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## REPORT TITLE PAGE

# Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: A Resource Tool for Exploring Social Enterprise Models

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## EXECUTIVE SUMMARY

### INTRODUCTION

The purpose of this project is to develop a resource tool for the Inter-Cultural Association of Greater Victoria (ICA) to explore social enterprise models that are income generating. Enterprising Non-Profits (n.d.) define social enterprise as a business that has a social impact and recognizes that many are operated by non-profits. ICA is a non-profit that relies on 80-85% government funding. The reliance on government funding, limits their flexibility and capacity to respond to emerging immigrant and refugee needs. A successful income-generating social enterprise could provide diversification of funding and allow ICA to develop programs based on changing client needs without the restraints imposed by grants and government funding. The toolkit developed from this project has been informed through a literature review and interviews with social enterprise administrators.

### METHODS AND METHODOLOGY

This project used a qualitative methodology using multiple data sources to corroborate the information. Methods included a literature review of Canadian, US and international sources and semi-structured interviews with key informants. The information was prioritized from social enterprises within immigrant-serving organizations and focused on social enterprises located and operated in British Columbia, Canada. Interviews were conducted with eleven people that have experience planning, operating or evaluating a social enterprise in British Columbia, with a specific interest on social enterprises run within immigrant-serving organizations. Findings from the literature review informed the semi-structured interview questions.

### FINDINGS

The findings from the literature review and interviews were complementary. The literature review section presents a definition of social enterprise, describes how social enterprise can advance the mission of non-profits, outlines the key risk areas, and the steps for developing and operating a social enterprise.

The interview findings have been grouped into five sections: the context section includes, funding parameters and policy; the organizational section contains the importance of location and objectives of the social enterprise, organizational readiness and personnel; the idea section outlines the findings, the need for the idea to be based on assets or strengths; the fourth section presents the risks including the importance of ongoing monitoring and evaluation and finally the steps of social enterprise development. Key themes were identified and have informed the subsequent sections of the report.

### DISCUSSION

Comparing the findings of the literature review and the interviews, five themes emerged that helped shape the development of the toolkit. The themes are:

- Determine the organization's objective for utilizing a social enterprise.
- Be prepared as an organization and understand the scope of social enterprise development.
- Ensure entrepreneurial people are involved in the process.
- Custom-build the enterprise idea based on the assets of the community, organization and location, and;

- Regardless of the organizational mission or clientele served, follow the steps for social enterprise development.

## OPTIONS TO CONSIDER AND RECOMMENDATIONS

This project presents five recommendations to ICA as they determine a suitable social enterprise model. Within each recommendation are options to consider, resources required and the projected time needed. It is suggested that ICA will act upon the recommendations within the timeline provided to reach their vision of enterprise development. The five recommendations include: share the toolkit with ICA board and staff, continue to encourage ICA staff to adopt an entrepreneurial point of view, determine the key objective for developing a social enterprise, determine the priorities for the decision making matrix, and cultivate relationships within the social enterprise sector at local, regional and national levels. The toolkit will act as a living document allowing ICA to continue to adapt the tool as needed. A basic version of the toolkit is found in Appendix E.

## TABLE OF CONTENTS

Acknowledgements.....	i
Executive Summary.....	ii
Introduction.....	ii
Methods and Methodology.....	ii
Findings.....	ii
Discussion.....	ii
Options to Consider and Recommendations.....	iii
Table of Contents.....	iv
List of Figures.....	vii
List of Tables.....	vii
1.0 Introduction.....	1
1.1 Defining the Problem.....	1
1.2 Project Client.....	1
1.3 Project Objectives.....	2
1.4 Background.....	2
1.5 Organization of Report.....	3
2.0 Literature Review.....	4
2.1 Overview of Literature Review.....	4
2.2 Defining Social Enterprise.....	4
2.3 Emergence of, and Situating Social Enterprise within the Social Economy.....	5
2.3.1 Social Venture Continuum.....	6
2.4 Key Characteristics of Social Enterprise.....	7
2.4.1 Blended Return on Investment.....	7
2.4.2 Asset-Based.....	9
2.4.3 Social Capital.....	10
2.4.4 Social Enterprises Link to Social Entrepreneurs.....	11
2.4.5 Case Study of Grameen Bank.....	11

2.5	Process of Starting a Social Enterprise.....	12
2.5.1	Organizational Objective of Social Enterprise.....	13
2.5.2	Organizational Readiness.....	13
2.5.3	Idea Identification.....	14
2.5.4	Feasibility Analysis.....	15
2.5.5	Business Plan.....	15
2.5.6	Implementation Plan.....	15
2.5.7	Evaluation of Social Enterprise.....	16
2.6	Risks of Social Enterprises.....	16
2.6.1	People.....	17
2.6.2	Property.....	18
2.6.3	Liability.....	18
2.6.4	Income.....	18
2.6.5	Compliance.....	18
2.7	Gaps in the Research.....	19
3.0	Methodology and Methods.....	20
3.1	Methodology.....	20
3.2	Methods.....	20
3.2.1	Literature Review.....	20
3.2.2	Key Informant Interviews.....	20
3.3	Analysis.....	21
3.4	Project Limitations and Opportunities.....	21
4.0	Findings.....	23
4.1	Context: Funding & Policy.....	23
4.1.1	Funding Environment.....	23
4.1.2	Policy.....	24
4.2	The Organization.....	25
4.2.1	Organizational Clarity for Starting a social enterprise.....	25
4.2.2	Organizational Readiness.....	25

4.2.3 Personnel.....	26
4.3 The Idea: Market research, Opportunistic, Scalable & Community-Based.....	27
4.3.1 Location & Based on Assets .....	27
4.4 Risks: Why so many non-profits fail at social enterprise .....	29
4.4.1 Importance of Ongoing Monitoring and Evaluation .....	30
4.5 Steps of Social Enterprise: Knowing the right way to get there.....	31
4.6 Summary.....	33
5.0 Discussion and Analysis.....	34
5.1 “How to have your cake and eat it too” .....	34
5.1.1 Steps of Developing a Social Enterprise.....	35
5.1.2 Immigrant-Serving Organizations .....	35
5.2 Have the Right People .....	36
5.3 Custom-designed idea to fit the context, assets and objectives.....	37
5.4 Implications for the Toolkit .....	37
6.0 Options to Consider and Recommendations.....	38
6.1 Exploring the Recommendations .....	38
6.2 Implementing the Recommendations.....	40
7.0 Conclusion.....	42
References .....	43
Appendix A: Introductory Recruitment Letters .....	48
Appendix B: Participant Consent Form.....	50
Appendix C: Semi-structured Interview Questions .....	54
Appendix D: List of Interviewees .....	55
Appendix E: Toolkit .....	56

## LIST OF FIGURES

Figure 1 Social Economy Framework.....	6
Figure 2 Social Venture Continuum .....	6
Figure 3 Blended Return on Investment.....	8
Figure 4 Helen Hill, Employee of Potluck Cafe and Catering .....	9
Figure 5 Social Capital Diagram .....	10
Figure 6 Muhammad Yunus with Grameen Bank's Borrowers .....	12
Figure 6 Steps of Starting a Social Enterprise .....	13
Figure 7 Panarchy Cycle .....	31
Figure 8 Steps to Successful social enterprise .....	32

## LIST OF TABLES

Table 1 Sample Social Enterprise Decision Making Matrix.....	15
Table 2 Five Types of Risks of social enterprise.....	17
Table 3 Recommendations Timeline .....	41

## 1.0 INTRODUCTION

### 1.1 DEFINING THE PROBLEM

Victoria's leading immigrant and refugee-serving organization, the Inter-Cultural Association of Greater Victoria (ICA), is proactively exploring innovative solutions to better support the integration of newcomers in the Greater Victoria community. In the 2011 National Household Survey, 18% of people in the Capital Regional District (CRD) were immigrants (Statistics Canada, 2011). With over 1400 permanent residents (Victoria Foundation, 2013) coming to the region annually, it is vital to offer a full suite of services to aid in their transition and integration. In August 2015, ICA became a Sponsorship Agreement Holder with the federal government, and working in collaboration with interested community members began facilitating the private sponsorship of refugees. In early 2016, ICA began delivering the Resettlement Assistance Program for government-assisted refugees and in the first eight months have welcomed over 190 refugees to the CRD area.

Since 1978 approximately 80-85% of the Inter-Cultural Association of Greater Victoria's annual operating budget has come from the government. ICA's 2015-2016 annual operating budget was approximately \$5 million (J. McRae, personal communication, 2016). While this level of government funding has provided stability and capacity to offer a full suite of settlement and language services to a high number of clients, restrictions that often accompany government funding have resulted in several constraints to the organization. These constraints relate to client eligibility, project activities and limitations of project costs. Immigration, Refugees and Citizenship Canada (IRCC), the federal body that manages settlement and integration, continues to shift priorities and future funding levels are uncertain, further reinforcing the benefits of securing alternative sources of revenue.

ICA's 2009-2015 and 2015-2019 strategic plan identify social enterprise as a development strategy that could provide the organization with increased unrestricted revenues to better support the mission of the organization (Inter-Cultural Association of Greater Victoria, 2009). Social enterprise is defined as a business which has an impact on social issues and community and recognizes that many are operated by non-profits (Enterprising Non-Profits, n.d.). A social enterprise framework uses a socially innovative solution, described as a new and creative way to address societal issues (Goldenberg, Kamoji, Orton & Williamson, 2009). With unrestricted revenues generated by a social enterprise, ICA could have increased capacity to better support immigrants and refugees as they integrate into a new community and have increased flexibility to design projects and services that enhance the co-located streamlined services at the organization.

### 1.2 PROJECT CLIENT

The Inter-Cultural Association of Greater Victoria (ICA) is an immigrant and refugee-serving organization. A registered charity and incorporated since 1971, ICA helps individuals and organizations connect across cultures by providing information, support and tools to help immigrants reach their goals (Inter-Cultural Association of Greater Victoria, 2014). ICA serves over 2500 newcomers annually through one on one support and group settings on topics including settling in the CRD and Canada, employment, English language services, and specialized groups for youth, women, men and seniors. On a weekly basis, ICA's English language classes support over 450 newcomers. In 2015, ICA began working with community members to privately sponsor refugees as a Sponsorship Agreement Holder and in early 2016 ICA became a Resettlement Assistance Program provider to support government-assisted refugees arriving in Victoria, BC (Inter-Cultural Association of Greater Victoria, 2016). The organization provides diversity training and

resources for the broader community and works with over 200 businesses and organizations through ICA's Community Partnership Network (CPN) with the aim to build diverse, welcoming and inclusive communities in Greater Victoria (Inter-Cultural Association of Greater Victoria, 2016).

The organization is active in regional, national and sectoral bodies and networks that advocate at the policy level for sound immigration strategies. ICA has a reputation for creating innovative programming and is committed to responding to the changing needs within the newcomer communities it serves. The executive leadership has over 28 years' experience with the organization. A robust and dynamic organization, ICA operates with the commitment of over 90 staff members, 1200 plus voting members and is supported by more than 250 volunteers annually. Additionally, another 250 community members are involved in ICA as constituent groups sponsoring refugees.

Social enterprise was prioritized as a research area by the Board of Directors in the 2009-2015 strategic plan and again in the 2015-2019 strategic plan. A profitable social enterprise could provide diversification of funding, enabling the organization to develop and modify services and programs to reflect the changing needs of client without limitations imposed by grants and government funding. ICA has extensive business skills and experience running large-scale events such as FolkFest, a music festival bringing in crowds of over 150,000 people which ICA hosted from 1971 to 2006, as well as Luminara Lantern Festival with an audience over 20,000 for over 11 years. Both had significant percentages of earned revenue.

Considering a continuum of enterprise models and the risks associated with operating a social enterprise, ICA wants to ensure the determined enterprise model is a good fit for the organization and that ICA's leadership team understands the risks involved and how to manage these risks. The toolkit stemming from this project creates a streamlined process for the leadership team to efficiently explore social enterprise models and the accompanying risk levels.

### 1.3 PROJECT OBJECTIVES

The objective of this project is to create a tool for the Inter-Cultural Association of Greater Victoria (ICA) that increases ICA's organizational understanding and capacity to determine suitable social enterprise models that are income-generating and understanding of the steps involved in enterprise development.

#### Research Question:

1. How can ICA develop a social enterprise model that has a manageable risk level for the organization?

Manageable risk level is based on the ICA's capacity and resources in the planning and implementation phase. The report has been informed through a literature review, and eleven interviews from individuals with experience operating social enterprises, including two individuals from immigrant-serving organizations. The resource tool provides a framework for ICA to explore social enterprise models, both mission-based and non-mission based and to better understand the risks related within different social enterprise models.

### 1.4 BACKGROUND

ICA was formed in 1971 when various ethnic groups wanted to share their traditions and cultural heritage with the community, resulting in the first FolkFest. This festival began in 1971 as a small cultural celebration of performing artists and cultural music and dance. The festival ran until 2006. In the later years the festival drew crowds of over 150,000 people with artists such as k-os, K'naan, and Sam Roberts.

ICA also hosted the Luminara Lantern Festival, a large inter-active lantern festival with over 20,000 people in attendance. During the management of these festivals ICA increased their profit-making business skills, expanded their community relations and strengthened their reputation in the community.

Additionally, ICA has delivered small-scale social enterprises such as selling merchandise like the Inter-Faith calendars and has delivered fee-for-services in interpretation and translation services, and English as a Second Language classes.

As well as increased flexibility to respond to emerging needs and diversify revenue sources, operating a successful social enterprise has potential for ICA to enhance their visibility and reputation in the community. The social enterprise developed has the potential to garner public awareness of the added value that newcomers bring to the local community.

Outcomes from previous social enterprise feasibility studies conducted by ICA, revealed unmanageable risk levels within their current capacity. Before the organization moves forward with a social enterprise they want to be confident in their strategy and capacity to manage the risk (J. McRae, personal communication, September 2014). The resulting toolkit will assist ICA to assess suitability of social enterprise opportunities and the associated risk levels prior to determining a model.

## 1.5 ORGANIZATION OF REPORT

This report has four main sections. First, the report defines social enterprise and suggests a broad and inclusive definition for the purposes of this report. Next, the literature review presents the key characteristics of social enterprise including the blended return on investment rationale, asset-based ideas, value of social capital and the role of social entrepreneurs. Subsequently, the steps to developing a social enterprise are presented and the parallel risks in social enterprise development are explored. The findings section reports the perspectives of social enterprise administrators based on interviews with eleven key informants. The realities of social enterprise development and key issues that the interviewees have experienced related to risk management, board and personnel involvement are highlighted. The report concludes with a summary and synthesis of the key findings from both the literature review and the interviews and introduces the resulting toolkit. Future action for ICA to pursue are described in the options to consider and recommendations section.

## 2.0 LITERATURE REVIEW

### 2.1 OVERVIEW OF LITERATURE REVIEW

A literature review was conducted to further understand social enterprise and to inform the development of a toolkit for the Inter-Cultural Association of Greater Victoria that guide the ICA's leadership team to assess social enterprise models and organizational suitability. Literary sources primarily originated from Canada, United States and the United Kingdom. Sources included academic literature, reports, books, published and non-published journal articles and web-based materials.

The literature review contains five sections. Firstly, the literature review defines social enterprise and situates its emergence within the social economy. Through the lens of social innovation this report places social enterprise within the social venture continuum. Next the key characteristics of social enterprise are presented including a blended return on investment rationale, asset-based ideas, the value of drawing on social capital and the importance of having the right people involved. The steps to developing a social enterprise and the importance of ongoing monitoring and evaluation are outlined. The final section presents the risks associated with running a social enterprise. Gaps in the literature review are acknowledged.

Key themes reviewed include ways social enterprises have advanced organizational capacity and the steps needed to develop a social enterprise. Guided by ICA's concern to mitigate risk, this review had a particular focus on risk management. Specifically, this review looked at how risks are managed in the development and operational stages of a social enterprise. The findings from the literature review informed the semi-structured interview questions.

Information was prioritized to focus on social enterprises within immigrant-serving organizations, however there is limited information on this topic. The literature reviewed included general information on social enterprise and how the use of a social enterprise can create a socially innovative solution to societal issues and generate funds for non-profits.

### 2.2 DEFINING SOCIAL ENTERPRISE

The term "social enterprise" is continually evolving and the reviewed literature concedes that experts have yet to agree on an international definition (Swanson & Di Zhang, 2010; Fairbairn & Russell, 2014; Enterprising Non-Profits, n.d.). The definitions validate several methodological approaches and recognize that social enterprise "does not fall into one rigid model" (Fairbairn & Russell, 2014, p.243). Rather, social enterprise can be viewed as a framework used to create impact and add value to the community.

Placed within Canada and guided by ICA's objective for implementing a social enterprise, this research project uses the Enterprising Non-Profits (2010) definition of social enterprise as a non-profit business that sells goods or services for the purpose of generating income and/or achieving social, cultural, and/or environmental outcomes. Non-profits and voluntary organizations, also referred to as the 'third sector', are the organizations and associations that exclude public or private institutions (National Audit Office, 2010). Rather than a specific model, social enterprise is an approach employed by the third sector to diversify their revenue streams and/or increase their capacity to reach their mission. Defined this way, a social enterprise employed by ICA can offer a new approach at how this established organization operates and meet its strategic objectives (Fairbairn & Russell, 2014; Hall, Elson & Wamucii, 2014).

In defining social enterprise, the literature identified key components of successful ventures that include social entrepreneurs, social capital, asset-based ideas and blended return on investment, all of which will be explained in a subsequent section. First, it is important to situate the emergence of social enterprise in Canada within a larger social and economic context.

### 2.3 EMERGENCE OF, AND SITUATING SOCIAL ENTERPRISE WITHIN THE SOCIAL ECONOMY

Charles King, the founder of the Social Enterprise Alliance in the United States, describes social enterprise as creating long-term systemic community change, he says "what we are about is the business of changing the entire paradigm by which not-for-profits operate and generate the capital they need to carry out their mission" (Fairbairn & Russell, 2014, p. 259).

Canada is starting to catch up with other countries that are at the leading edge of social innovation and has begun to promote social enterprise as a strategy towards sustainability for non-profits (Fairbairn & Russell, 2014). In 2014, the BC Ministry of Social Development and Social Innovation proclaimed the month of April as Social Enterprise Month in BC (Province of British Columbia, 2014). Another key agent encouraging the use of social enterprise in Canada is Innoweave, a national organization which helps Canadian charities and non-profits have greater impact reaching their mission. Having received funding in 2012 by the J.W. McConnell Family Foundation, Innoweave now works closely with United Ways across Canada workshopping with non-profits to encourage them to create innovative solutions with a particular focus on social enterprise (Innoweave, 2015). Enterprising Non-Profits and Vancity Community Foundation are other notable non-profits continuing to advance social enterprise as a viable option to create innovative community change and diversify revenue streams, they do so by providing information, resources and funding for non-profits to further explore social enterprise models.

Funding streams within the third sector, such as government funding, granting foundations and donations, are changing. The funding norm has become unsustainable for both non-profits and funding bodies. As funding levels decrease, organizations continue to be bound by term commitments limiting service delivery and client eligibility (Enterprising Non-Profits, 2010; Findlay, 2008; Dees, 1998; Torjman & Reid, 2003; Westley, Patton & Zimmerman, 2006). As organizations are less able to rely on these traditional funding sources, they have begun to rely on more commercialized income sources such as social enterprise (Fairbairn & Russell, 2014). Realizing the old ways of securing organizational funding are not working (Taleb, 2009), the nonprofit sector is under pressure to become more entrepreneurial or "smart" (Huddart, 2010, p.224) and act like a business in an effort to secure a sustainable revenue sources (Morris, Webb & Franklin, 2011).

Goldenberg et al. (2009) posits the need for a "third system" (p. 14) in which non-profits go beyond the failings of the welfare state (social services delegated by the government and private sector) by building an alternative system for creating change (Pearce, 2003; Ransom, 2004). In the 1970's in Canada this "third system" emerged and is known as the social economy (Laville, Lévesque & Mendell, 2006). The social economy is constructed of organizations and businesses that are driven by social objectives but participate in the economy through business ventures (Mook, Quarter & Ryan, 2012). With a vision for sustainability, the social economy believes that initiatives created within the intersection of economic, social and environmental spheres lead to long-term community change (Therault, 2012; Vanderbilt, n.d.) as shown in Figure 1.



FIGURE 1 SOCIAL ECONOMY FRAMEWORK, (VANDERBILT, N.D.)

The third sector plays a key role in shaping and advancing the social economy, particularly through the framework that social enterprise advances community. Social enterprise emergence within the social economy is a socially innovative way for non-profits to advance their mission through earned revenue and unrestricted funds as opposed to traditional granting streams such as government or foundation funds (Ridley-Duff & Bull, 2011). Stanford University as cited in Goldenberg et. al (2009) describes social innovation as “a novel solution to a social

problem” (p.4) meaning the solution to the social problem is original and inventive. Social innovation can be further understood as the intersection and interdependency between the private, public, and third-sector (Goldenberg et. al. 2009) stressing that the three sectors can create sustainable change when working interconnectedly.

