Potluck Café Society, a registered charity.
- **Stone Hearth Bakery, Café, and Catering**, Halifax, NS – social enterprises operated by the non-profit MetroWorks Employment Association.
- **Upstreet Craft Brewing**, Charlottetown, PEI – A B-Corp that employs local island youth, donates used grain to local farmers for cattle feed.

**HEALTH SEs** are improving health and wellness outcomes for under-served populations.

- **QoC Health**, Toronto, ON – This B-Corp partners with health care providers to develop technology-enabled and patient-centred products and services.
- **Eve Medical**, Toronto, ON – A for-profit social enterprise focused on designing innovative, user-centered medical products aimed at the specific healthcare needs of women.
- **Lucky Iron Fish** (Global) – A B-Corp that produces and sells a cooking tool that acts as a reusable iron fortifier to address anemia and iron deficiency worldwide.
- **Plan A Long Term Staffing and Recruitment**, Sudbury, ON – Recruits, screens and vets nursing professionals for long-term health care providers.
- **TranQool** (Canada-wide) – Mental health care organization founded by a group of registered social workers to provide rapid video-based access to licensed therapists across Canada. Was recently purchased by HumanaCare, a commercial provider of employee and member health services.

**PROSPERITY-CREATION SEs** are created, often as consortia of multiple enterprises, to address poverty and generate stronger people-centred economic opportunity

- **Firelight**, Victoria, BC and Edmonton, AB — A cooperative consultancy providing services tailored to supporting the rights and interests of Indigenous and local communities.
- **Furniture Bank**, Toronto, ON — Transfers gently used furniture and household goods donated by the community to people who are in need of a fresh start.
- **Fogo Island Inn**, Fogo Island, ND — This high-end boutique inn is an initiative of the Shorefast Foundation, a charity with a mandate to provide relief of poverty on Fogo Island.
- **Groupe Convex**, Hawksbury, ON — This group of ten social enterprises (including a recycler, woodshop, bistro, antiques shop and commercial packager) generates meaningful jobs through business projects for residents who face employment challenges.
- **Kinngait Cooperative**, Cape Dorset (Kinngait), NU — Formed as the West Baffin Eskimo Cooperative in the 1970s, this artist-run family of enterprises supports Inuit artists from training through studio space through global marketing, including running a fine art gallery in Toronto. The Co-op has been vital to the cultural sovereignty and prosperity of Nunavummiut.
- **Manitobah Mukluks**, Winnipeg, MB — An Indigenous owned and run commercial enterprise employing elders, artisans and storytellers. Artists receive 100 per cent of the profits for every Storyboot footwear sold.
- **New Dawn Enterprises**, Cape Breton, NS — The oldest Community Development Corporation in Canada which operates seven social enterprises, from a Meals on Wheels and immigrant-support centre to an innovation investment platform.

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This Companion is for changemakers, practitioners, students and anyone interested in “social enterprise”. Channeling the voice and lived experience of social entrepreneur and Ashoka Fellow Shaun Loney, this is meant to serve as an approachable, easy-to-read handbook to accompany one’s social enterprise journey, which is not a linear series of “steps”, but rather a pattern of loops and slopes, with no clear beginning or end point. The Companion offers many tips and lessons from the field, and at many scales, from the mindset and motivations of the individual to the entire system one may be trying to shift. It contains links to many helpful resources as well as examples of social enterprises from coast to coast to coast. The Companion is co-produced with the Institute for Community Prosperity and Encompass Co-op.

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