### 2.3.1 SOCIAL VENTURE CONTINUUM

Within the social economy, non-profits have responded by creatively developing solutions-focused initiatives, such as social enterprise, that fall within the continuum of what is known as social ventures, see Figure 2. Social ventures are a range of business models used within the private and third sector that have variable levels of return on investments. Business ventures that are closer to the middle of the continuum have a higher blended return on investment, meaning they are achieving a blend of social, cultural or environmental outcomes as well as financial outcomes (Kerlin, 2009). Business models on the not-for-profit side of the continuum include donations, fee for service and social enterprise. Ventures such as socially responsible businesses, corporate social responsibility and businesses that are strictly seeking profit are business models within the for-profit sector.



FIGURE 2 SOCIAL VENTURE CONTINUUM (THRIVE CALGARY, 2016)

The upsurge of social ventures within the third sector builds independence and autonomy from government bodies as these non-profits begin to generate their own revenue streams through other models such as fee for service or social enterprise. Experts suggest that non-profits can strategically partner with businesses to develop social enterprises, this allows the non-profit to capitalize on their business acumen and market reputation (Jackson and Nelson, 2004) of these established businesses.

Until recently most social enterprises were developed years after the host non-profits were in operation. Yet, research by Smith et. al (2000) states that there is an exceptional difference between social enterprises that are developed at the same time as the conception of the non-profit compared to social enterprises that were developed after the non-profit was in operation. Her research showed that social enterprises developed after the operational stage of the non-profit faced significant setbacks. Designing the mission and the business aspects at the onset generated a philosophy for how the business portion and the organization portion will operate and created a shared vision among all stakeholders as to the intended economic, social or environmental outcomes. Because the conception of the social enterprise began at the same time, the identity of the organization and the business skills needed to run the venture, were aligned. As such, social enterprises that were developed at the same time as the conception of the nonprofit had a much higher acceptance rate and were more closely aligned with the vision and values of the organization (Smith et al., 2010). In contrast, organizations that develop social enterprises years after they have been founded, as true in ICA's situation, may receive pushback from staff, board members, or other stakeholders. This pushback is often a result in varying priorities or challenges encountered while implementing or managing the social enterprise (Smith et. al, 2000). Although, this report focuses on non-profits that develop social enterprises after a non-profit is in operational stages, Smith et. al (2000) research shares evidence that having the foresight to start both the non-profit and social enterprise at the same time can positively affect both how the non-profit reaches its goal and the success probability of the enterprise.

## 2.4 KEY CHARACTERISTICS OF SOCIAL ENTERPRISE

Having an established understanding of social enterprise emergence and how a social enterprise fits within the larger context of the social economy it is important to discuss the key components identified in thriving social enterprises. Recognizing that social enterprise is a framework for the purpose to achieve mission-related or financial outcomes, there are a variety of distinct factors that influence the success of a social enterprise. The literature review pointed to these four key characteristics 1) ensure a blended return on investment, 2) draw on social capital in the community, 3) insist the idea is asset-based, and 4) have a social entrepreneur involved in the initiative.

### 2.4.1 BLENDED RETURN ON INVESTMENT

A component common within several social enterprise approaches and a key motivating factor for many non-profits to start a social enterprise, including ICA, is the "blended return on investment" (Enterprising Non-Profit, 2010; Fairbairn & Russell, 2014) meaning the efforts or investments input into the enterprise equals a profitability ratio that has combined return of financial and social benefits or a dual bottom line as briefly discussed in the social venture continuum. Even more so, many non-profits seek a triple bottom line described as a commercial approach if the outcomes achieve financial, social and environmental results and is commonly referred to as people, planet, profit (Kerlin, 2009).

While many non-profits are attracted to a social enterprise with a blended return on investment, there are social enterprises that are only income-generating, which exist to generate a profit, and there are mission-based social enterprises that are designed primarily to reach social, cultural or environmental

outcomes. Mission-based enterprises are enterprises that sell a product or service but do not expect to make a profit, while income-generating social enterprises are defined as an operation with a single purpose to generate profit (Enterprising Non-Profit, 2010).

One example of an income-generating social enterprise is a pay-per-use parking lot. The organization has a parking lot and rents parking spots on a daily, weekly or monthly basis and the profits are then directed back to the non-profit. This example of the parking lot enterprise does not meet a social goal of the organization, yet it is income-generating. The parking lot is a link to the charitable purpose if the parking lot uses an excess of capacity to generate profit (Corriveau, n.d.). The profit generated diversifies the organization’s revenue and increases unrestricted funds.

A blended return on investment ratio, tends to be more attractive to non-profits as they are able to meet both social and financial goals. As seen in Figure 3 below, within this ratio, a non-profit can pursue an enterprise that has a higher financial return on investment to generate profits. The profit may help the organization to offset some or all of the operating costs or to contribute towards a difficult-to-fund project. While other non-profits choose to develop an enterprise that will have a higher social return on investment ratio to enhance their capacity to meet a social purpose aligned with their mandate.

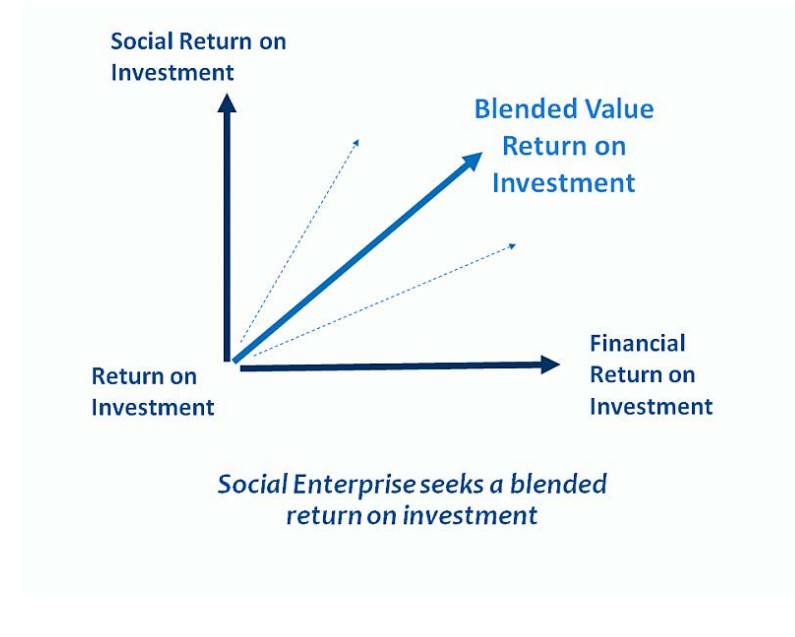


FIGURE 3 BLENDED RETURN ON INVESTMENT (SOCIAL ENTERPRISE CANADA, 2015)

One example of a successful Canadian social enterprise with a blended return on investment model is Ten Thousand Villages which is managed by the non-profit Mennonite Central Committee. Operating multiple storefronts across Canada and the US, Ten Thousand Villages purchases products at a fair price from artisans in developing countries and then re-sells the products for a fair price within Canada (Mennonite Central Committee Canada, 2014). Through the purchasing of products at a fair price they provide social benefits to artisans in these communities as well the profits are directed back into community programming in the developing countries where the artisans live. As stated on

Mennonite Central Committee website (Mennonite Central Committee, 2014), all profits from the storefronts are directed back into the organization’s community programming in developing countries, resulting in a blended return on investment with outcomes for the artisans, their communities and the Mennonite Central Committee.

Another social enterprise model that has a blended return on investment ratio is an employment-based social enterprise model (Fairbairn & Russell, 2014; Enterprising Non-Profits, 2010). An employment-based model is a social enterprise that employs traditionally unemployable groups such as individuals that are homeless, dealing with addiction or individuals that have been out of the workplace for a number of years

(Borzaga & Defourney, 2001). Employment-based social enterprises are typically managed by organizations with a mission to support individuals with persistent barriers to securing and maintaining employment. By employing the “hard-to-employ” through a social enterprise, the individuals gain workplace experience in a supportive environment that may offer extensive on-the-job training and flexible workplace environment. The outcomes of this model achieve a social goal of reconnecting marginalized groups back to the labour market, and overcoming unemployment and social exclusion (Borzaga & Defourney, 2001; Nyssens, Adam & Johnson, 2006).

Potluck Café and Catering managed by the Potluck Café Society, is a successful example of an employment-based social enterprise model. This award winning social enterprise in the downtown eastside of Vancouver, BC creates job opportunities for vulnerable people through its café and catering services, while meeting the catering needs of its growing market (Potluck Café Society, 2016). This employment-based social enterprise has a blended return on investment model, allowing the society to earn revenue through the café and catering services and direct the profits towards its community-based programming for vulnerable people living in the downtown eastside of Vancouver, BC.

#### 2.4.2 ASSET-BASED

The second component heavily referenced in the literature that impacts the success of a social enterprise is a business idea that is based on community assets or resources. The concept of asset-based community development, or ABCD, is to draw on the skills, resources and other assets within the community as opposed to focusing on the needs or weaknesses (Cunningham & Mathie, 2002). Social enterprises have traditionally been bottom-up or grassroots initiatives working from an asset-based or strengths-based approach. Ridley-Duff & Bull (2011) describe that social enterprises rooted in an ABCD approach will have a higher likelihood of community-integration and public support.

Asset-based community-development is a strategy within community development that is seen as being intentional and integral to how the community builds long-term sustainable growth. Using an asset-based approach leverages existing strengths, assets or skills in the community. This approach can also engage the community in the social enterprise and elicit intrinsic incentives for the community to support the initiative. For example, Potluck Café and Catering as seen in Figure 4 identified the availability of individual seeking employment as an asset to meet their catering needs (Potluck Café Society, 2016).



FIGURE 4 HELEN HILL, EMPLOYEE OF POTLUCK CAFE AND CATERING (POTLUCK CAFE AND CATERING, 2016)

### 2.4.3 SOCIAL CAPITAL

Social capital is the third characteristic referenced in successful social enterprises. Brown & Hannis (2008) describe social capital as the social connections and networks between people in the community. These social connections can begin from one individual or an organization and continue to build upon each new connection making up a large network of individuals or organizations that share linkages and make up a social network as shown in Figure 5. Social capital has a recognized nonfinancial value (Jackson & Nelson, 2004; Tenerife, 2010). Built from within communities, social capital engages society to think beyond

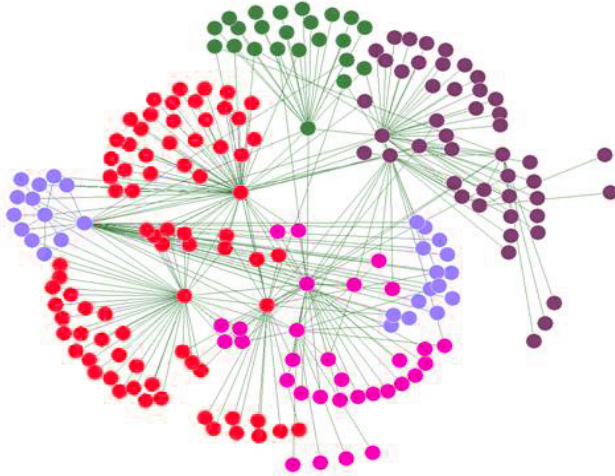


FIGURE 5 SOCIAL CAPITAL DIAGRAM  
(TENERIFE, 2010)

simple models of economies and to see interconnections related to the health and vitality in communities. Developing social capital is a bottom-up process where individuals make connections on their own accord or through existing networks resulting in empowered target groups and the whole society. Social capital involves the qualities of social life, networks, norms and trust that enable individuals to act together more effectively (Putnam, 1996). The Canadian Community Economic Development Network (2007) states "social enterprises are powerful tools to address issues of poverty by creating social, human, and financial capital; they build and strengthen social networks and generate economic benefits" (p.3).

Social enterprises with social outcomes have a potential advantage over traditional businesses. With strategic marketing and positive reputation, they will likely attract individuals with similar values and existing organizational stakeholders leading to enhanced social capital and social networks in the community (Canadian Community Economic Development Network, 2007).

Solutions developed, in collaboration with community, lead to increased connection and relationships among a community. Communities with high social capital have better connections within and between groups and connections or links between the private, public and the third sector (Edwards, 2009; Jackson & Nelson, 2004) and results in increased trust and reliance among members. Furthermore, built social capital increases the likelihood of success in new developments (Dowla, 2006). In early 2016 when ICA began delivering the Resettlement-Assistance Program for government-assisted refugees, the organization relied on the strong social capital between various sectors such as health, education and housing. Strong relationships are a key impact area in the organization's current strategic plan and continues to build social capital through its 200-member Community Partnership Network (CPN). Representatives from multiple sectors gather quarterly to share learnings, challenges and trends in creating welcoming and inclusive communities. As a result of the existing strong social capital within these community groups, ICA was able to easily secure resources such as housing and develop efficient systems like healthcare services for newly arrived refugees.

The strong social capital also links to greater success in securing financial capital in social enterprise start-ups by drawing on lending institutions and donor relations. Should ICA develop an employment-based social enterprise, it is important to note that social capital is especially important for new immigrants to integrate into a community as it creates a welcoming atmosphere and sense of belonging. It is through

this framework that social enterprise is understood as an innovative way of solving community need and creating lasting impact.

#### 2.4.4 SOCIAL ENTERPRISES LINK TO SOCIAL ENTREPRENEURS

The three characteristics of blended return on investment, asset-based ideas, and built social capital heavily influence the success of a social enterprise, however these characteristics are null if the right people are not involved. Successful social enterprises are built by social entrepreneurs. Generally, entrepreneurs are business people that focus on profit; in recent years there has been a shift that inspires and empowers people to create change for social good, these individuals are now termed social entrepreneurs (Ridley-Duff & Bull, 2011). The BC Centre for Social Enterprise as cited by Findlay (2012), maintains that social enterprise uses an "entrepreneurial approach" where business approaches are used to address social issues and create positive community change. Jackson and Nelson (2004) describe social entrepreneurs as people that create innovation focused on the triple bottom-line or people, planet, profit that meets a social need and reinforce community values.

The literature reviewed stressed the importance to harness and bring on the right individuals to create social enterprises and described these individuals as idea-driven, realistic about failure, with entrepreneurial spirit and business acumen (Praszkier & Nowak, 2012). So while a non-profit may have the right idea, if they do not employ the right social entrepreneur, the social enterprise can often fail because the people involved did not have the dedication, skill or energy to see the project through.

So while the organization can be completely ready to take on a social enterprise, a common theme that emerged from the literature is the importance for entrepreneuring people to be involved either at a staff or board level who are willing to take risks and understand the investments required for success (Enterprising Non-Profits, 2010). These entrepreneuring people or social entrepreneurs are innovators and problems solvers that are passionate about community and long-term social change (Praszkier & Nowak, 2012). Bill Drayton, the director of Ashoka Innovators for the Public, a global incubator for social entrepreneurs and social innovation, describes social entrepreneurs as people that "can produce small changes in the short term that reverberate through existing systems, ultimately effecting significant change in the longer term" (Bill Drayton, 2000). Ashoka Innovators for the Public states in their mission statement "everyone is a changemaker" (Ashoka, n.d., para 1) recognizing that everyone has potential to make lasting community change.

To further illustrate the importance of social entrepreneurs' impact on a social enterprise, the case study of Grameen Bank developed by social entrepreneur Muhammed Yunus is presented.

#### 2.4.5 CASE STUDY OF GRAMEEN BANK

One of the most referenced social entrepreneur example identified through the literature review is the 2006 Nobel Peace Prize winner, Muhammed Yunus. In 1976 Yunus had a vision to reduce poverty, specifically among women in Bangladesh. He created a microfinance institution called the Grameen Bank (Ridley-Duff & Bull, 2011; Dowla, 2006; Westley, Patton & Zimmerman, 2006; Praszkier & Nowak, 2012). Through the long term vision of raising economic capacity among marginalized and lower income individuals Grameen Bank created sustainable community economic development in poor areas of Bangladesh.

Grameen Bank's success was due to a business model structured in innovation and risk taking that is inherent in social entrepreneurs. The bank's philosophy was to hire and train employees that genuinely

care for the concern of people in poverty (Dowla, 2006. p.107). Yunus recognized the value in the relationship building and social capital between the employees and the borrowers. The business model believes and honours the capacity and integrity of the borrowers to pay back. Additionally, borrowing agreements such as “no loans forgiven” and the guarantee of borrowers to increase their financial management skills continued to increase the social capital between the borrowers and the employees at the bank. As such, this model has been very successful and Grameen Bank has one of the highest repayment rates among all other micro-loan institutions (Westley, Patton & Zimmerman, 2006).

Yunus realized that this initiative had to be grounded on a deep sense of connection and social capital between community members. This social capital was drawn on to build the success of the model and to continue to build social capital within the community. Creating social enterprise understands that there is a need for social capital in order to be successful. The Grameen Bank example provides an additional dimension to understand how social capital and social economy fit into the scope of social enterprise and the importance of a social entrepreneur in social enterprise development.



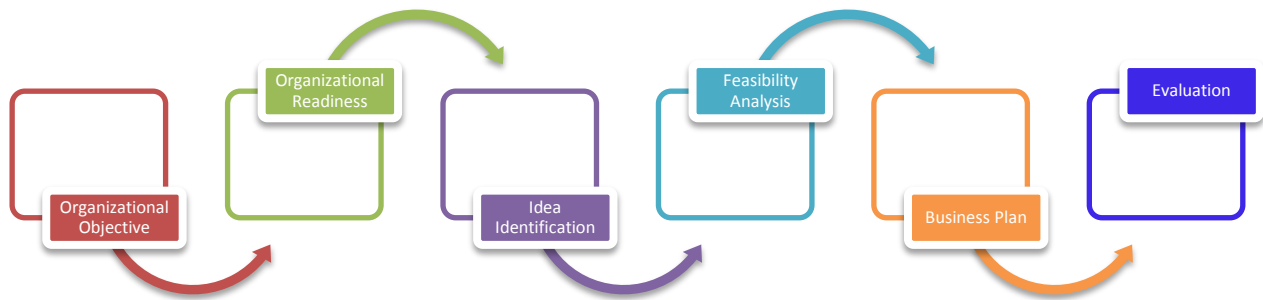
FIGURE 6 MUHAMMAD YUNUS WITH GRAMEEN BANK'S BORROWERS (GRAMEEN FOUNDATION, 2011)

Utilizing some of all of these four characteristics of blended return on investment, advantages of social capital, building an enterprise from an asset-based approach and the value of engaging a social entrepreneur a non-profit will have increased potential to developing and operating a successful social enterprise.

## 2.5 PROCESS OF STARTING A SOCIAL ENTERPRISE

Understanding the opportunities that can emerge by using a social enterprise framework to advance change and gaining insight into the key characteristics of developing such venture, the next step is learning the steps how to start a social enterprise.

The subsequent sections will outline each process, however first a high level overview of the process of starting a social enterprise is presented. The first step is to determine the organization's objective for starting a social enterprise; second is to assess the organization's readiness to run a social enterprise; third is to identify the social enterprise idea; fourth step is the feasibility analysis; fifth step is the business plan and the last step is to evaluate the initiative. See Figure 6 below for visual process of starting a social enterprise.



**FIGURE 6 STEPS OF STARTING A SOCIAL ENTERPRISE**

Experts in social enterprise have varying models outlining the steps to implement a social enterprise. While these steps may differ in some ways, there are key components that remain vital to a successful social enterprise. To ensure the organization is diligent in its enterprise development, it is crucial to complete all steps. Failure to complete any step can result in wasted resources such as financial or human.

### 2.5.1 ORGANIZATIONAL OBJECTIVE OF SOCIAL ENTERPRISE

The first step, and perhaps the most problematic if not addressed early on, is to ensure the non-profit is clear on their objective for starting a social enterprise (Mook, Quarter & Ryan, 2012; Enterprising Non-Profits, 2010; Fairbairn & Russell, 2014). Many organizations want a blended return on investment with combined mission-related and income-generating aspects. However as outlined later in the risk section of the literature review, many non-profits struggle to find a thriving social enterprise with a blended-model that is the right fit for the organization. If the organization is overzealous with their objective this can cause complications in the implementation phase. For example, the organization determines their objective is to run a mission-related social enterprise then the board or staff become disappointed when the social enterprise is not making a profit. While the organization may have ambitions to have both income and mission-related aspects, they need to be realistic about what is possible using the resources and skills of the organization. Through an assessment of the organizational goals including financial data and evaluation of programs and staffing the organization can make an informed decision as to the objective of their enterprise.

### 2.5.2 ORGANIZATIONAL READINESS

Aligned with ICA's cautious approach to developing a social enterprise and is clear on their objective, the second step is to ensure organizational readiness. The organizational readiness phase includes assessing experience, leadership and business skills and risk management capacity. The organization should be assessed as a whole and particularly at the executive and the board level. Enterprising Non-Profits (2010) has developed an Agency Self-Assessment Questionnaire that probes organizations to reflect on these three areas: basic organizational readiness, social enterprise readiness and business readiness. Key questions asked in basic organizational readiness are focused on the strategic plan, internal conflict and change, diversified funding streams, results oriented and risk appetite among staff. Questions in the social enterprise readiness section include the fit of the idea with the organization's assets and mission, organizational understanding of social enterprise, availability of staff and board time, and awareness of market competitors. The last section on organizational readiness asks about the business experience, accounting systems, fundraising capacity, entrepreneurial skills and resources to contribute to the enterprise (Enterprising Non-Profits 2010). Enterprising Non-Profits (2010) stress the importance of

ensuring the organization is prepared to operate a social enterprise and that there is a good fit between the idea and the organization.

### 2.5.3 IDEA IDENTIFICATION

After the organization has determined it is ready to take on such venture, comes the idea generation for the social enterprise. The literature suggests this phase is preferred after the organizational readiness phase as the more information and reflection the organization has on their capacity, skills, networks, and resources will better inform the scope and idea of the enterprise (Enterprising Non-Profits, n.d.).

Speaking to the importance of asset-based community development, Kothari (2001) tells us to “ensure development interventions are based on local knowledge and experience is more likely to be relevant, ‘home-grown’ and therefore sustainable” (p. 18) reminding organizations to create social enterprises based on market research and needs of the community. The more engaged the community is and has the opportunity to provide input, the more likely they are to support the initiative. Through the process of identifying the idea, the organization can understand how to best use the market to serve the community and draw on social capital by mobilizing the stakeholders (Fairbairn & Russell, 2014; Mook, Quarter & Ryan, 2012). This community engagement approach incorporates and highlights the social capital and social networking components that stress the importance of stakeholder relationships (Mook, Quarter & Ryan, 2012).

Further connected to stakeholder relationships, non-profits have increased pressure to act like businesses or for-profit companies (Dees, 1998) to succeed in a changing economy, yet social enterprise experts believe that non-profits lack business acumen. So while it is essential that non-profits are leading the solutions to social problems, there is recognition that effective and sustainable solutions require strategic private partnerships to employ successful business development (Alvord, Brown & Letts, 2002). Working in partnership, businesses more frequently want to align themselves with non-profits to expand their marketing demographic which can be mutually beneficial for non-profits as they can leverage the businesses resources to reach their social or mission goal (Wymer & Samu, 2003). Assuming the business and the non-profit expectations are complementary a successful relationship and venture has potential. In cases such as ICA where they have a high social capital through a positive reputation, there could a substantial benefit to partnering with the private sector to develop a social enterprise.

After the organization has determined either a single or multiple ideas for an enterprise they can use a decision-making matrix to help them identify the best fit for the organization (Fairbairn & Russell, 2014). Using a decision-making matrix aides the organization to be clear on their objectives for utilizing a social enterprise and prioritizes the key assessment areas (Enterprising Non-Profits, n.d.). As seen in the sample decision-making matrix in Table 1 below, the organization can insert their objective for utilizing a social enterprise and rank them based on their value to the organization. For example if the organization wants an income-generating social enterprise they would rank the potential revenue as high.

<b>Social Enterprise Decision Making Matrix</b>			
<b>Priority</b>	<b>Points (1-4)</b>	<b>Value</b>	<b>Score</b>
Mission fit			
Scalability			
Customer-base			
Ease of implementing			
Potential revenue			

Capital investment			
			Total score

TABLE 1 SAMPLE SOCIAL ENTERPRISE DECISION MAKING MATRIX

This matrix provides an impartial way of assessing social enterprise ideas for the organization and can drastically assist an organization that may be more prone to make decisions based on feelings instead of facts.

2.5.4 FEASIBILITY ANALYSIS

Now that the organization is clear on their objective, understands the full scope of developing and running a social enterprise and has an enterprise idea, they need to make sure it is feasible. The feasibility study gives more information to the organization if the idea is achievable and financially sound and has a manageable risk level. The feasibility study is a high-level data-informed report that provides an overview on market research, including if this business already exists in the market; who its competitors are; a customer-analysis examining the habits of the proposed customers and viability of them supporting the business; an overview of the revenue and expenses.

Propellor Social Enterprise Advisors (2012) describe risk as risk management as a “process that allows a social enterprise to cope with uncertainty by taking proactive steps to protect its assets and resources” (p.6), further stressing the importance of employing a risk management framework to be better prepared to mitigate and manage the risks that arise or prevent them from happening. The feasibility study acts as a risk assessment tool as it identifies risk levels and provides financial information on the social enterprise to the organization. Risk will be more thoroughly explained in a later section.

Elizabeth Green, a manager with Vancity Community Foundation (as quoted in Findlay, 2012) advises non-profits that social enterprises are not "cash cows" and further explains that many do not bring in the revenues that are originally expected. She goes on to describe that a viable social enterprise should reflect a good profit margin of 10-15% and from her experience many ideas that non-profits put forward are not backed by sound business cases making it difficult for her foundation to provide financing.

2.5.5 BUSINESS PLAN

Moving on from a positive outcome of the feasibility analysis, the next step is to use these findings to prepare a complete business plan for the social enterprise. The importance of creating a business plan to demonstrate the full feasibility of the social enterprise within the context of the location (Cash, 2005) as well as to thoroughly understand the resources needed to invest in the enterprise (Enterprising Non-Profits, 2010; Fairbairn & Russell, 2014; Praszkie & Nowak, 2012).

Information presented in a business plan should include: summary, background, market analysis, marketing plan, operational details and financial overview (Enterprising Non-Profits, 2010). At a high-level the business plan should present a detailed plan to both internal stakeholders such as board and staff as well as external stakeholders including funders and partners. The operational details and the financial overview should clearly outline the resources and capital required for the development of the social enterprise as well as the ongoing resources that are needed to maintain operations.

2.5.6 IMPLEMENTATION PLAN

After completing all previous steps if the organization determines they wish to proceed with the enterprise they are now ready to start implementing the initiative. The implementation phase can take

months to years contingent on the scope of the project and the required start-up costs (Ridley-Duff & Bull, 2011). Depending on the capital costs there may be additional phases of securing capital such as running a capital campaign. Regardless of the length or complexity of the start-up phase there is a need to create a road map or implementation plan to guide this process as this phase can be financially draining and rely heavily on existing organizational staff. The road map is a detailed plan of the actions and timeline to implement the enterprise. This phase may or may not be included in the business plan.

### 2.5.7 EVALUATION OF SOCIAL ENTERPRISE

With any new venture or business, ongoing monitoring will help to assess and ensure the initiative is able to reach the intended objectives. Through regular monitoring issues can be managed and dealt with in a timely manner to improve service and systems, rather than resulting in a large problem that is unmanageable. Data and results from performance measurement can be shared with external funders or partners as well as internal bodies such as staff and board. The measurement tools should be aligned with the original objectives of the project to reflect the financial and/or social outcomes. It is easy to become side-tracked by financial outcomes and forget about the social objectives as the leadership and board of directors will be ultimately responsible to financial accountability. On the contrary it is common to not track the input of human resources or management time into the endeavor. Information should be shared regularly both within the team managing the social enterprise and the organization's executive team. Within the evaluation framework, effective data tracking tools will be important to identify and decision-making tools will help the team stay focused on the outcomes and ensure effective and timely decision making.

## 2.6 RISKS OF SOCIAL ENTERPRISES

Seven out of 10 businesses fail within the first three years (Dees, 1998). Considering this high failure rate it is not surprising that many non-profits fail at social enterprise. Business development requires intense effort, research, networking and skill to succeed. As non-profits are operating a full organization, often with client-services, it is understandable that a non-profit will struggle to create a successful social enterprise. The literature review indicated that non-profits are presented with a huge opportunity to benefit from utilizing a social enterprise model, however it is contradicted by the reality that many non-profits face considerable risks (Social Enterprise Canada, n.d.). Experts in the literature attributed a high failure rate due to lack of business acumen and low access to financial capital (Dees, 1998). The reason why non-profits fail at social enterprise is because they "lack the organizational capacity" primarily related to profit-making business skills (Loxley, Silver, & Sexsmith. 2007, p.19 & 20).

Propellor Social Enterprise Advisors (2012) describe risk management as a "process that allows a social enterprise to cope with uncertainty by taking proactive steps to protect its assets and resources" (p.6), further stressing the importance of employing a risk management framework to be better prepared to mitigate and manage the risks that arise or prevent them from happening.

Risk assessment tools aid an organization through the process of determining if the selected social enterprise model is the right fit for their organization. Through the process of assessing risk, non-profits are able to identify levels of risk and address ways to mitigate or manage the risk and then decide if they have the resources and capacity to manage the risks and move forward with social enterprise. Management and Board of Directors that fail to assess risk areas of developing or implementing a social enterprise often result in failed enterprises.

While the most brilliant solutions and inventions come from taking risks, ironically, non-profits typically have a low appetite for risk given their board of directors have a fiduciary responsibility and most non-profits have low access to cash flow. Many non-profits are unwilling to take the financial risk of contributing cash flow or capital assets; or the human resource risk such as staff or board time necessary to provide the resources that are actually needed to create financially profitable social enterprises. In spite of this, managing risks described as the process of reducing the probability, likelihood or consequence of harmful liabilities, can drastically increase the success rate of social enterprises in non-profits. Further, because it can take between three and five years for social enterprises to start generating profit, non-profits should expect to contribute financially to the social enterprise in the start-up years. This means it is especially important to secure the capital needed to start the project and to continue to ensure sufficient cash flow (Fairbairn & Russell, 2014). While it is risky to invest in unknown markets it is essential that through market analysis and grounded business planning the executive be able to contribute the resources necessary.

Expanding beyond the risks of human resources and income or financial, Propellor Social Enterprise Advisors (2012) identify property, liability and compliance as three additional types of risk. The risks of property relate to the reputation or brand of the organization, theft of materials or loss or destruction of building assets; liability is the legal responsibility connected to the service or product including injuring the customer or legal obligations outlined within the social enterprise with stakeholders; the last risk outlined is compliance, referring to the legal liability as it relates to workplace employment standards and the health and safety of employees. Further examples of these risks are outlined in Table 2.

<b>People</b>	<b>Property</b>	<b>Liability</b>	<b>Income</b>	<b>Compliance</b>
Workplace injuries	Partial or total loss of premises	Injury to clients, general public	Loss of grant funding	Laws & regulations, know what applies to your social enterprise
Death, disability, retirement	Theft of equipment, inventory, cash, information	Product liability	Revenue shortfalls	Legal responsibilities of employers
Resignation	Intellectual property compromised	Damage to property of others	Fire, floods, natural disasters	Workplace health & safety
Disengagement	Brand & reputation damaged	Breach of contract	Change in market conditions	Human rights
		Professional liability		Privacy

TABLE 2 FIVE TYPES OF RISKS OF SOCIAL ENTERPRISE IN NON-PROFITS (PROPELLOR SOCIAL ENTERPRISE ADVISORS, 2012).

### 2.6.1 PEOPLE

One of the largest risks of a social enterprise as outlined in Table 2 above, are the people. The human resources are arguably the most important aspects and play a vital role in whether the non-profit will succeed with a social enterprise, Fairbairn & Russell (2014) believe a successful social enterprise starts with the role of board governance. They suggest that the board can play a key role in ensuring that the

management team benefits from autonomy to increase innovation and creativity (Fairbairn & Russell, 2014) as well as guidance on how to invest their energy. There is a risk that if the board does not understand the value and time investment required for the social enterprise to begin to produce outcomes, an executive decision could be made to abandon the initiative.

Many non-profits rely on existing staff rather than hire for the skills needed to run the social enterprise. Unfortunately, many existing staff lack business acumen required for the management of a social enterprise. To add to the lack of business skills among the staff coordinating the venture, the organization tends to rely heavily on existing management, resulting in drained organizational resources and suffer from mission-drift (Dees, 1998), meaning when the organization moves away from their mission or vision and focuses too many resources on the social enterprise.

### 2.6.2 PROPERTY

Another risk category is property which includes physical damage or theft to the building or equipment. Security measures such as building alarms unique to each personnel can help mitigate this risk. As well intellectual property could be misused or stolen, adding to the importance of ensuring organizational data and confidential files are secure, locked and password protected.

Also embedded in this category is the negative damage to an organization's reputation in the community and among their stakeholders. Given the importance of partnerships, particularly as it relates to social capital, it is vital to ensure positive branding of the organization and reduce any negative reputation (Ridley-Duff & Bull, 2011).

### 2.6.3 LIABILITY

The liability category are errors that that cause harm and is the responsibility of the enterprise. Possible risks in the liability category may include product liability or injury to clients, customer or general public such a faulty equipment or contaminated product. Another example may be the damage to another person's property or breach of contract.

### 2.6.4 INCOME

Further to the role and governance of the board, others believe that securing the capital for a social enterprise will be one of the most detrimental challenges for a non-profit and that can lead to the failure of their social enterprise (Manwaring, Valentine & Thomson, 2011; Lewis, 2006). The board has a financial and fiduciary responsibility to manage the organization, yet taking risks can also provide growth opportunities; as such there is a balancing act required to manage both risk and opportunity.

Non-profits tend to have a difficult time securing the necessary capital costs required to start the social enterprise and fail to secure or have the foresight to manage the cash flow essential for daily operations. One of the fundamental determinants of whether a venture will be structured as a for-profit or non-profit are the financial capital that is required for the start-up of the enterprise.

### 2.6.5 COMPLIANCE

One significant challenge that non-profits face as they start social enterprise are the limitations Canada Revenue Agency (Government of Canada, 2003) places on charitable organizations conducting mission-related and unrelated business through its Income Tax Act which outlines the guidelines for operating a charitable organization. Canada Revenue Agency defines related business as "businesses that are entirely

run by volunteers or businesses that are linked to a charity's purpose and subordinate to that purpose" (Corriveau, n.d.). Given this definition, many social enterprises are admissible as related business. However social enterprises that fall outside of this definition must determine the suitable legal structure for their venture to ensure they are in compliance with Canada Revenue Agency (CRA).

With the rise of income-generating social enterprises there has been increased pressure on CRA from non-profit organizations on CRA to provide increased flexibility for non-profits to developing income-generating enterprises. In March 2013, Canada's Ministry of Finance (n.d.) implemented the Community Contribution Company (CCC or C3) which is a hybrid model of a profit and non-profit organization. This change was an effort by Canada Revenue Agency to address the challenges that many non-profits faced with the limitations on business-related activities as they were sought ways to meet social needs through a business model. This change in legislation meant that a non-profit can change their status to a Community Contribution Company which allows for related mission or non-related activities, providing increased opportunity for the CCC to operate a social enterprise. For example, as Fernwood Neighbourhood Resource Group (NRG) discovered their social enterprise the Cornerstone Café, did not fit in with CRA's tax regulations they had to restructure the enterprise to adhere to legal regulations (Findlay, 2012).

## 2.7 GAPS IN THE RESEARCH

The literature review planned to discover social enterprise approaches that are unique to immigrant-serving organizations. However, little information was found that focused on immigrant organizations utilizing social enterprise models. This may be due to the lack of documentation within existing social enterprise as well as social enterprises not being labelled as such. However, based on the information gathered in the literature review, it was determined there is not a specific approach within immigrant-serving organizations to use a social enterprise model, rather social enterprise is a framework that can be used within any non-profit to better reach their mission or financial goals. The steps to developing a successful social enterprise remain constant regardless of the organizational mission. Understanding this concept better informs the project and toolkit development.

As more non-profits adopt social enterprise as a model for creating community change it is expected that more information targeted to non-profits will be developed and the terms will be further broadened. The literature review focused on gathering information and data to help answer the research question for this project. In the next section the methodology for this project is introduced and will be followed by the findings from the interviews.

## 3.0 METHODOLOGY AND METHODS

### 3.1 METHODOLOGY

This research project used a qualitative methodology, drawing on a participant's experience by asking open-ended questions during interviews and analysis of themes and pattern interpretation (Creswell, 2014). The research was informed by a literature review and data analysis from key informant interviews.

### 3.2 METHODS

#### 3.2.1 LITERATURE REVIEW

Beginning with the literature review, information was gathered on how social enterprise is defined and utilized within non-profits, varying models, and risk management of social enterprise. The information was prioritized from social enterprises within non-profits and specifically within immigrant-serving organizations. Data was collected through academic literature, grey literature, and online materials.

#### 3.2.2 KEY INFORMANT INTERVIEWS

Following the literature review key informant interviews were conducted. Questions were asked related to risk management, the decision making process of planning, implementation, and the evaluation stages of social enterprise development. Individuals with experience implementing, running or evaluating social enterprises in non-profit organizations, with a priority on immigrant-serving organizations, were identified through the literature review and were compiled into an interview contact list. Introductory recruitment letters (Appendix A) were emailed, as each participant confirmed their interest in the project they were emailed a participant consent form (Appendix B) to review and sign. All signed consent forms were received prior to the interview either electronically or in-person at the time of the interview.

In total 11 interviews were conducted. The social enterprise administrators that participated in this research included two individuals currently working within immigrant-serving organizations and nine individuals that have personal or organizational experience developing and managing a social enterprise(s).

Due to the hidden market of the social enterprise sector, there was some difficulty initially identifying individuals that have experience using social enterprise models within immigrant-serving organizations. For that reason, a snowball sampling methodology (Atkinson & Flint, 2013), where other interviewees suggest participants, was used to find individuals that are working within a social enterprise. Luckily, this sector demands a high-level of social cohesion with built social capital and participants were extremely helpful connecting and referring to other participants.

Interviews were scheduled at convenient times for the participants and were conducted in-person for individuals based in Victoria, BC and via telephone with individuals outside the Victoria, BC area. All interviews followed the semi-structured interview questions (Appendix C) which were informed by the literature, and with input and approval from the client. The semi-structured interviews asked questions related to risk management; the decision making process of planning, implementing; and the evaluation of a social enterprise. The semi-structured interview methodology created a conversational approach and gave flexibility for the conversation to flow and have questions asked at different times based on the

participant's responses. All participants gave consent to have their interviews audio-recorded. Notes were also taken during interviews.

Using this qualitative methodology multiple data sources were corroborated (Creswell, 2014) and insight was gained from individuals with experience running social enterprises in non-profits. These findings combined with expertise drawn from participants and through data analysis, have informed the toolkit developed for the client.

A number of limitations presented challenges for this research project including the limited research on social enterprises specifically operated by immigrant-serving organizations. The interviews aimed to increase data integrity and find information that would specifically assist the client to identify risk and determine if the social enterprise idea is a good fit for the organization in an efficient manner. Insufficient time to conduct a full round of interviews with non-profit organizations inside and outside the immigrant-settlement domain that are familiar with social enterprise models, was an additional limitation within this project.

### 3.3 ANALYSIS

Key themes were identified through the process of dictating and transcribing each interview. Kirby & McKenna highlight the efficiency of analyzing data in a short time period (p.79, 1989) by managing data into various categories. They emphasize the importance of visualizing the data through mind-mapping and organizing small pieces of data called "bibbits" into "overall schemas" (p. 135). The analysis continued through the process of conducting and transcribing each interviews. During the coding and mapping of the bibbits, the categories and the relationships between the data emerged allowing the data to be analyzed and grouped into themes (Creswell, 2014).

The analysis benefitted from "living with the data" (Kirby & McKenna, 1989), by creating distance away from the data and challenging the information to be digested in a deeper way. The findings from the literature review and the themes that emerged from the interviews have informed the development of the toolkit.

### 3.4 PROJECT LIMITATIONS AND OPPORTUNITIES

The framework of exploring social enterprise models within community and immigrant-serving organizations created both limitations and opportunities. As social enterprise is an emerging method to solving social issues there is limited academic research pertaining specifically to immigrant-serving organizations use of social enterprise models. Information from social enterprises within immigrant-serving organizations was prioritized, however this information was scarce. Additionally, organizations that are using a social enterprise model are often hidden from the public or not identified as a social enterprise, such as an interpretation or translation business but is run by the organization both for clients and community members or housing for seniors.

One study however, conducted by the Canadian Community Economic Development Network (CCEDNet) in 2010 completed on ethnic cultural community groups provided an inventory of social enterprises run by immigrants in Canada. There was limited research available that provided information on how immigrant-serving organizations have used social enterprise models to advance their mission or increase organizational capacity. Due to the volatile market of funding within the immigrant sector this research was especially crucial to discover how other immigrant-serving organizations may have used a difference approach to implementing and managing the social enterprise.

The term 'social enterprise' provided limitations to finding specific data. However, reframing the search terms to focus on the impacts and outcomes created from social enterprise development resulting in a more expansive and inclusive framework including social venture and social innovation. Through this shift the project explores social enterprise as a framework rather than limited by its terminology.

The following sections of this report outline the findings from the interviews and a comparison of the literature review and analysis from the interviews is presented in the discussion section.

## 4.0 FINDINGS

This section of the report provides an overview of key findings gathered through one-on-one interviews. A total of 11 interviews were conducted with social enterprise experts including consultants, staff running social enterprise at immigrant-serving organizations, a community leader in a financial institution, professors of social enterprise, social entrepreneurs and a board member. Participants consisted of five females and six males. All participants work within British Columbia primarily based in the Capital Regional District and the lower mainland.

The social enterprise administrators that participated in this research included two individuals currently working within immigrant-serving organizations and nine individuals that have personal or organizational experience developing and running a social enterprise(s).

Interviewees had various backgrounds and experience with social enterprises, including one interviewee who had developed a social enterprise within an immigrant-serving organization, to interviewees who have worked as consultants in the social enterprise field within multiple sectors. Social enterprises administrators represent property management, hospitality, retail and production sectors. The key themes that emerged include context of the funding, policy, location, organization culture, capacity, business acumen and steps needed to implement a successful social enterprise. Other themes focused on the strength and scalability of the business idea and the need for the enterprise idea to align with organizational values, be strengths-based and endorsed by the community. There was a general agreement that developing a social enterprise is a huge undertaking and includes many levels of risk including financial and organizational reputation; and to be successful, the social enterprise needs to be developed with a long-term vision, not as an effort to create a quick solution to a problem. Lastly, all research participants shared perspectives that more social enterprises should share their failings as well as their successes.

### 4.1 CONTEXT: FUNDING & POLICY

Understanding the context that has motivated non-profit administrators to develop social enterprises provides insight into the interviewees' responses. In this section, the interviewees reflect on how the change in public funding and policy has impacted how their organization is structured and the need to explore alternative funding models.

#### 4.1.1 FUNDING ENVIRONMENT

Interviewees shared the importance of situating social enterprise within the local context, funding parameters and social enterprise policy in Canada. They shared perspectives of how government funding has continued to shift as public dollars has decreased over the years. Some interviewees pressed on about the eminent need to diversify revenues and said that non-profits "need to do [something] now to protect their long-term security" referencing that public dollars have been reduced and organizations need to think about how they can invest for their future to continue to create community change and reach their mission. Interviewees felt strongly that the non-profit sector needs to be foremost accountable to the clients they serve and not treat the "funders as the customer" adding that non-profits can too easily shift their services to the agendas of government or other funders, rather than promoting and advocating on behalf of the clients they serve. One interviewee expanded by saying that non-profits too easily seek to appease the funders instead of really offering the services that the clients need. There were adamant responses that the sector needs to move away from a top-down approach of responding to what the funders want to fund and instead create programming that "actually meet the needs of the clients". If

non-profits adjust their programming to better accommodate public dollars, then they may not be effectively supporting clients. This shift to appease government funding, gives more control to the government to mandate community services, opposed to a grassroots or bottoms-up approach where the solutions come from those affected, such as the clients.

Interviewees explained the importance of finding a "new funding model" that has minimal reliance on traditional granting streams yet still allows non-profits to achieve their social, environmental and cultural goals, termed "diversified financial revenues for social impact" by one interviewee. They added that non-profits should not necessarily behave like businesses, but they should "think like businesses". By increasing business acumen among the executive leadership, the organization is better able to critically review the financial aspects instead of focusing too heavily on the social, cultural or environmental outcomes. While all interviewees believed that creating a new funding model is needed, one interviewee said that creating a social enterprise "will never meet the social objectives the way healthy adequate funding would", alluding to the belief that the public dollars should better fund social services.

Many interviewees from both the CRD and the rest of BC recognized that the social enterprise climate in the CRD is not "as strong as Vancouver". Various non-profit and financing structures in Vancouver encourage the development of social ventures such as more social enterprises in non-profits and resources for exploring social enterprise models are more accessible. Interviewees added that there is a need to "build the local muscle" referring to local knowledge and expertise needed to develop and run social enterprises, as well as other "vehicles" for social financing in the region referencing grants, loans, investment models and strategic partnerships. One interviewee believed this was due to the financing models such as grants and loans that are already in place in Vancouver, such as Vancity and Enterprising Non-Profits that provide grants for start-up costs or business development plans for social enterprise, as well as recognizing that the Vancouver community has had more experience with successful social enterprises than the CRD.

#### 4.1.2 POLICY

Adding to the context framework, some interviewees mentioned that policies relating to a non-profits use of a social enterprise can promote or hinder social enterprise development among the third sector. Canada Revenue Agency (CRA) policy limitations related to mission-related activities creates barriers for non-profits entering into the social enterprise arena. This means that non-profits can create revenue generating operations as long as they are related to their organization's mission. One interviewee elaborated that their organization has had considerable interaction with CRA on how to operate their enterprise as a mission-related enterprise and upon realizing they were outside the regulations, they needed to reorganize the legal structure of the social enterprise.

One social enterprise consultant reflected that many non-profits are concerned about how to legally structure the initiative, however they encouraged that non-profit administrators should think about the idea first and the legal structure second. He added that that there are legal structures for any enterprise model, and prefaced the importance of bringing in legal expertise to ensure the organization is completing their due diligence to set up the correct legal structure for the enterprise once the idea is confirmed.

## 4.2 THE ORGANIZATION

The interviewees were keen to discuss key areas regarding the organization and the development and maintenance of the social enterprise. This section will present findings on the value of the organization having clear objectives for starting a social enterprise, the need for the organization to be ready to create a social enterprise and the reasons why it is imperative to have the right people involved in the venture.

### 4.2.1 ORGANIZATIONAL CLARITY FOR STARTING A SOCIAL ENTERPRISE

With the emergence of social enterprise as a strategic way to increase unrestricted funds and to advance the mission of the organization, many non-profits are flocking towards a social enterprise with a blended return on investment approach. However, interviewees said that too many organizations are “trying to do too much” with a social enterprise. Expanding by saying that typically organizations charge into starting a social enterprise with the expectation that it can easily produce both financial and social outcomes. One interviewee stated that too many organizations try to create social enterprises that have mission and financial-based outcomes as they “want their cake and eat it too”, while some interviewees acknowledged that a blended return on investment is not always possible. Many of the interviewees remarked that achieving both financial and social outcomes through a blended return on investment in practicality is very difficult.

As such, the interviewees urged non-profits to be clear on their objective for starting a social enterprise. Non-profits need to acknowledge that it is very difficult to deliver social enterprises that have both social and financial return. As one interviewee claimed "very few social entrepreneurs have been able to find that sweet spot" where the social enterprise can successfully generate profit, while still meeting the intended social, cultural or environmental outcomes through the triple bottom line approach. They prefaced the comment with the advice that it is a "bad idea for non-profits to start social enterprises to make money". Too many non-profits think it is easy to create a social enterprise, yet the interviewees were very open with sharing the difficulties and persistent struggles that their non-profits or the non-profits they worked with faced in the development and operational stages of the social enterprise. Many of the interviewees reflected on the value of sharing the successes as well as the failures in an effort to learn from each other.

Board members and leadership staff often believe that developing a social enterprise is the key that will answer all their financial goals of increasing unrestricted funds, yet they fail to understand or be willing to provide the resources required to implement and maintain a successful social enterprise.

### 4.2.2 ORGANIZATIONAL READINESS

Ensuring the organization is ready was stressed by all interviewees as a crucial component to the development of a social enterprise. Organizational readiness is the process of assessing how prepared, skilled and informed the organization is to start, manage and evaluate a social enterprise. The interviewees said that it is very important to reflect on the organizational capacity and limitations before they embark on the adventure, this includes the board of directors and the staff involved, particularly the executive leadership. When responding to questions related to the board of directors, all interviewees emphasized the organization's board of directors as being integral to the planning, operating and evaluating of the social enterprise. Key areas that emerged included the need for the board to understand that their role is dependent upon the determined governance structure and that they have a thorough understanding of the benefits and liabilities of social enterprise models.

Interviewees mentioned that due to their fiduciary responsibility as a board, many boards are "risk-averse" as they are not willing or reluctant to take the risks needed to start a social enterprise given of time, finances and efforts required by key staff and stakeholders. Interviewees added that the board of directors play an important role to ensure that the existing staff stay on track. The board of directors is able to see the big picture and ensure that the enterprise or staff do not drift from the organization's mission as a social enterprise can "easily dominate" or consume the majority of the organization's management time.

Interviewees had much to say about the significance of organizational culture in the planning, operating and evaluating of a social enterprise. All interviewees affirmed that starting a social enterprise is an incredibly difficult, stressful and a tiring undertaking and stated that a social enterprise requires a significant amount of "sweat equity" where individuals contribute many hours of labour to make the initiative a success in order to reach the intended objective.

In regards to finances, too many non-profits are not willing to act like a business by "taking the risk". This risk refers to cash inputs, either once or various times throughout the enterprise that is involved with starting a social enterprise. There was pressure from one interviewee to shift how businesses are viewed within non-profits. The risk section explores these themes further. The level of risk was a key component in supporting social enterprises and has continued to be both an asset and a detriment to a non-profit as it embarks on a social enterprise path.

The organization needs to be culturally ready to begin a social enterprise. By being culturally ready, interviewees maintained the importance of ensuring the enterprise idea aligns with the organization's mission and values. Adding that the leadership must be able to be accountable to their stakeholders which includes donors and clients. Stakeholder accountability is important as most social enterprise development draws on the built social capital, the trust and relationship created through social connections and networks with the community and organization.

#### 4.2.3 PERSONNEL

Many interviewees stressed the importance of having the right people involved. Both social enterprise administrators and social enterprise consultants underlined it is important to know when to bring on the right people or experts for key tasks either as a director, short-term or long-term, or to bring on a consultant for specific tasks.

Interviewees said it can be "very rare to find a social entrepreneur within an organization" who can start and deliver a successful social enterprise. Pointed out by the interviewees, most non-profits do not have entrepreneurial staff or board members adding that these individuals can make or break the social enterprise. While the interviewees recognize there is transferability of staff competencies from non-profit to business, they also discussed the gap in business acumen and in the words of one interviewee a social enterprise consultant, "social workers are not great business people", implying that leadership and staff may be a good fit to run a non-profit, but often lack the business skills required to be successful in a social enterprise venture. Furthermore, the interviewees generally agreed that non-profits need to bring on the right people and raise the salaries of key staff to stabilize and continue "to be enterprising" where they are encouraged to act and think as social entrepreneurs. Organizations need to be realistic about the requirements of starting and managing a social enterprise. The process of developing a social enterprise takes a long time so there needs to be investment from key personnel into the social enterprise and a collaborative commitment among the team to make sure that the idea needs to "get traction or it will burn out".

They expanded by saying that starting a social enterprise is a team collaboration that includes people with entrepreneurial leadership who are passionate, creative, open-minded, and flexible. While there were discrepancies among the interviewees whether the most effective way to make sure there is entrepreneurial staff, some interviewees said that internal staff should become trained in social enterprise and business management, as they already have the commitment to the issue and understand the mission, scope and capacity of the organization. Other interviewees argued that it is more effective to bring in external consultants to have a fresh perspective and unbiased lens on the ideas and capacity of the organization and they can devote more undivided attention to this process instead of a staff member "off the side of their desk". Both arguments in hand, there was agreement that leadership should encourage "staff to be enterprising" and innovative, meaning to seek out opportunities, to think about solutions differently and find "out-of-the-box" solutions to old problems. As one interviewee shared "being enterprising is a state of mind, it is not something you just wake up and decide to do one day" the state of mind implies the way an individual is solutions-focused, creative and willing to take risks. Social enterprise consultants also insisted on bringing in experts when needed and be willing to "listen to them fully" and to be coached from others that are more experienced.

### 4.3 THE IDEA: MARKET RESEARCH, OPPORTUNISTIC, SCALABLE & COMMUNITY-BASED

#### 4.3.1 LOCATION & BASED ON ASSETS

Factors connected to the location of the organization and proposed enterprise are incredibly impactful for the development of the social enterprise. Interviewees recognized that social enterprises work best when they are custom designed to the elements of the community. One interviewee stated "just because it [the social enterprise] worked really well in Vancouver, does not mean it will work well in Victoria". The "cookie-cutter design" approach of using the same model in different communities without considering the elements of the location often results in a failed enterprise. Various issues of how location can factor into the idea and development include areas and questions such as:

- Urban vs. Rural: What is the market analysis? How large is the geographic reach and density of population? Is the location accessible for product delivery and for customers to access?
- Demographics: Who are the customers (age, gender, ethnicity, educational background)? What assets and needs do they have?
- Political Climate: What are the political beliefs of the community? What party is in leadership?
- Transportation and Accessibility: How do people move in the region? Are there pedestrian or bike routes? How will parking affect or impact the business idea? Is it wheelchair accessible?
- Social & Cultural Context: What is the cultural and social climate and context of the location?
- Market Needs and Strengths: What is already happening in this location? How can the social enterprise leverage or build on existing strengths? How many competitors already exist in the community?

Interviewees stressed the importance of ensuring the enterprise is based on community assets and has input from stakeholders such as neighbours or clients. One interviewee described how their organization held a neighbourhood community consultation that gathered input from residents on assets and gaps in the community and ultimately asked the residents what they wanted in the community. This opportunity for the residents to be engaged, increased their interest and support to transform the community. Beyond the community, it is important to reflect on the assets and skills within the organization as it relates to the social enterprise idea. Using a strengths-based approach to build the social enterprise is advantageous as it recognizes the community strengths and acknowledges the skills and assets within the organization.

The interviewees stressed the idea needs to be based on market research and should be aligned with local needs. They further posited the benefit to finding a market niche. One suggestion included to meet a small market segment will make the social enterprise stand out from the rest of the market. Some interviewees believe it is important to choose a market niche that builds on existing relationships and encourages people to become connected to the enterprise stressing the causality of social capital.

Additional remarks included that the social enterprise needs to have a long-term vision. On the contrary, one interviewee argued that starting a social enterprise "based on urgency" can be advantageous. Within the emergence of social enterprise, the organization also needs to be opportunistic and should "respond to what is available". So if a potential business idea surfaces the organization should consider it. For example, if a property becomes available in the neighbourhood of a community centre, the community centre should think in an opportunistic manner as to how they can use this resource for development. Just because it is not in the plans, does not mean that a non-profit should look away from the opportunity.

The idea needs be practical and realistic, and should be based on the resources available, the scope of the organization and external context of location and policy. Likewise, it needs to be based on the strengths of the organization, such as business acumen or aligned with the values and the cultural fit of the organization and the community however at the same time it needs to be "bold" and "opportunistic". It should be "bold with impact" to meet social or financial objectives of the organization.

The enterprise idea "does not have to be sexy". This mean's the social enterprise idea does not need to be a flashy or an exciting business, such as restaurant or interesting clothing line. Many non-profits are eager to start a social enterprise in hospitality or a customer-serving enterprise, yet interviewees agreed these types of businesses absorbs a huge amount of financial and human resources. They added that particularly at the beginning of these initiatives there is at a minimum a low initial financial return on investment. Other suggestions such as manufacturing or product development that may be "less sexy" may have a much higher financial return on investment. So while the idea "does not have to be sexy", it does need to be something that the public or community wants. Adding that the social enterprise should reflect and maintain the cultural identity of the non-profit and be based on the objective and the intended return on investment ratio.

Whatever the idea is, it needs to be based on what "will work within that specific community". Basing the idea on the community input, there is a high likelihood for community support towards the social enterprise. Interviewees suggested that holding a community consultation can result in increased social cohesion, engagement and social capital. The ideas generated from a community consultation can inform an asset-based idea that will draw on the strengths of the community, including its demographic and the organizational assets all while improving the quality of the community and advancing the organization's mission.

Most interviewees agreed to "start small and build as you go" scalability methodology to starting a social enterprise. This method is also known as the lean start model of building iterative stages and evaluating and tweaking throughout its lifetime. Some interviewees suggested using existing space within the organization to develop the product or service. It can begin with "low-level strategies to mitigate risks" and build on past successes, with low complexity such as expanding on a fee for service model of English language classes. There needs to be a vision for growth and scalability within the idea and one interviewee suggested "if you want to go big, then go big!". Interviewees also encouraged organizations to be willing to take the financial risk. Interviewees assured that even within the initial vision for growth and scalability, entrepreneurs are opportunistic and by being open to taking risks they can uncover new and innovative

solutions. As one interviewee remarked "if it does not have an impact on either the organization through financial returns, or to the community it services, then you are just putting a tiny little Band-Aid on a big gaping wound".

Furthermore, on this point, interviewees pointed out the effectiveness of partnering with a business or an organization that is "willing to take risks", such as a production company or grocery store to sell a product. In some cases it can be ideal to work with people that have "deep pockets" referring to financial capital. These may be individuals that have an existing relationship with the organization or may be new contacts that have the potential to be instrumental in the development of the enterprise. Additionally, the deep pockets or financial capital, may be a business that through strategic partnership could leverage the social enterprise. The interviewees added that creating a social enterprise is about "leveraging social capital and equity" within the non-profit's networks and it is important to maintain and value "deep corporate relationships" which may include past funders or politicians. Non-profits tend to shy away from corporate partnerships; however, interviewees emphasized that with caution, non-profits should explore these opportunities as potential partnerships in business development.

While developing a successful social enterprise takes considerable energy and often many years before it is sustainable or profitable "it should be fun" meaning that the people involved should be enjoying the process and excited about the long-term outcomes and impacts it will have. They added that if the people involved are not having fun, then "why else are we doing it".

#### 4.4 RISKS: WHY SO MANY NON-PROFITS FAIL AT SOCIAL ENTERPRISE

Interviewees have all had experience managing social enterprises and had much to say about the risks associated with developing and running a social enterprise. While successful social enterprises have proven to be effective in advancing the goals of the organization, there is also considerable and detrimental risks involved in running such venture. All interviewees spoke to the reality that many social enterprises fail before they reach success.

The most mentioned areas of risk were financial, personnel and organizational reputation. The personnel risks relate to the length of time, energy, and dedication among the people involved that require the social enterprise to be successful. All interviewees stressed the importance of staying committed to the plan as most businesses take three to five years to earn profits or "make it happen". One interviewee cited that seven out of 10 businesses fail in the first five years. A few of the reasons the interviewees mentioned why non-profits fail at delivering a social enterprise include low business acumen and "mission-drift" which the interviewees described as an unbalanced energy directed towards the social enterprise that detracts necessary attention or focus from core operations.

Further, there is a need to continue to invest funds in the start-up years of a social enterprise; however, as stated by the interviewees many non-profits "do not have the cash flow" of unrestricted accessible assets or credit to meet these financial inputs. They suggest that perhaps more organizations need to secure the capital or "leverage the capital" to build the social enterprise fund prior to the implementation phase by drawing on the built social capital. This fed into the idea that it is important to start small in social enterprise development and build on the successes, rather than investing high capital and the accompanying high risks such as organizational and stakeholder reputation, financial liability, or loss of human resources. Interviewees said that organizations need to be "willing to contribute cash" and absolutely be "willing to lose money" in which the enterprise may experience a deficit in the start-up years. However, given the board needs to ensure finances are governed effectively and be responsible to

their stakeholders including funders, donors and to Canada Revenue Agency to produce a balanced budget at fiscal year-end, it is understandable they are often reluctant to contribute additional funds in the start-up phase of the enterprise.

On top of financial risk, another key risk area mentioned is organizational reputation. Organizational reputation is referred to as the organizational image or brand that has been developed in the community. The risk is that this brand or image may be easily tarnished as a result of a bad business decision or other product or service liability. Part of managing the organizational reputation is being connected to the organization's stakeholders through social capital. In cases such as organizational harm, interviewees suggested that leadership may be able to more quickly mitigate issues of damaged reputation, by drawing on built social capital.

Interviewees also claimed one risk that could affect the organization and the community is to consider "what is the negative risk of not doing it?", referring to not developing the social enterprise opportunity. This comment stemmed from one interviewee that asked an organization to think about what is the negative impact on the community if their idea for the social enterprise did not proceed. This questioning provided a different framework for understanding the concept and being able to balance the opportunity factors with the risk factors.

It is important to determine how the non-profit will mitigate risks and a few interviewees suggested that creating a decision-making matrix to aid the board and staff when negotiating how to advance or end the social enterprise. The decision-making matrix prioritizes organizational objectives for the enterprise such as financial return on investment, employment-based model or visibility in the community. Within the matrix, values are determined on each priority. As each idea is input in the matrix the pre-determined values aid the board and staff on the risk-level. The matrix, as outlined by the interviewee, is determined and built by the organization and lists the priority factors in columns and the options in rows. As the options are inserted into the matrix, the priority factors are ranked based on their value and a score is given to each option. This process allows for what can normally be a very complex situation to be narrowed down into a simpler equation that is based on reason and fact instead of feeling.

#### 4.4.1 IMPORTANCE OF ONGOING MONITORING AND EVALUATION

Ongoing monitoring and evaluation to measure the social and financial outcomes can better determine how effective the enterprise in meeting its objective. Interviewees spoke to the importance of ongoing revisions through a feedback loop process that allows for small tweaks to adjust, improve and produce better results in an iterative process. Through this feedback loop there is a process of reflection, monitoring and continual improvement for continued service and product improvement. As well within this process there is opportunity to decide when to close, pass or abandon the initiative. Referring to the immense physical and emotional energy and resources needed to sustain social enterprises, in the words of one interviewee, quitting is "better than bankruptcy and it is important to know [that] it is ok to stop".

Adding to this, other interviewees emphasized the importance of "knowing when to quit". There comes a time when some ideas for a social enterprise "run their course" and everything has its "ups and downs" and there is a fluidity in which "things are static" meaning the enterprise may go through periods of progression or recession. While this is normal in business it is also imperative that the leadership of the social enterprise evaluate the enterprise and have the foresight to know when to bring the enterprise to an end. Enterprise staff, as well as organizational executive and the board should be involved in the evaluation of the enterprise. There is a high-risk if the board or organization does not catch issues that may lead to bigger problems in the future.

One interviewee referred to the concept of panarchy or adaptive cycle, similar to the feedback loop, where there is an ongoing cycle of up and down and transition cycles that allow the organization to reflect and make ongoing changes for improvement, see Figure 7 below. Panarchy further described as a ‘framework of nature’s rules’ (Resilience Alliance, n.d., para 2) through an ecological lens of a cycle of death and regrowth or transition cycles of destruction, exploitation, conservation and release.

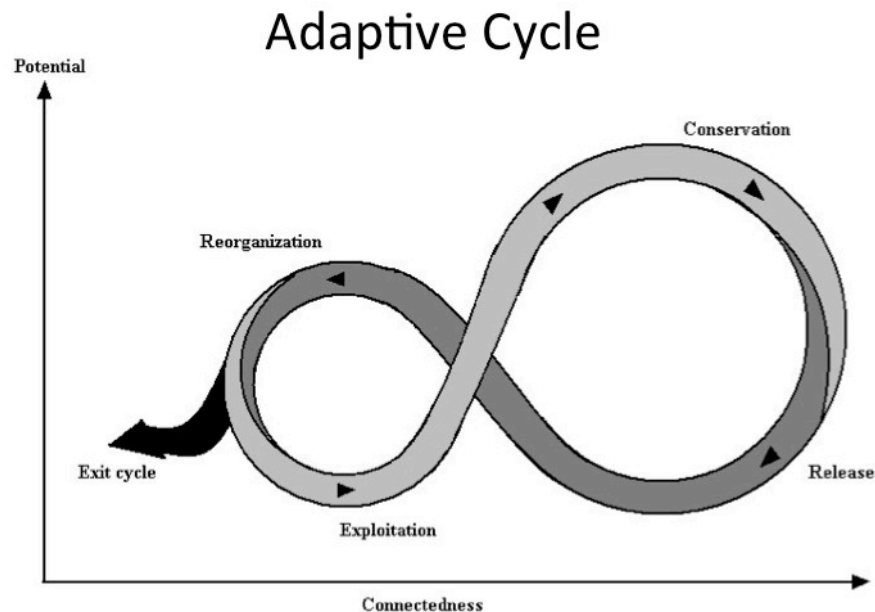


FIGURE 7 PANARCHY CYCLE (RESILIENCE ALLIANCE, N.D.)

#### 4.5 STEPS OF SOCIAL ENTERPRISE: KNOWING THE RIGHT WAY TO GET THERE

Drawing from their experience the interviewees were able to share the steps they take in social enterprise development. The steps to implement a social enterprise include 1) organizational readiness, 2) idea identification, 3) pre-feasibility or “market snapshot”, 4) feasibility study and 5) business plan. Should the first five steps demonstrate a feasible enterprise the organization would make a decision to proceed or not. The steps include (see Figure 8 below):

1. **Organizational Readiness**—ensure the organization is culturally ready to develop a social enterprise and understands the complexity, efforts and resources required to invest in a successful enterprise. Interviewees provided various input that included the organization need to be culturally ready and should complete an organizational readiness scan.
2. **Idea Identification**—identify the idea for the social enterprise. Using a decision-making matrix to help assess the idea was suggested.
3. **Pre-feasibility or “market snapshot”**—this high-level step allows the organization in a timely manner to analyze if the idea has any merit based on a quick market research scan and high-level financials. The interviewees that suggested this option have experience both working within non-profits as well as social enterprise consultants. The pre-feasibility should include information assessing if the organization has the right people, identify the competitors, a risk identification

and assessment, and should include the highest-level of proformas also described as the financial projections, but should not go into depth the way a full feasibility study would. Interviewees suggested that this step should be completed by an external consultant.

4. **Feasibility Study**—pending a positive outcome on the previous step, this is a more in-depth feasibility study that provides more details, yet does not outline the details as required in a business plan.
5. **Business Plan**—upon deciding the idea is feasible, a business plan should be completed. To successfully move forward, all interviewees acknowledged creating a business plan is crucial to implement the plan as well as to communicate with key stakeholders and board of directors. If the business plan demonstrates the social enterprise will be successful then the organization must decide based on their decision-making matrix to proceed or not with the enterprise.



**FIGURE 8 STEPS TO SUCCESSFUL SOCIAL ENTERPRISE**

If the organization agrees to move forward with the enterprise the next step is to create a road map to implement the enterprise and finally the organization must ensure that there are structures in place for ongoing monitoring and evaluation of the enterprise.

1. **Road Map**—this is the path that will be taken to reach successful launch of the social enterprise. It will include the planning, collecting capital contributions, hiring, and all other logistics. The road map illustrates the steps needed to get from the beginning of the idea phase to implementation phase, which may or may not be included in the business plan.

2. **Monitoring and Evaluation**—the ongoing and systematic monitoring and evaluation that allows the social enterprise to tweak and improve as it develops. There is a high need to continue to evaluate and monitor the progress of the social enterprise and adjust as necessary.

## 4.6 SUMMARY

The scope of social enterprises and the effectiveness in immigrant-serving organizations was summarized in the literature review. The literature review provided an overview of the benefits of using a social enterprise model to advance the organization and outlined the risks that are commonly encountered.

The findings from the interviews corroborated these sources and the themes that emerged furthered the understanding of how to best utilize a social enterprise model within an organization. While all respondents provided valuable input as to the benefits of utilizing a social enterprise model to advance the mission of the organization, they were experienced and realistic to inform this research project that it is a difficult process and many non-profits fail in social enterprise development. The interviewees were able to balance the perspectives in the literature review with case studies and practical examples and provide key strategies for enterprise success. The discussion and analysis section will explore how these combined findings provide implications for ICA as they determine a suitable social enterprise model.

## 5.0 DISCUSSION AND ANALYSIS

The purpose of this project was to develop a toolkit that will assist ICA to assess social enterprise models that have a manageable risk level for the organization. The methods used to inform the development of the toolkit were a literature review and key informant interviews. The literature review provided primarily positive evidence that social enterprises can be used by non-profits to better achieve their mission or increase their unrestricted revenue streams. The literature highlighted risk areas and encouraged non-profits to be organizationally prepared prior to developing a social enterprise. Interviews from 11 social enterprise administrators in British Columbia described the potential benefits for a non-profit to use such model. Drawing on their experience of running successful and unsuccessful social enterprises, the interviewees delved further into the realities and risks that non-profits face as they develop and implement a social enterprise. This research better informs how ICA can explore social enterprise as an opportunity to advance their mission and diversify their revenues. The resulting toolkit is an instrument for ICA to assess and manage risk factors within a specific social enterprise model.

This chapter explains the implications of the findings, linking back to the research question, and combines the results from the literature review. The learnings show that by employing a social enterprise, ICA has the potential to change the way they operate. The following five themes reflect the collective findings from the literature review and the analysis from the interviews:

1. Determine the objective for utilizing a social enterprise.
2. Understand the resources required, be prepared and fully commit to the plan.
3. Have the right people involved in all stages of the enterprise development.
4. Create a custom-designed idea to fit the context and assets of the community.
5. Immigrant-serving organizations should follow the general practice for developing a social enterprise.

All themes have guided the development of the toolkit. The five themes will be further discussed in this chapter comparing the learnings from the literature sources and analysis of the interviews.

### 5.1 “HOW TO HAVE YOUR CAKE AND EAT IT TOO”

Findings from the literature review highlight the emergence of social enterprise within the third sector (National Audit Office, 2010) as a response to reduced public funding and the resulting restrictions on client services and eligibility. Within the social economy, social enterprise is viewed as a viable strategy to regain financial control over an organization (Ridley-Duff & Bull, 2011) amidst a challenging funding climate, and encouraged by various networks and governmental levels. The literature review presented a predominantly rosy picture of how an organization such as ICA with a high-level understanding of social enterprise has a high potential to succeed in social enterprise development.

In practice, the interviewees were able to speak more candidly and add insight into the real challenges that many non-profits encounter in social enterprise development. The interviewees illuminated the hurdles that need to be crossed as a non-profit and as a project team to ensure the smooth execution and

success of such enterprise. Speaking openly about the high risks areas such as financial and human resources that often accompany the development of an enterprise, the interviewees were able to add the emotions behind the experiences of starting an enterprise in a way that the literature could not. Sharing the unique challenges that occur throughout the process of starting a social enterprise, particularly in times when the project goes wrong, the interviewees stressed the need for the project team and decision makers to understand the investment of resources required to continue the project. They further alluded to the challenges that can occur when the board or executive is not prepared or does not fully understand the concept of social enterprise and business development. The interviewees stressed the length of time required to start an enterprise and the resources expected to be invested in the development of the social enterprise and the importance of ensuring the board knows the enterprise is an investment and most likely will take time before a profit is reached.

Interviewees stressed the need for the organization to be clear and steadfast on why they are interested in using a social enterprise model. There needs to be clear objective for a blended return of investment, a mission-based or an income-generating social enterprise. The literature review highlighted the opportunities and the interviewees illuminated the challenges that go hand-in-hand with starting an enterprise. The literature missed a chance to present the real heart and struggle that is required in social enterprise development, while the interviewees were able to add this perspective. Expanding on the need to share, some interviewees suggested that the sector needs to share not only the successes, but especially share the learnings from the failed social enterprises in the non-profit sector.

#### 5.1.1 STEPS OF DEVELOPING A SOCIAL ENTERPRISE

The step-by-step process of developing a social enterprise was quite straightforward through the literature reviewed, however the interviewees remarked that the plan is not always linear. The additional step emphasized by them is the pre-feasibility study or “market research snapshot”. This step, from the interviewees, seemed to be quite crucial as to balancing how many resources are invested in the enterprise in the idea generation phase. In the non-profit sector, it is easy to exhaust financial resources and easy to overwork human resources, this is further exacerbated in social enterprise start-up. Going from idea to feasibility study can often result in an idea that is not feasible. While in some ways this can be viewed as a positive outcome, in the sense it is better to determine this outcome sooner rather than later, preparing a high-level pre-feasibility study can even further reduce the resources invested into the project if it is deemed not unfeasible.

#### 5.1.2 IMMIGRANT-SERVING ORGANIZATIONS

This research project assumed that immigrant-serving organizations would have a specialized way of utilizing social enterprise models. The literature reviewed had a lack of information pertaining to immigrant-serving organizations. Many social enterprises within immigrant-serving organizations had limited documentation and were not identified as a social enterprise, hence the learnings from these enterprises was limited. However, during the interview analysis, it became evident that regardless of the individuals or community served, including immigrant-serving, the organization needs to follow the principles and process of social enterprise development. This is a crucial in determining the objective of the social enterprise, particularly if the enterprise will be mission-related or income-generating. Characteristics of immigrant-serving organizations can be better labeled as assets and the resulting idea generation should be based on these unique assets.

Once the organization determines if their objective is income-based, mission-based or employment-based, then the social enterprise idea should be based on the context and assets of the community or

clientele. In ICA's case, a scan of the assets of immigrants and refugees such as cultural diversity and linguistic abilities, will better inform the idea generation phase.

Understand the full scope required to be successful, be prepared and fully commit to the plan and objective, have a plan of how long and how much money the organization is willing to invest but then also allow for flexibility.

## 5.2 HAVE THE RIGHT PEOPLE

The initial scan of social enterprise did not stress the need for social entrepreneurs to be involved in the development of a social enterprise. However, the more literature reviewed, it was apparent the importance of having individuals that are skilled and knowledgeable about business and have a moderate comfort level with risk. The example presented in the literature review of social entrepreneur, Muhammad Yunus, emphasized the need to think about doing business from a "doing good" perspective (Dowla, 2006) and particularly the need for social entrepreneurs to be involved as they understand key characteristics of social enterprise developing such as the importance of drawing on social capital.

Interviewees emphasized the need for people to be risk-takers and think outside the box. The literature also presented the need for the board and executive to have a thorough understanding of how a social enterprise operates and be willing to understand the scope of the responsibilities and accountability from both a human resource perspective and financial contributions.

The experts expanded on the significance of having not just the social entrepreneur invested in the initiative, but having all levels of management and the board of directors engaged. Given that the board and the executive have the ultimate decision to continue or to stop the venture, it is crucial that they buy into the enterprise in the early stages, particularly as it relates to the long-term vision needed for developing an enterprise. They outlined various reasons such as a mission-drift, the need to continue to invest funds and people into the initiative, and the importance of social capital. While the literature review basically explores that various non-profits could venture into the world of social enterprise, the interviewees stressed the need for non-profits to fully understanding the scope of a social enterprise, such as how ICA is doing, prior to embarking down the path of social enterprise development. They underlined the sweat equity that goes into creating a social enterprise, in terms of being all consuming but having a certain flair or energy to the madness that comes with creating a social enterprise. There needs to be a full commitment from those involved in the flurry of activity that is social enterprise. Adding to this beyond the literature review, the interviewees highlight that it is very difficult to find someone that has the necessary level of commitment and be willing to see the project through.

Because many non-profits lack profit-making business skills, there is an invitation from some of the interviewees for organizations to bring on the right people into these roles. They point out that it may only be for a short-time period or it may be for longer, yet it is crucial that the organization understand the importance of having these key personnel with enterprising spirits engaged in this work. Someone has to have immense dedication and treat this as a special project in the start-up stages for the social enterprise to be a success.

The interviewees added that there needs to be a champion from within and ideally that individual needs to be from the executive leadership. This was particularly stressed when organizations need to make a decision to invest more resources into the social enterprise or to pull away or quit the social enterprise. Having a champion that understands the investment principles of business development that can be the

voice of reason for the board of directors and support the project team as they continue to work on the day-to-day management of the venture.

### 5.3 CUSTOM-DESIGNED IDEA TO FIT THE CONTEXT, ASSETS AND OBJECTIVES

The review highlighted the need for the idea to be based on community and organizational assets and to be based on the values and philosophy of the organization. In the process section of developing the social enterprise there is emphasis on ensuring the idea is sustainable by being based on community assets (Kothari, 2001). Also adding that the market research needs to be completed to assess the competitor analysis and make sure that the idea is viable, prefaced by having input from the community to draw on social capital is also mentioned.

As in the other two themes, the interviewees honed in on this theme as being key to how successful and how much risk is involved. Stemming from the outcomes from the previous sections it is crucial that the idea is rooted in the context of the organization. While reviewing the material in the literature, it is not clear as to how important this step is. The interviewees share different scenarios of how one enterprise idea can work in one community but may not work in another. Basing the enterprise on the organization, such as ICA can add huge potential of cultural diversity and drawing on community stakeholders that have a vested interest in how newcomers are welcomed into the community.

### 5.4 IMPLICATIONS FOR THE TOOLKIT

These three themes discussed are the overarching umbrella for the development of a social enterprise within an existing non-profit. Other pertinent information and results will be shared within these key themes and presented in the toolkit for organizations to thoroughly assess risk of a social enterprise model.

## 6.0 OPTIONS TO CONSIDER AND RECOMMENDATIONS

The Inter-Cultural Association of Greater Victoria was driven to explore social enterprise models that have a manageable risk level and can advance their organizational goals. This research project explored learnings of social enterprise development through a literature review and interviewees with 11 social enterprise administrators. The findings indicate that with a strategic and entrepreneurial spirit, an organization such as ICA can develop a successful social enterprise. This chapter provides recommendations to ICA and options to consider within each recommendation in an effort to help them move closer to the stages of developing a social enterprise, ultimately resulting in increased flexibility for the organization. The recommendations are provided to ICA with the intent to increase their organizational knowledge of the opportunities, realities and risks, and the development stages of a social enterprise. The recommendations, if acted upon, move the organization closer to the goal of social enterprise development and require a time investment from the executive leadership. A toolkit has been prepared to aid the organization in reaching their goal of social enterprise development. To reach this goal, the toolkit (Appendix D) will guide ICA as they implement this vision.

The following are recommended:

1. Share the toolkit with ICA board and staff.
2. Continue to encourage ICA staff to adopt an entrepreneurial point of view.
3. Determine the key objective for developing a social enterprise.
4. Determine the priorities for the decision making matrix.
5. Cultivate relationships within the social enterprise sector at local, regional and national levels.

The recommendations will be presented with varying options to consider, including the anticipated time for each option and the amount and type of resource required to implement.

### 6.1 EXPLORING THE RECOMMENDATIONS

#### **Recommendation #1: Share the toolkit with ICA Staff and Board**

In an effort to continue to increase ICA's understanding and interest in exploring social enterprise models, it is recommended to share the toolkit with ICA leadership team. The toolkit provides an overview of how social enterprise could advance ICA's organizational goals. The toolkit encourages the organization to be 'organizational ready' asking questions relating to their objective, reflecting on their business skills and reviewing their strategic plan. A more thorough understanding of the steps involved in social enterprise development is presented in the toolkit and it encourages the leadership team to explore the key risk areas that may impact their decision on a social enterprise. Further, the toolkit provides an opportunity for the team to discuss the social enterprise objective and reflect on their priorities for developing a social enterprise. As the leadership team moves from interest to research to action, the toolkit acts as a guide and resource throughout these phases.

Given the fiduciary responsibility of ICA's board of directors, it is crucial that they understand the opportunities that a successful social enterprise can afford and that they are also aware of the resources required to invest in the start-up and maintenance of operating a board. The risks are clearly laid out in

the toolkit, giving the board members a clear overview of possible liabilities and challenges the organization may encounter.

Options: Present the toolkit at a Manager/Coordinator level and circulate or present the toolkit with the Board of Directors.

Resources required: ICA staff time up to 2 hours, meeting room, electronic and printed toolkits to distribute.

**Recommendation #2: Continue to encourage ICA staff to adopt an entrepreneurial point of view.**

Engaging individuals with an 'enterprising' spirit emerged as a key characteristic in successful social enterprise development (Ridley-Duff & Bull, 2011; Praszkie & Nowak, 2012). This report recognizes the importance of bringing on the right people when developing a social enterprise as well as offered an opportunity to invite staff to 'be enterprising' or to adopt an entrepreneurial point of view.

ICA operates with over 83 staff members (E. van Nierkerk, personal communication, September 2016) and prides itself as a learning organization. Being 85% funded by federal or provincial bodies there is some limitations in service delivery, yet there continues to be areas for innovation in areas of operation. It is suggested that ICA invite staff at all levels, including front-line, to adopt an entrepreneurial point of view. While this may come more naturally to some employees, by encouraging staff to think innovatively invites employees to 'think outside the box' of how to solve existing challenges or emerging trends such as client retention or oversubscription to programs.

With a large staff, it is recommended that the Chief Executive Officer relay this message through the Managers and Coordinators to encourage their staff to adopt an entrepreneurial point of view.

Options: Discuss importance of entrepreneurial approach during the sharing of the toolkit, have time for entrepreneurial approaches to be shared and recognized during team meetings. Share enterprising outcomes in monthly board reports.

Resources required: Regular meetings and organizational frameworks, such as revised board report template to share enterprising outcomes.

**Recommendation #3: Determine the key objective for developing a social enterprise.**

In order to move forward with social enterprise development, ICA leadership team will need to determine their key objective and priorities for developing a social enterprise. The organization may decide to focus on an income-generating social enterprise or mission-related social enterprise or they may choose a blended return on investment that has both income-generating and mission-related outcomes (Kerlin, 2009). Having clarity on their objective will help the organization as they brainstorm, identify and choose an enterprise models.

Options: Meet with leadership team to determine key objective(s) for the development of a social enterprise. Brainstorm information with key ICA leadership team and present to board for feedback. Continue to use the key objective as a guiding principle for enterprise development.

Resources required: Meeting time with executive leadership.

**Recommendation #4: Determine the priorities for the decision making matrix.**

Once the organization's key objective for developing a social enterprise is determined, the decision-making matrix will aid the team in determining enterprise suitability. The decision-making matrix is a tool that will be developed by the leadership team based on samples in the toolkit. The determined priorities and selection criteria will be input into the decision-making matrix and values will be placed on the criteria based on its importance to ICA. This tool will ensure the process for determining enterprise suitability is based on rationale, not on an emotional response to the idea. Some selection criteria may include income-generating, mission-focused, employment-based, mission fit, leverages strengths of the organization, or capital costs.

Options: After reviewing the toolkit, ICA selected staff prepare criteria for decision-making matrix and use sample template provided in the toolkit. Test matrix with sample enterprise models to ensure the values and priorities meet the determined social enterprise objective.

Resources required: Determined ICA social enterprise objective, approximately two hours of ICA staff meeting time and sample decision-making matrix.

**Recommendation #5: Cultivate relationships within the social enterprise sector at local, regional and national levels.**

Recognizing that this work can be difficult, overwhelming and exhausting it is important to stay engaged and connected to other individuals, organizations and networks that are working in the social development sector. Being informed on latest trends such as policy changes within Canada Revenue Agency, new enterprise models or enterprise funding will help ICA stay abreast of opportunities.

Options: Network with social enterprise administrators and consultants to stay up to date on information and trends in the sector. Join regional or national networks that inform and engage on social enterprise topics.

Resources required: Staff time, registration, travel and transportation costs to attend conferences and events.

## 6.2 IMPLEMENTING THE RECOMMENDATIONS

The options to consider and recommendations sections concludes with a timeline for implementing the proposed recommendations. It is anticipated the recommendations can be completed by ICA within a six-month time period. Two of the recommendations which include encourage ICA staff to adopt an entrepreneurial point of view and cultivate relationships within the social enterprise sector at local,

regional and national levels are proposed as ongoing tasks. Table 3 outlines the proposed recommendations timeline by month instead of date to allow for increased flexibility for ICA.

Recommendation	Month				
	1	2	3	4	Ongoing
1. Share the toolkit with ICA board and staff.					
2. Continue to encourage ICA staff to adopt an entrepreneurial point of view.					
3. Determine the key objective for developing a social enterprise.					
4. Determine the priorities for the decision making matrix.					
5. Cultivate relationships within the social enterprise sector at local, regional and national levels.					

TABLE 3 RECOMMENDATIONS TIMELINE

## 7.0 CONCLUSION

The Inter-Cultural Association of Greater Victoria recognizes the benefits of utilizing a social enterprise approach to diversify revenue and leverage its capacity to reach its mission. The purpose of this project was to create a resource tool for ICA that increases ICA's organizational understanding and capacity to determine suitable social enterprise models that are income-generating as well as outlines the steps involved in enterprise development. The project answers the research question of how ICA can develop a social enterprise model that has a manageable risk level for the organization.

The project identified social enterprise administrators and consultants in BC, particularly seeking individuals with experience with social enterprise in immigrant-serving organizations. Findings from the literature and analysis from eleven interviews informed the toolkit development.

The main themes that emerged from the research are:

1. Determine the objective for utilizing a social enterprise.
2. Understand the resources required, be prepared and fully commit to the plan.
3. Have the right people involved in all stages of the enterprise development.
4. Create a custom-designed idea to fit the context and assets of the community.
5. Immigrant-serving organizations should follow the general practice for developing a social enterprise.

The emergence of these themes confirmed that social enterprise, with careful planning, is a development opportunity for ICA. The toolkit developed for ICA will be used to further explore social enterprise models through these lenses. The Social Enterprise: An ICA toolkit for social enterprise development (Appendix D) presents an overview of social enterprise and how social enterprise framework can shift how an organization reaches its operational and financial goals. The toolkit will be shared as outlined in the recommendations.

Recommendations are presented to ICA to continue their exploration of a viable social enterprise model that include determining the key objective for developing a social enterprise and to develop the priorities of the decision making matrix. Internally, it is recommended that ICA adopt an entrepreneurial approach at all levels of staffing and continue to seek opportunities to engage in social enterprise sectors at local, regional and national.

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## APPENDIX A: INTRODUCTORY RECRUITMENT LETTERS

Date [Long format]

Dear [Name],

You are invited to participate in a research project I am conducting called Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: Risk Assessment Tool for Determining a Social Enterprise Model.

As a graduate student in the department of Community Development at the University of Victoria I am required to conduct research as part of the requirements for a master's degree in Community Development. You are being asked to participate in this study because you or your agency has experience either planning, managing, operating or evaluating a social enterprise within a non-profit, and you have knowledge and experience working with a social enterprise model.

The objective of this research project is to identify promising practices and different social enterprise models for immigrant-serving organizations operating social enterprises as well as developing a framework and risk assessment tool for considering different options. The project will result in a risk assessment tool for the Inter-Cultural Association of Greater Victoria to determine areas and scope of feasible social enterprise models. The research seeks to:

- learn from individuals that have experience running, managing or operating a social enterprise
- identify promising practices within social enterprises
- develop a risk assessment tool informed by interviews and promising practices

The risk assessment tool development will be designed for the Inter-Cultural Association of Greater Victoria (ICA), and will be easily adaptable for other organizations. This research will help inform non-profits on options to diversify funding streams through identifying and managing risks associated with a social enterprise. Running a successful income-generating social enterprise could provide diversification of funding and allow the organization to develop programs based on changing client needs, not limited to grants and government funding. In a continually changing economy there is increased pressure to respond to client needs through unrestricted funds.

If you agree to voluntarily participate in this research, your participation will include a brief telephone or in-person interview approximately 45-60 minutes long in between March – April 2015. Interview times will be held based on your preferences and availability. Upon confirming your interest, I will send you a copy of the consent form seeking your written consent for participation in this project as required by the University of Victoria Human Research Ethics Board guidelines.

If you have any questions regarding this project or your participation in it, please contact me at [meghanmergaert@gmail.com](mailto:meghanmergaert@gmail.com) or via telephone at 250-388-4728 ext. 143 or 250-896-8898.

Sincerely,

Meghan Mergaert  
MACD Candidate, University of Victoria



# Participant Consent Form

---

### **Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: Risk Assessment Tool for Determining a Social Enterprise Model**

You are invited to participate in a study entitled Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: Risk Assessment Tool for Determining a Social Enterprise Model that is being conducted by Meghan Mergaert, for the Inter-Cultural Association of Greater Victoria (ICA). Meghan Mergaert works at the Inter-Cultural Association of Greater Victoria as the Development Manager.

Meghan Mergaert is a graduate student in the department of Public Administration, at the University of Victoria (UVIC), as a graduate student she is required to conduct research, a requirement for a Master's degree in Community Development. You may contact her if you have further questions by emailing [meghanmergaert@gmail.com](mailto:meghanmergaert@gmail.com) or by telephone at 250-896-8898. It is being conducted under the supervision of Dr. Kim Speers, Assistant Teaching Professor. Contact information for Dr. Kim Speers is telephone 250-721-8057 or email: [kspeers@uvic.ca](mailto:kspeers@uvic.ca).

#### Purpose and Objectives

The purpose of this research project is to identify promising practices and different social enterprise models for immigrant-serving organizations operating social enterprises as well as developing a framework and risk assessment tool for considering different options. The project will result in a risk assessment tool for the Inter-Cultural Association of Greater Victoria to determine areas and scope of feasible social enterprise models. The research seeks to:

- learn from individuals that have experience running, managing or operating a social enterprise
- identify promising practices within social enterprises
- develop a risk assessment tool informed by interviews and promising practices

### Importance of this Research

Research of this type is important because the findings will help inform non-profits on options to diversify funding streams through identifying and managing risks associated with a social enterprise. Running a successful income-generating social enterprise could provide diversification of funding and allow the organization to develop programs based on changing client needs, not limited to grants and government funding. In a continually changing economy there is increased pressure to respond to client needs through unrestricted funds.

### Participants Selection

You are being asked to participate in this study because you or your agency has experience either planning, managing, operating or evaluating a social enterprise within a non-profit, and you have knowledge and experience working with a social enterprise model.

### What is involved?

If you consent to voluntarily participate in this research, your participation will include a brief telephone or in-person interview approximately 45-50 minutes in the spring of 2015. Interview times will be held based on your preferences and availability. Participation will be collected via telephone, Skype or online video conferencing, in-person in Victoria, BC at a convenient location for the participant. Interviews will be audio-recorded and written-notes will be taken. Upon completion of the interview, the interview will be transcribed.

### Risks

There are no known or anticipated risks to you by participating in this research.

### Benefits

The potential benefits of your participation in this research include:

- Participant-individual is able to reflect on their experience with the non-profit planning, implementing or operating a social enterprise and provide insight to individuals on best practices and learnings.
- Society – immigrant-serving non-profit community can learn promising practices on social enterprises and have access to a tool that can be adapted for their organization to assess social enterprise models.
- State of knowledge – increased understanding of promising practices and approaches to managing risks within start-ups and operating social enterprises, specifically within immigrant-serving non-profits. Risk assessment tool developed can be adapted based on needs of different social enterprises.

### Voluntary Participation

Your participation in this research must be completely voluntary and you should not feel obligated to participate due to prior relationship with the researcher or client organization. If you do decide to participate, you may withdraw at any time without any consequences or any explanation. If you do withdraw from the study you will be asked if you agree to the use of your data to be used in the study. If you do not give consent for your data to be used in the study, your data will not be used and will be destroyed.

### **Confidentiality**

The topic of this research is not confidential. Research participants will be identified including the title of their job description at the time of operating the social enterprise as well as the organization the social enterprise was operated from.

Should you wish to be interviewed but remain anonymous, then the organization and the research participant will be identified in the study as Organization A and Interviewee A to protect the identity of both the organization and research participant.

The findings will be included in the Master's program thesis submitted by the researcher, upon completion of the research project.

### **Dissemination of Results**

It is anticipated that the results of this study will be shared with others in the following ways through the public thesis defence upon completion of the research project, online access to completed University of Victoria theses, and emailed to all participating interviewees.

### **Disposal of Data**

The data collected via audio-recording and written notes during individual interviews will be disposed on upon completion of the project defence which will be after the data has been analyzed, summarized and compiled in the research report.

### **Contacts**

Individuals that may be contacted regarding this study include the researcher Meghan Mergaert [meghanmergaert@gmail.com](mailto:meghanmergaert@gmail.com) or by telephone at 250-388-4728 ext. 143 or 250-896-8898.

In addition, you may verify the ethical approval of this study, or raise any concerns you might have, by contacting the Human Research Ethics Office at the University of Victoria (250-472-4545 or [ethics@uvic.ca](mailto:ethics@uvic.ca)).

Your signature below indicates that you understand the above conditions of participation in this study, that you have had the opportunity to have your questions answered by the researcher, and that you consent to participate in this research project.

\_\_\_\_\_  
Name of Participant

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**PLEASE SELECT STATEMENT only if you consent:**

I consent to be identified by name / credited in the results of the study: \_\_\_\_\_  
(Participant to provide initials)

I consent to have my responses attributed to me by name in the results: \_\_\_\_\_  
(Participant to provide initials)

**A copy of this consent will be left with you, and a copy will be taken by the researcher.**

## APPENDIX C: SEMI-STRUCTURED INTERVIEW QUESTIONS

Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: Risk Assessment Tool for Determining a Social Enterprise Model

### Overview & Interviewee Details

- Can you tell me your name, the organization you are speaking on behalf of and your title?
- Tell me about the social enterprise started by your organization.
- How long has the SE been operating for?
- Legal structure of the SE? Incorporated? Arm of the organization?
- What were some of the initial reasons the social enterprise was started?
- (mission-based, financial reasons, opportunity)
- How long was the process from idea to operation?

### Identifying Risks

- What was the process you used to identify the feasibility of this project?
- Feasibility study, business plan/Internal/external resources?
- What risks were identified in the planning phases of developing the social enterprise?
- Does your organization have a risk management framework?
- (What does it comprise of? Do you rely on specific tools?)
- Financial risks, organizational contributions, supporting funds from external sources?

### Managing Risks

- What approaches were used to manage/alleviate/mitigate these risks?
- How were the risks manageable?
- What challenges has the group encountered running a social enterprise among a non-profit (immigrant) organization?

### Outcomes & Measurements

- In what ways was the Board involved how did this help/hinder the SE and start-up?
- How do you monitor and measure the success of the SE?
- Has the social enterprise advanced the mission of the organization? If so, in what ways?
- How has the SE change your organization?

### Beyond your SE

- What advice do you have for (immigrant) organizations interested in developing a social enterprise?
- Is there anything else you would like to share that we have not discussed yet?
- Is there anyone else that you think I should be talking to?

## APPENDIX D: LIST OF INTERVIEWEES

Contact Name	Business/Organization	Role	SE Description
Lisa Matthaus	Fernwood NRG	Board President	Coffee shop, hair salon, real estate
David LePage	Accelerating Social Impact CCC Ltd.	Consultant	Multiple social enterprises
Brian Smith	SFU/CEO/Advisor	Social Enterprise Professor	Brewery, Atira Property Managers
Chris Geater	Cool-Aid Society	Community Relations	Granola social enterprise
Kristi Fairholm Mader	Scale Consulting	Consultant	Scale Collaborative
Bob Prenovost	Propellor Advisors	Consultant	Multiple social enterprises
Gulalai Habib	ISS of BC	Assistant Manager - Resettlement Assistance Program	Malalay - Afghan's Sewing Cooperative
Lee Herin	Fernwood NRG	Executive Director	Cornerstone Café, Salon, Housing, etc.
Elizabeth Lougheed Green	VanCity & Potluck Café	Community Investment Manager	Potluck Café, Community Investment Manager
Melanie Conn	Common Thread Sewing Cooperative		
Peter Elkins		Consultant	Capital Investment Network and Kick Victoria

APPENDIX E: TOOLKIT

# Social Enterprise

AN ICA TOOLKIT FOR EXPLORING SOCIAL ENTERPRISE

Prepared for

INTER-CULTURAL ASSOCIATION OF GREATER VICTORIA | [WWW.ICAVICTORIA.ORG](http://WWW.ICAVICTORIA.ORG)

This Social Enterprise toolkit was created and written in 2016 by Meghan Mergaert for the Inter-Cultural Association of Greater Victoria as a component of a thesis project for the completion of a Masters of Arts in Community Development through the University of Victoria. The report is titled: **Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: A Resource Tool for Exploring Social Enterprise Models**. Full report is available here: [\[include hyperlink once available\]](#).

# Table of Contents

List of Figures .....	4
List of Tables .....	4
Introduction .....	5
Key Concepts.....	6
Key Report Learnings .....	6
Toolkit .....	6
Chapter 1: Why is social enterprise right for ICA? .....	7
Aligned with Strategic Plan .....	7
Social Enterprise Defined.....	7
Leader in the Sector .....	8
Recent Shift in Service .....	9
ICA’s Experience in Profit-Making Initiatives .....	9
Chapter 2: Return on Investment & Social Venture .....	10
Return on Investment.....	11
Examples of Blended Return on Investment Models .....	12
Employment-based Models of Blended Return on Investment .....	12
Example of Employment-Based Social Enterprise Model.....	12
Income-Generating and Mission-Based Models.....	13
Example of an Income-Generating Social Enterprise .....	13
Chapter 3: Social Enterprise Examples .....	14
Fernwood Neighbourhood Resource Group – Cornerstone Café.....	14
The Cleaning Solution .....	14
Atira Property Management.....	15
Chapter 4: Steps to developing a social enterprise .....	17
Development Steps.....	17
Implementation and Evaluation Steps.....	18
Organizational Readiness.....	19
Determine objective for starting a social enterprise .....	21
Chapter 5: Design Factors for Social Enterprise Success .....	23
Local Context.....	23
Asset-Based.....	25
Social Capital.....	27

Social Enterprises Link to Social Entrepreneurs.....	30
Chapter 6: Risks.....	33
Types of Risk in Social Enterprises .....	34
Chapter 7: Idea Generation .....	39
Conclusion & Next steps .....	43
Social Enterprise Resources:.....	44
General information: .....	44
Asset-Mapping: .....	44
Risk Assessment:.....	44
Feasibility Study & Business Planning:.....	44
References .....	44
Appendices.....	48

## List of Figures

Figure 1 ICA Folkfest in its final year 2006.....	9
Figure 2 Social Venture Continuum. ....	10
Figure 3 Blended Return on Investment.....	11
Figure 4 Cornerstone Cafe .....	14
Figure 5 An Employee from the Cleaning Solution, photo courtesy of Vancity (2016).....	14
Figure 6 Annual General Report from Atira Property Management .....	15
Figure 7 Sample Refugee Integration Social Capital Mapping.....	28
Figure 8 Five Types of Social Enterprise Risk. ....	34
Figure 9 Risk Management Cycle .....	35
Figure 10 Risk Impact Diagram. ....	35
Figure 11 Sample Return on Investment .....	39

## List of Tables

Table 1 Recommendations Timeline.....	5
Table 2 Sample Project Risk Mitigation Table.....	36

# Introduction

The Inter-Cultural Association of Greater Victoria is driven to explore social enterprise models that have a manageable risk level and can advance their organizational goals. This toolkit is the result of a research project conducted in 2015-2016 that explored social enterprise through a literature review and interviewees with 11 social enterprise administrators in British Columbia. The research report indicated that with a strategic and entrepreneurial spirit, ICA can develop a successful social enterprise.

The report provided recommendations and options to consider in an effort to help ICA move closer to the stages of developing a social enterprise, ultimately resulting in increased flexibility for the organization. The report recommendations aim to increase ICA’s leadership team knowledge of the opportunities, realities and risks, and the development stages of a social enterprise.

The recommendations and timeline are:

1. Share the toolkit with ICA board and staff.
2. Continue to encourage ICA staff to adopt an entrepreneurial point of view.
3. Determine ICA’s objective (financial or mission-related) for developing a social enterprise.
4. Determine the priorities for the decision making matrix (ease of implementation, scalability, return on investment, human resources) for the idea generation stage.
5. Cultivate relationships within the social enterprise sector at local, regional and national levels.

Recommendation Timeline					
Recommendation	Month				
	1	2	3	4	Ongoing
1. Share the toolkit with ICA board and staff.					
2. Continue to encourage ICA staff to adopt an entrepreneurial point of view.					
3. Determine the key objective for developing a social enterprise.					
4. Determine the priorities for the decision making matrix.					
5. Cultivate relationships in the social enterprise sector at local, regional and national levels.					

TABLE 1 RECOMMENDATIONS TIMELINE

## Key Concepts

**Asset-based** is to draw on the skills, resources and other assets within the community as opposed to focusing on the needs or weaknesses.

**Return on investment** is the gain or loss on an investment.

**Risk management** is a process to mitigate risks or uncertainties in business development.

**Social entrepreneur** are people that are inspired to use business approaches to address social issues and create positive community change.

**Social enterprise** is a non-profit business that sells goods or services for the purpose of generating income and/or achieving social, cultural, and/or environmental outcomes.

**Social capital** are the social connections and networks between people in the community that have recognized nonfinancial value.

## Key Report Learnings

**Innovative Solutions for Integrating Immigrants and Refugees in Greater Victoria: A Resource Tool for Exploring Social Enterprise Models** report identified that social enterprise is a framework that can be used within any non-profit to better reach their mission or financial goals. Regardless of the organizational mission, the steps to developing a successful social enterprise remain constant.

## Toolkit

This toolkit guides ICA leadership team as they explore social enterprise as a viable option for the organization. This toolkit has been prepared for ICA leadership team to:

- gain further perspectives on social enterprise development,
- understand the project scope and resources required for a successful enterprise,
- determine ICA's objective for developing a social enterprise, and
- generate social enterprise ideas.

Worksheets: Blue text boxes are to be filled by the leadership team as they work through the toolkit.



Lightbulbs represent ideas, tips or strategies for enterprise success.



Gears icon represent examples in enterprise development.

This toolkit is not designed to guide ICA through the full steps of the feasibility study, business planning or the launch phase of the social enterprise. Additional links to resources to complete the social enterprise development steps are provided at the end of the toolkit.

## Chapter 1: Why is social enterprise right for ICA?

The Inter-Cultural Association of Greater Victoria (ICA) is the leading immigrant and refugee-serving organization in the Capital Regional District (CRD). Since 1978 approximately 80-85% of ICA's annual operating budget has come from government funding. ICA's 2015-2016 annual operating budget was approximately \$5 million (J. McRae, personal communication, 2016). While this level of government funding has provided stability and capacity to serve a high number of clients, restrictions that often accompany government funding have resulted in several constraints including client eligibility, project activities and limitations of project costs. Government continues to shift priorities and future funding levels are uncertain, further reinforcing ICA's interest in securing alternative sources of revenue.



### Aligned with Strategic Plan

ICA's past and current strategic plan identify social enterprise as a development strategy that could generate increased and unrestricted revenues to better support its mission. As a learning organization, ICA is proactively exploring innovative solutions to better support the integration of newcomers in the Greater Victoria community.

### Social Enterprise Defined

Charles King, the founder of the Social Enterprise Alliance in the United States, describes that social enterprise creates long-term systemic community change, he says "what we are about is the business of **changing the entire paradigm by which not-for-profits operate and generate the capital** they need to carry out their mission" (Fairbairn & Russell, 2014, p. 259).

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Social enterprise is a non-profit business that sells goods or services for the purpose of generating income and/or achieving social, cultural, and/or environmental outcomes (Enterprising Non-Profits, 2010).

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Social enterprise is a socially innovative way for non-profits to advance their mission through earned revenue and unrestricted funds as opposed to traditional granting streams such as government or foundation funds (Ridley-Duff & Bull, 2011). Stanford University as cited in Goldenberg et. al (2009) describes social innovation as “a novel solution to a social problem” (p.4) meaning the solution to the social problem is original and inventive.

Social enterprise is an approach employed by the non-profit sector to diversify their revenue streams and/or increase their capacity to reach their mission. Defined this way, a social enterprise employed by ICA can offer a new approach at how this established organization operates and meet its strategic objectives.

### A profitable social enterprise could:

- generate unrestricted revenue
- increase flexibility to develop and modify services and programs as needed
- enhance visibility and reputation in the community

### Realities of Social Enterprise Development:

- incredibly difficult
- stressful
- tiring
- high risk
- requires many human and financial resources
- return on investment can take a long time

### ICA PURPOSE STATEMENT

ICA HELPS INDIVIDUALS AND ORGANIZATIONS CONNECT ACROSS CULTURES. WE PROVIDE INFORMATION, SUPPORT AND TOOLS TO HELP REFUGEES AND IMMIGRANTS REACH THEIR GOALS. BY ENGAGING PEOPLE THROUGH NETWORKS, EDUCATION AND ARTS PROGRAMMING WE CREATE A WELCOMING COMMUNITY.

### Leader in the Sector

As the leading settlement organization on Vancouver Island, the organization is active in regional, national and sectoral bodies and networks that advocate at the policy level for sound immigration strategies. ICA has a reputation for creating innovative programming and is committed to responding to the changing needs within the newcomer communities it serves. The executive

leadership has over 28 years' experience with the organization. ICA is a founding member of the Vancouver Island Immigrant Welcome Centre Alliance formed in January 2011 with the four other leading settlement organizations on Vancouver Island, with the vision to enhance the capacity of the agencies on Vancouver Island to provide services to immigrants and to build a welcoming and inclusive community.

ICA has strong community partners and is well-positioned in the CRD and serves as the lead agency for the Community Partnership Network (CPN). Developed in 2009 with 20 founding members, the CPN now serves a membership of more than 200 with the long term goal to develop the Capital Regional District's capacity to more effectively attract, welcome and integrate newcomers into our communities, workplaces, organizations and institutions. The CPN members work to develop their capacity by sharing resources and information to reach this goal.

ICA also holds the contract for the Local Immigration Partnership strategy funded by the federal government. This regional table is designed to bring together executive decision-makers to strengthen local capacity to attract newcomers and improve integration rates.

## Recent Shift in Service

In August 2015 ICA became a Sponsorship Agreement Holder (SAH) to support the resettlement of privately sponsored refugees into Greater Victoria and then in February 2016, ICA was approved to provide services to Government Assisted Refugees (GARs) under the Resettlement Assistance Program (RAP) from Immigration, Refugees and Citizenship Canada. Over the last year ICA staffing levels have increased by approximately 30% and the organization has received an unprecedented amount of financial and in-kind donations during this period. While both of these programs help ICA reach its mission, the programs add additional strain on human resources and are not fully secured funding streams.

## ICA's Experience in Profit-Making Initiatives

ICA has extensive business skills and experience running large-scale events. ICA was formed when various ethnic groups wanted to share their traditions and cultural heritage with the community, resulting in the first FolkFest in 1971, see Figure 1. Both of these events had significant percentages of earned revenue. Managing these festivals, ICA increased their profit-making business skills, expanded their community relations and strengthened their reputation in the community. FolkFest rented out a large saddle-span tent as a social enterprise during off-season.



**FolkFest 1971-2006:** This festival began as a small cultural celebration of performing artists and cultural celebrations. By hosting a platform for these groups to sell goods or services, the FolkFest was in turn an incubator for many cultural groups to start their own social enterprises or societies. The festival ran for 35 years until 2006. In the later years the festival drew crowds of over 150,000 people with artists such as k-os, K'naan, and Sam Roberts.



FIGURE 1 ICA FOLKFEST IN ITS FINAL YEAR 2006



**Luminara Lantern Festival 2000-2009:** ICA also hosted Luminara Lantern Festival, a large inter-active lantern festival, with over 20,000 people in attendance.

ICA also received funding from Enterprising Non-Profits in the mid-90's to develop a catering co-operative run by immigrant women. The International Women's Catering Co-op continues to operate independent of ICA. The organization has also delivered small-scale social enterprise models including selling merchandise such as Inter-Faith calendars and has delivered fee-for-service models in interpretation and translation services, and English as a Second Language classes. ICA is familiar with profit-making business processes.

## Chapter 2: Return on Investment & Social Venture

Social ventures are a range of business models used within the private and non-profit sector that have variable levels of return on investment, see Figure 2. Business ventures closer to the middle of this continuum include social enterprise and socially responsible businesses that have a higher blended return on investment, meaning they are achieving social, cultural or environmental outcomes as well as financial outcomes (Kerlin, 2009). Business models on the not-for-profit side of the continuum include donations, fee for service and social enterprise. Socially responsible businesses, corporate social responsibility and businesses that are strictly seeking profit are business models within the for-profit sector.

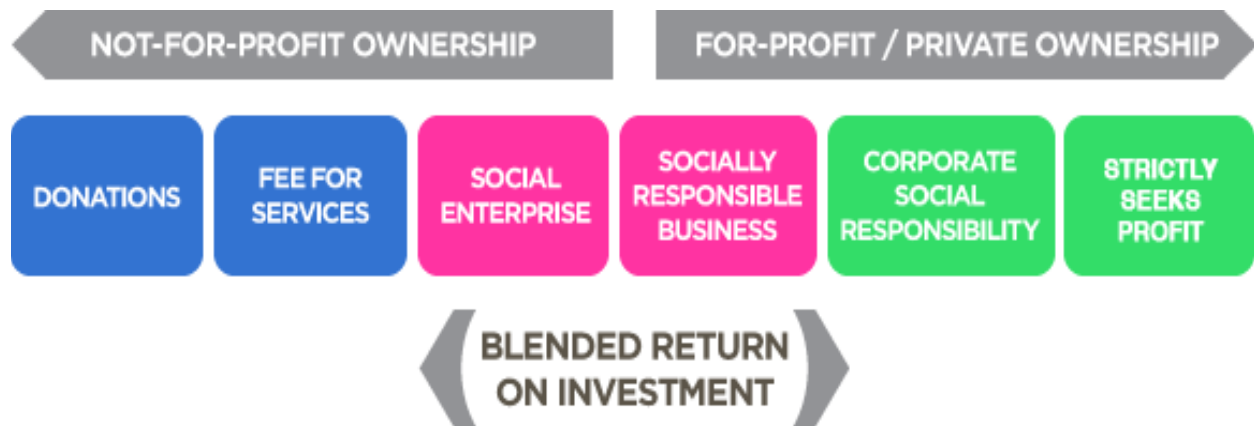


FIGURE 2 SOCIAL VENTURE CONTINUUM (THRIVE CALGARY, 2016).



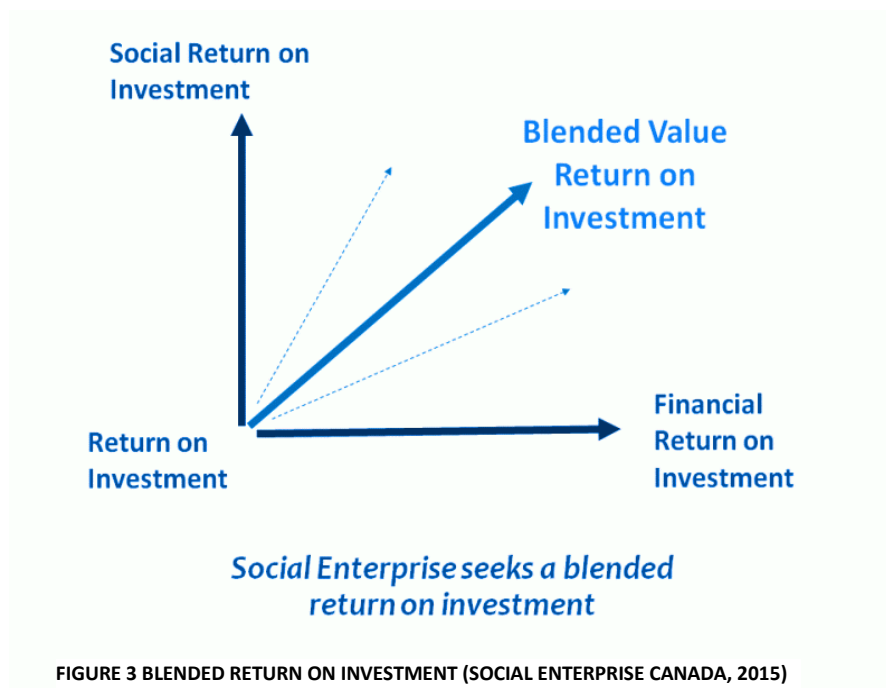
Some non-profits choose to strategically partnering with businesses to develop social enterprises. This type of partnership allows the non-profit to capitalize on the business acumen and market reputation of the established business to further leverage their capacity to reach their objectives.

## WORKSHEET #1

1. What strong community partners does ICA have in the private sector?
2. What businesses within the CPN have potential for partnership?
3. How can ICA draw on the connections in the CPN to explore social enterprise ideas?
4. What are some strategic partnerships that ICA could explore?

## Return on Investment

Return on investment is the gain or loss on an investment. Before embarking on an investment decision or a business venture, the proprietor will want to know the return on investment. A component common and a key motivating factor for many non-profits to start a social enterprise, including ICA, is the “blended return on investment” (Enterprising Non-Profit, 2010; Fairbairn & Russell, 2014) meaning the efforts or investments input in to the enterprise **equals a profitability ratio that has combined return of financial and social benefits or a dual bottom line**, see Figure 3 below. Within this ratio there could be a higher social return on investment or a higher financial return on investment. As ICA determines their key objective for starting a social enterprise they will need to determine the intended return on investment.



## Examples of Blended Return on Investment Models



Ten Thousand Villages is managed by the non-profit Mennonite Central Committee. Operating multiple storefronts across Canada and the US, Ten Thousand Villages purchases products at a fair price from artisans in developing countries and then re-sells the products for a fair price within Canada (Mennonite Central Committee Canada, 2014). The profits are directed back into community programming in the developing countries where the artisans live.

### Employment-based Models of Blended Return on Investment

Another social enterprise model that has a blended return on investment ratio is an employment-based social enterprise model (Fairbairn & Russell, 2014; Enterprising Non-Profits, 2010). This model hires ‘hard-to-employ’ or traditionally unemployable groups such as individuals that are homeless, dealing with addiction or individuals that have been out of the workplace for a number of years (Borzaga & Defourney, 2001) such as newly resettled refugees. This model achieves a social goal of reconnecting marginalized groups back to the labour market, and overcoming unemployment and social exclusion. ‘Hard-to-employ’ in the case of ICA clientele could also include internationally trained professionals needing credential recognition or multi-lingual professionals. These individuals are highly skilled yet have barriers to securing employment in Canada.

Employment-based social enterprises are typically managed by organizations with an organizational mission to support individuals with persistent barriers to securing and maintaining employment. As a WorkBC site and offering employment services, ICA would be well-suited to develop an employment-based social enterprise.

By employing the “hard-to-employ” through a social enterprise, the individuals gain:

- workplace experience in a supportive environment,
- on-the-job training and flexible workplace environment,
- soft-skill training in the Canadian labour market,
- local experience in the Canadian labour market, and
- local employment references.

### Example of Employment-Based Social Enterprise Model



[Potluck Café and Catering](#) managed by the non-profit, the Potluck Café Society, is a successful example of an employment-based social enterprise model. This award winning social enterprise in the downtown eastside of Vancouver, BC, creates job opportunities for vulnerable people through its café and catering services, while meeting the catering needs of its growing market (Potluck Café Society, 2016). With a blended return on investment model, the society earns revenue through the café and catering services and direct the profits towards its community-based programming for vulnerable people living in the downtown eastside of Vancouver, BC.

## Income-Generating and Mission-Based Models

A non-profit may choose a model that has a higher financial return on investment to generate profits. The profit can help the organization to offset some or all of the operating costs or to contribute towards a difficult-to-fund project such as ICA's Arts Program or the Private Sponsorship of Refugees program. Income-generating social enterprises are defined as an operation with a single purpose to generate income (Enterprising Non-Profit, 2010).

Mission-based enterprises, on the other end of the spectrum, also sell a product or service but do not expect to make a profit as they are solely designed to reach social, cultural or environmental outcomes. ICA may choose to develop an enterprise that will have a higher social return on investment ratio to enhance their capacity to meet their program objectives such as an employment-based model.

## Example of an Income-Generating Social Enterprise



The organization has a parking lot and rents parking spots on a daily, weekly or monthly basis and the profits are directed back to the non-profit. This example of the parking lot enterprise does not meet a social goal of the organization, yet it is income-generating. The parking lot example links to the charitable purpose if the parking lot uses an excess of capacity to generate profit (Corriveau, n.d.).

### WORKSHEET #2

1. What target groups could benefit from employment supports?
2. What skills do they have?
3. What integration supports do they need?
4. What enterprise ideas could support this group?

## Chapter 3: Social Enterprise Examples

Thousands of social enterprise leverage a business model to meet social goals. Here is a snapshot of three BC-based social enterprises started by non-profits.

### Fernwood Neighbourhood Resource Group – Cornerstone Café

**What is it?** Neighbourhood coffee shop.

**How did it start?** In 2005 the Fernwood Neighbourhood Resource Group Society (Fernwood NRG) purchased a [run-down building called the Cornerstone building for \\$1.28 million](#) (Findlay, 2012). A community consultation and asset-mapping exercises identified the need for a coffee shop. After many weekend work parties, largely led by volunteers, Cornerstone Café opened in 2006.

**Lessons learned:** The enterprise initially began as a mission-related activity of the Fernwood NRG. However the organization ran into trouble with Canada Revenue Agency and had to restructure into a corporation. The corporation being a separate entity from the charitable organization may donate up to 75% of its profits to named stakeholders.



FIGURE 4 CORNERSTONE CAFE (CORNERSTONE CAFE, 2016)

### The Cleaning Solution



FIGURE 5 AN EMPLOYEE FROM THE CLEANING SOLUTION, PHOTO COURTESY OF VANCITY (2016)

**What is it?** A contract cleaning company that provide employment to people with mental health issues.

**How did it start?** Developed in 2004 by the Canadian Mental Health Association (CMHA) Vancouver Burnaby Branch through a grant from Enterprising Non-Profits (ENP). It later received two more grants from ENP to bridge the cash flow requirements and expand. It is now incorporated as a non-profit society (Vancity, 2016).

**Lessons learned:** Given the [case management approach of supporting the workers](#), the enterprise encountered high-administrative costs. Unreliable employees motivated the enterprise to have a mixed work force which now includes individuals with mental health issues and individuals that do not need workplace case management (Social Enterprise Canada, 2013).

## Atira Property Management



**FIGURE 6 ANNUAL GENERAL REPORT FROM ATIRA PROPERTY MANAGEMENT (ATIRA PROPERTY MANAGEMENT, 2013)**

**What is it?** A property management company located in Greater Vancouver.

**How did it start?** Began in 2002 by Atira Women's Resource Society after they faced funding setbacks. With a background in securing and housing diverse women, they identified an opportunity to begin a property management company (Canada Mortgage and Housing Corporation, 2016). They now manage over 1000 units. In 2016 their CEO Janice Abbott was recently named one of [BC's 35 most influential women by BCBusiness List](#).

**Lessons learned:** Building on the organization's strength of providing housing and securing housing for women with barriers they approached this enterprise opportunity from an asset-based perspective.



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## FUTURE OF SOCIAL ENTERPRISE DEVELOPMENT

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A research study by Smith et. al (200) determined that enterprises developed at the same time as the conception of the nonprofit had a much higher acceptance rate and were more closely aligned with the vision and values of the organization (Smith et al., 2010). In contrast, organizations that develop social enterprises after they have been founded, as projected in ICA's situation, may receive pushback from staff, board members, or other stakeholders. This pushback was a result in varying priorities or challenges encountered while implementing or managing the social enterprise (Smith et. al, 2000). This research shares evidence that having the foresight to start both non-profit and social enterprise at the same time can positively affect both how the non-profit reaches its goal and the success probability of the enterprise.

# Chapter 4: Steps to developing a social enterprise

There are seven steps to implement a social enterprise include 1) organizational readiness, 2) idea identification, 3) pre-feasibility or “market snapshot”, 4) feasibility study, and 5) business plan. The feasibility of the idea is assessed during each step and the organization decides if they want to proceed to the last two steps to develop a road map and ongoing monitoring and evaluation.

## Development Steps



The next step is to create a road map and then ensure ongoing monitoring and evaluation systems are in place.

## Implementation and Evaluation Steps

### Road Map

**Road Map**—illustrates the steps needed to get from the beginning of the idea phase to the implementation phase. The document will include the planning, capital costs, hiring, and all other logistics.

### Monitoring & Evaluation

**Monitoring and Evaluation**—the ongoing and systematic monitoring and evaluation that allows the social enterprise to tweak and improve as it develops.

This toolkit focuses on the first two steps of organizational readiness and idea identification.

## Organizational Readiness

Developing a social enterprise requires a team collaboration between staff and board of directors. Enterprising Non-Profits (2010) stress the importance of ensuring the organization is prepared to operate a social enterprise and that there is a good fit between the idea and the organization.

### **The organizational readiness is the process of assessing:**

- 1) how prepared,
- 2) skilled, and
- 3) informed

the board of directors and the leadership staff are to plan, manage and evaluate a social enterprise.

Given the fiduciary responsibility of the board of directors it is integral they are knowledgeable on the realities and opportunities that accompany all stages of social enterprise development. Knowing the full scope of resources required will ensure the enterprise team are supported in the vision.

### **Role of board of directors in enterprise development:**

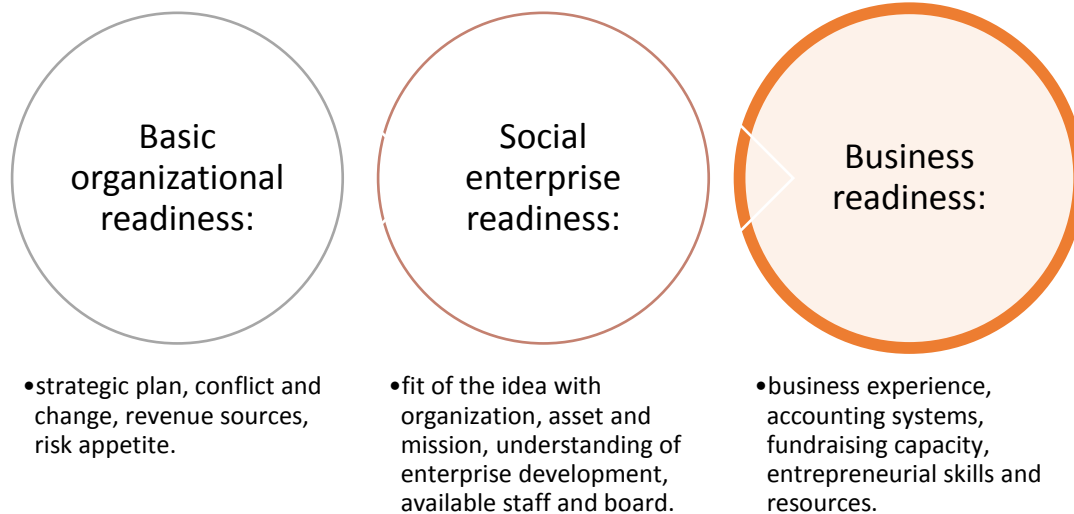
- understand the benefits and liabilities of social enterprise models
- see the big picture
- ensure that the enterprise or staff do not drift from the organization's mission
- be accountable to stakeholders
- know the resources required for success
- be informed on the risk
- be willing to take the risk
- understand the investment of time by key staff and stakeholders

Advice from social entrepreneurs

Too many non-profits are not willing to act like a business by "taking the risk"

Organizations need to be "willing to contribute cash" and absolutely be "willing to lose money"

## The three steps to organizational readiness are:



### Worksheet #3: Agency Self-Assessment

Enterprising Non-Profits (2010) has developed an Agency Self-Assessment Questionnaire that probes organizations to reflect on these three areas: basic organizational readiness, social enterprise readiness and business readiness.

Complete Appendix A: Agency Self-Assessment questionnaire by Enterprising Non-Profits (2000). [\(include in PDF combine function\)](#).

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#### Do This Agency Self-Assessment

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Now that you have reviewed the readiness discussion we have provided, you can use the following assessment exercise to help you identify just how ready your organization is to start a business, or if you require further organizational development. It will help you to identify those areas of your organization that may need some planning work before you start your enterprise. You can also use this questionnaire to identify those areas of your organization that can help you build your business acumen as you develop the enterprise. (If you are accessing this chapter online, you can download the questionnaire for separate use in the resource library at [www.enterprisingnonprofits.ca](http://www.enterprisingnonprofits.ca)).

#### AGENCY SELF-ASSESSMENT QUESTIONNAIRE

## Determine objective for starting a social enterprise

Board members and leadership staff often believe that developing a social enterprise is the key that will answer all their financial goals of increasing unrestricted funds. **In reality it is very difficult to deliver social enterprises that have both social and financial return.** Achieving financial and social outcomes through a blended return on investment in practicality is very difficult.

Keeping in mind the immense amount of resources both human and financial that are required to implement and maintain a successful social enterprise. ICA will need to determine if income-generating is priority or mission-related. Alternatively if the organization identifies a blended return on investment model they will need to be realistic that the idea is not too broad to be feasible.

### Organizations should:



- plan for the future
- think long-term
- be realistic
- build a scalable enterprise

### Data sources to help inform objective focus:

- ✓ Program and client evaluation
- ✓ Manager and coordinator reports
- ✓ ICA financials – including information on hard-to-fund projects
- ✓ Feedback from stakeholders
- ✓ Immigration trends and levels
- ✓ Regional and national sectoral information

“if it does not have an impact on either the organization through financial returns, or to the community it services, then you are just putting a tiny little Band-Aid on a big gaping wound”

Interview participant

Advice from social entrepreneurs

Organizations are “trying to do too much”

Too many organizations “want their cake and eat it too”

“Very few social entrepreneurs have been able to find that sweet spot”

It is a “bad idea for non-profits to start social enterprises to make money”

Worksheet #4:

1. Why is ICA drawn to start a social enterprise?
  - a. Income-generating advantages:
  
  - b. Mission-related advantages:
  
  - c. Blended return on investment:
  
2. What would a successful social enterprise look like to ICA?
  
3. What is the primary need that ICA wants to address?
  
4. What is the secondary need that ICA wants to address?

## Chapter 5: Design Factors for Social Enterprise Success

### Four factors that influence the success of a social enterprise are:

- 1) considering the local context,
- 2) insisting the idea is asset-based,
- 3) drawing on social capital in the community, and
- 4) involving of a social entrepreneur.

### Local Context

Factors connected to the location of the organization and proposed enterprise are incredibly impactful for the development of the social enterprise. Social enterprises work best when they are custom designed to the elements of the community. One interviewee states **“just because it [the social enterprise] worked really well in Vancouver, does not mean it will work well in Victoria”**. The “cookie-cutter design” approach of using the same model in different communities without considering the elements of the location will more often result in a failed enterprise.

### Key factors to consider:



- ✓ urban vs. rural
- ✓ Demographic
- ✓ political climate
- ✓ transportation
- ✓ accessibility
- ✓ social and cultural context
- ✓ market needs and strengths

Worksheet #5:

1. Urban vs. Rural: What is the market analysis? How large is the geographic reach and density of population? Is the location accessible for product delivery and for customers to access?
2. Demographics: Who are the customers (age, gender, ethnicity, educational background)? What assets and needs do they have?
3. Political Climate: What is the political beliefs of the community? What party is in leadership?
4. Transportation and Accessibility: How do people move in the region? Is there pedestrian or bike routes? How will parking affect or impact the business idea?
5. Social & Cultural Context: What is the cultural and social climate and context of the location?
6. Market Needs and Strengths: What is already happening in this location? How can the social enterprise leverage or build on existing strengths? How many competitors already exist in the community?

## Asset-Based

Asset-based community development, or ABCD, is to draw on the skills, resources and other assets within the community as opposed to focusing on the needs or weaknesses (Cunningham & Mathie, 2002). Social enterprises rooted in an ABCD approach are more likely to be integrated in the community and receive support from the public.

By using an asset-based approach, existing strengths, assets or skills in the community are leveraged and can lead to long-term sustainable growth. For example, Potluck Café and Catering, see Figure 7, identified the availability of employees as an asset to meet their catering needs (Potluck Café Society, 2016).

Upon determining its objective for starting a social enterprise, ICA can then complete an inventory of internal and external assets through an asset-mapping exercise. More information on asset-mapping exercises found in resource section.



FIGURE 7 HELEN HILL, EMPLOYEE OF POTLUCK CAFE AND CATERING (POTLUCK CAFE AND CATERING, 2016)

## Examples of asset-based social enterprise ideas:



### Income-generating:

**Asset:** Internationally trained professionals in financial sector

**Idea:** Multi-lingual tax or accounting business

### Mission-focused example:

**Asset:** Resettled refugees

**Idea:** Flexible work placement to accommodate English classes

Worksheet #6:

## Asset Inventory

Internal	External
Example: staff, financial systems	Example: CPN partnerships, tourist location

What are other ways ICA can assess its assets?

## Social Capital

Social capital are the connections and networks between people in the community that have a recognized nonfinancial value (Brown & Hannis, 2008; Jackson & Nelson, 2004). Social connections start at one individual or organization and are linked to another individual or organization making up a large network that share linkages as shown in Figure 5.

Due to the increased trust and reliance among members, strong social capital is helpful during new developments such as social enterprise and can link to greater success in securing financial capital in social enterprise start-ups. Social capital translates into the trust that enable individuals to act together more effectively

Should ICA develop an employment-based social enterprise, it is important to note that social capital is especially important for new immigrants to integrate into a community as it creates a welcoming atmosphere and sense of belonging.

"Social enterprises are powerful tools to address issues of poverty by creating social, human, and financial capital; they build and strengthen social networks and generate economic benefits"

Canadian Community Economic Development Network (2007).



FIGURE 8 SOCIAL CAPITAL (REICHE, 2012)

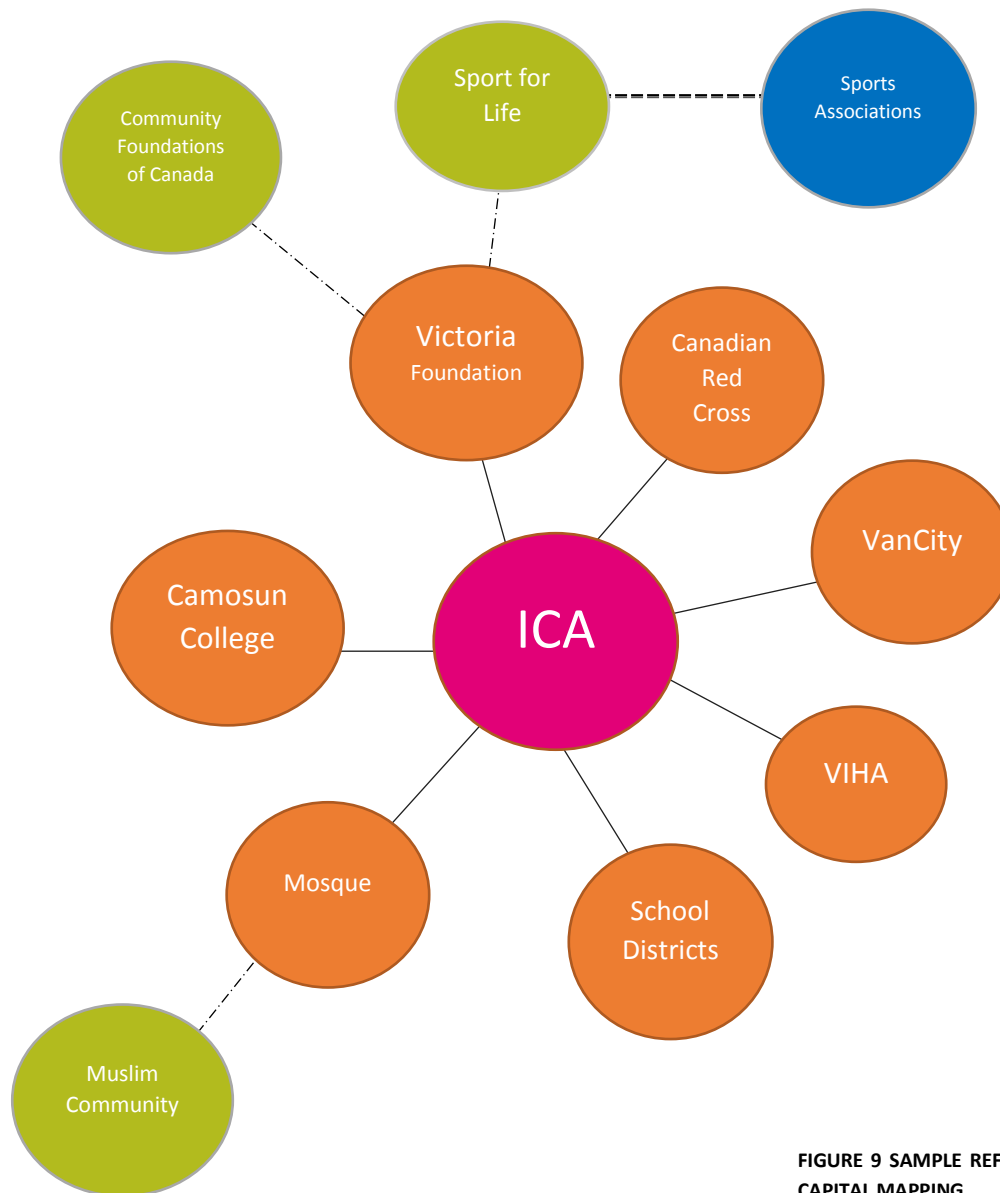
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## ICA SOCIAL CAPITAL EXAMPLE

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In early 2016 when ICA began delivering the Resettlement-Assistance Program for government-assisted refugees, the organization drew on the strong social capital between various sectors such as health, education and housing. Strong relationships are a key impact area in the organization's current strategic plan and continues to build social capital through the CPN and LIP tables. As a result of the existing strong social connections within these community groups, ICA was able to easily secure resources such as housing and develop efficient systems like healthcare services for newly arrived refugees. See sample social capital mapping below in Figure 7 below. Different colours and lines distinguish strength and relationship types.

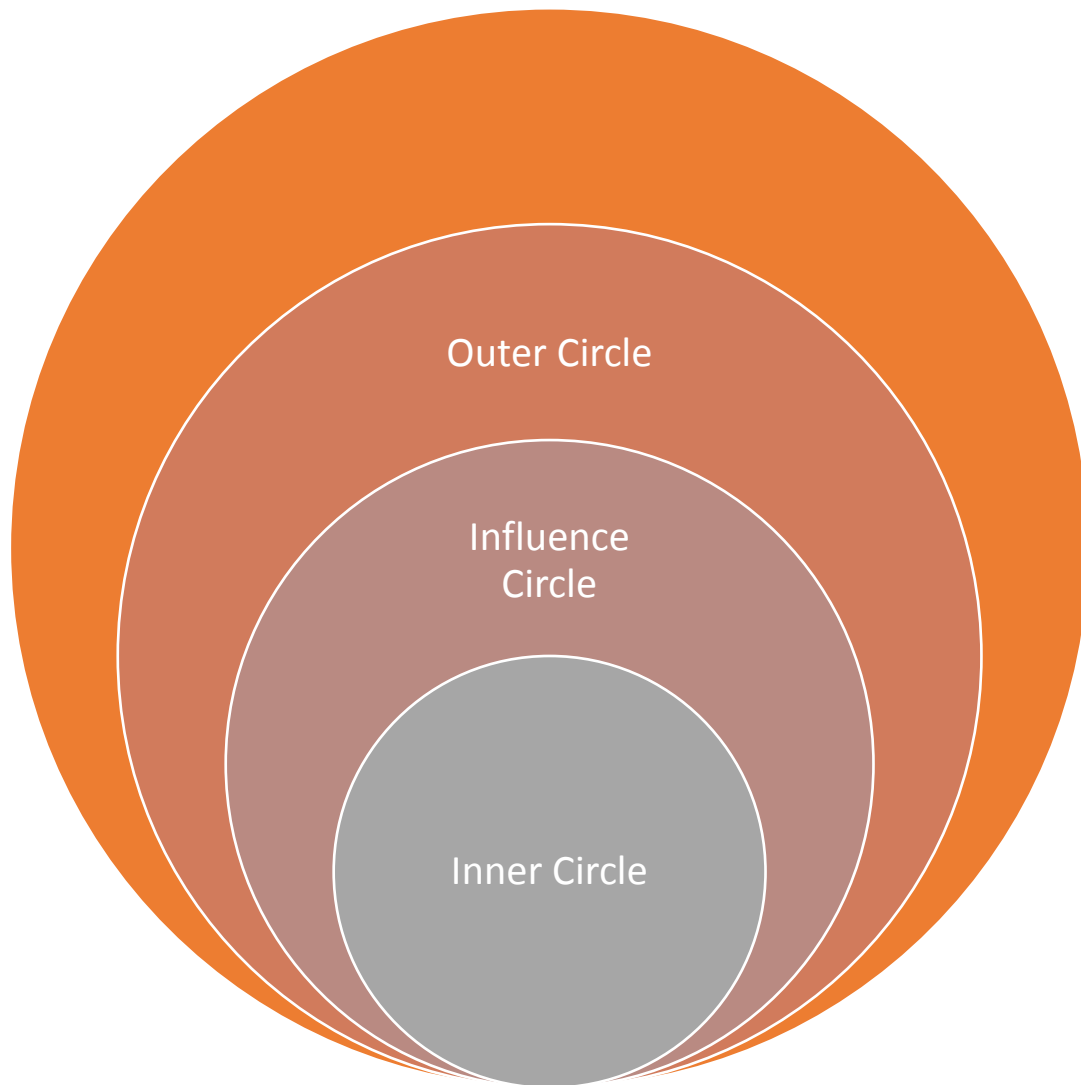


**FIGURE 9 SAMPLE REFUGEE INTEGRATION SOCIAL CAPITAL MAPPING**

Worksheet #7:

Map ICA's social capital:

List individuals or organizations in the inner circle, influence circle, outer circle and beyond. Include stakeholders such as ICA volunteers, donors, CPN members, past business contacts with FolkFest or Luminara.



## Social Enterprises Link to Social Entrepreneurs

Asset-based ideas and built social capital heavily influence the success of a social enterprise, however these characteristics are null if the right people are not involved. Starting a social enterprise is a team collaboration that includes people with entrepreneurial leadership. **Social entrepreneurs are individuals that use business techniques to find solutions for social good.**

### Social entrepreneurs are

- Idea-driven
- realistic about failure
- solutions-focused
- have an entrepreneurial spirit
- business acumen
- innovative
- creative
- collaborative
- open-minded
- flexible
- positive vision for the future
- energy
- persistent
- problems solvers
- passionate about community
- long-term social change
- willing to take risks
- understand the investments required for success

“BEING ENTERPRISING IS A STATE OF MIND, IT IS NOT SOMETHING YOU JUST WAKE UP AND DECIDE TO DO ONE DAY.”

*INTERVIEW PARTICIPANT*

While a non-profit may have a suitable enterprise idea, if they do not engage the right social entrepreneur, the initiative can often fail because the people involved did not have the dedication, skill or energy to reach the intended outcomes.

Many organizations lack the expertise from the board or staff. It is important to invite staff to ‘be enterprising’ or to adopt an entrepreneurial point of view and to know when to bring on the right people or experts for key tasks either as a director, short-term or long-term, or to bring on a consultant for specific tasks.

### Encourage ICA staff to adopt an entrepreneurial point of view.

ICA operates with over 90 staff members and prides itself as a learning organization. Being 85% funded by federal or provincial bodies there is some limitations in service delivery, yet there continues to be areas for innovation in areas of operation. To increase ICA’s enterprising spirit, ICA can invite staff at all levels, including front-line, to adopt an entrepreneurial point of view, by encouraging staff to think innovatively invites employees to ‘think outside the box’ of how to solve existing challenges or emerging trends such as client retention or oversubscription to programs.



If the organization has a gap in entrepreneurial skills they can:

- 1) Train existing staff in social enterprise and business management. This can lead to increased organizational capacity as well as professional development of the staff member that already understands the mission, scope and capacity of the organization.
- 2) Bring in external consultants to have a fresh perspective and unbiased lens on the ideas and capacity of the organization and can devote more undivided attention to this process instead of a staff member “off the side of their desk”. If this option is chosen it is important to be ready to listen to the coach instead of trying to push forward the agenda.

## Grameen Bank: Case Study

In 1976 Muhammed Yunus had a vision to reduce poverty among women in Bangladesh. He created a microfinance institution called the Grameen Bank (Ridley-Duff & Bull, 2011) with a long-term vision to raise economic capacity among marginalized and lower income individuals.

Grameen Bank's success was due to a business model structured in innovation and risk taking that is inherent in social entrepreneurs (Dowla, 2006). The main philosophy was to hire and train employees that genuinely care for people in poverty. Yunus recognized the social capital value between the employees and the borrowers. The business model believes in the capacity of the borrowers to pay back. Additionally, borrowing agreements such as “no loans forgiven” and the guarantee that borrowers increase their financial management skills continued to increase the social capital between the borrowers and the employees at the bank. Grameen Bank has one of the highest repayment rates among all other micro-loan institutions.



Yunus realized this initiative had to be grounded on a deep sense of connection and social capital between community members. The Grameen Bank example provides an additional dimension to understand how social capital and social economy fit into the scope of social enterprise and the importance of engaging a social entrepreneur in social enterprise development.

Worksheet #8:

1. How do we encourage staff to have an entrepreneurial point of view?
2. How do we engage people to be enterprising?
  - a. Setting up people to feel safe to think outside the box?
  - b. Internal structures – what does that look like?

ICA's Social Enterprise Team

1. Who from ICA would be involved (board members, staff, volunteers)
2. What gaps remain?
3. How can ICA fill this gap?
4. Action plan – identify staff to be engaged/trained or consultant as needed.

## Chapter 6: Risks

Seven out of 10 businesses fail within the first three years (Dees, 1998). Considering this high failure rate it is not surprising that many non-profits also fail at social enterprise. While the most brilliant solutions and inventions come from taking risks, ironically, non-profits typically have a low appetite for risk given the fiduciary responsibility of the board of directors. Managing risks is the process of reducing the probability, likelihood or consequence of harmful liabilities. By assessing risk, ICA will identify risk and a mitigation strategy to reduce the impact of each risk. Employing a risk management framework allows ICA to assess, plan, mitigate and control risk.

---

**Risk management** is a “process that allows a social enterprise to cope with uncertainty by taking proactive steps to protect its assets and resources”.

(Propellor Social Enterprise Advisors, 2012, p.6)

---

### Reason why social enterprises fail:

- Lack of business acumen
- Low access to capital
- Lack of capital
- Mission-drift
- Lack of commitment from
- Team loses focus
- Lack of organizational capacity
- Too much risk
- Return takes too long

“Failure is simply  
the opportunity  
to begin again,  
this time more  
intelligently.”

Henry Ford

## Types of Risk in Social Enterprises

The specific risk encountered will depend upon the social enterprise being development. However, there are five types of risk that are common among most social enterprises which include people, property, liability, income and compliance. Further examples of these risks are outlined in Figure 6.

### Five Types of Risk in Social Enterprises

#### People

- Workplace injuries, Death, disability, retirement
- Resignation or disengagement from board of directors, organizational staff or enterprise team

#### Property

- Partial or total loss of premises
- Theft of equipment, inventory, cash, information
- Intellectual property compromised or stolen
- Brand & reputation damaged in community and among stakeholders

#### Liability

- Product liability or injury to clients, customer or general public
- Damage to another person's property or breach of contract

#### Income

- Securing the capital
- Access to cash flow

#### Compliance

- Compliance of Canada Revenue Agency (Government of Canada, 2003) Income Tax Act
- Determine legal structure

FIGURE 5 FIVE TYPES OF SOCIAL ENTERPRISE RISK, ADAPTED FROM PROPELLOR SOCIAL ENTERPRISE ADVISORS, 2012).

# Risk Management Cycle

A risk management cycle contains five steps as shown in Figure 4 below, 1) identify the risks, 2) assess the risk level using risk impact tool (to be discussed), 3) plan the appropriate mitigation strategy, 4) implement the mitigation strategy and 5) monitor the ongoing process. Managing risk is part of ongoing monitoring and evaluation of the enterprise development.

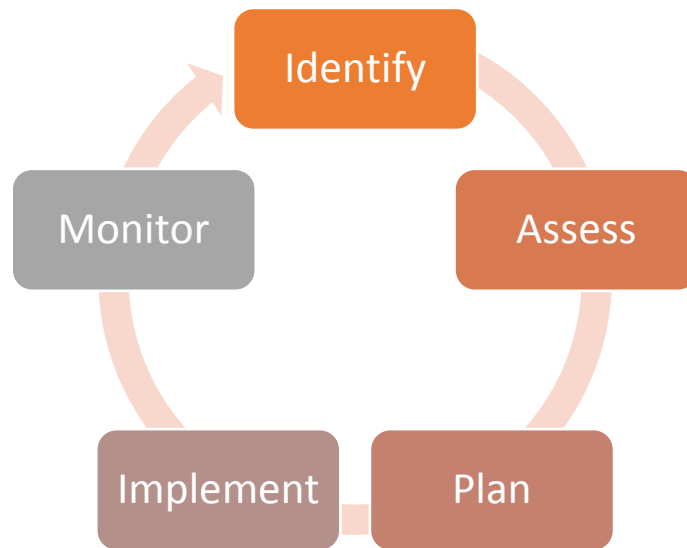


FIGURE 6 RISK MANAGEMENT CYCLE

A risk impact tool helps to assess the impact and likeliness of the risk in question, see Figure 5 below. If the risk is assessed at a high likelihood and a high impact the higher the risk level.

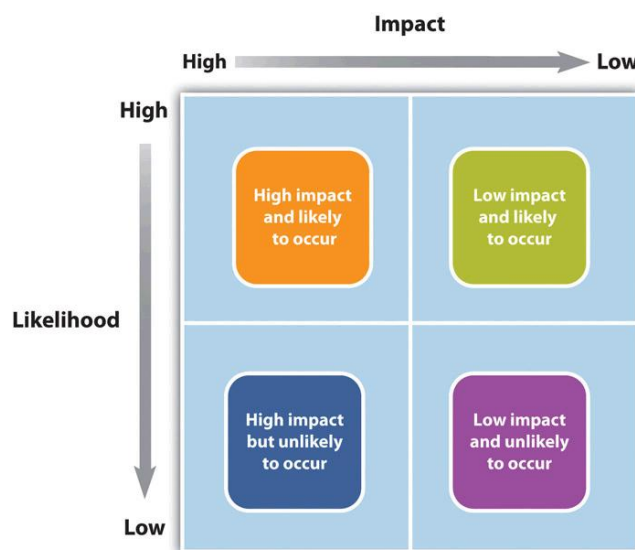


FIGURE 10 RISK IMPACT DIAGRAM (WATT, 2014).

Risk is inevitable and unavoidable in all new developments and especially in social enterprise development. The importance part of risk is the organization’s ability to identify, manage and monitor the risk. **Risk mitigation are ways to reduce the impact.**

### Four risk mitigation strategies are:

- 1) Risk avoidance: alternative strategy
- 2) Risk sharing: partner with others`
- 3) Risk reduction: decrease the level
- 4) Risk transfer: shift to other party

Sample project risk mitigation table:

<b>Risk Category</b>	<b>Description</b>	<b>Likelihood</b>	<b>Risk Management Strategy</b>
Property	Potential for parents or beneficiaries to misunderstand the purpose of the program.	Medium	Ensure clear written and verbal communication in Arabic is provided to parents of participants.
Income	Loss of volunteer leaders	Low	Receive input from the existing volunteers on the workshop and ensure debriefing sessions are held with the project team following each session.
Income	Loss of participants	Low	Ensure clear communication in Arabic is provided to the participants. Ensure that the participants agree to attend all sessions unless valid excuse before the program starts.

TABLE 2 SAMPLE PROJECT RISK MITIGATION TABLE

Worksheet #9:

What risks are present in the idea?

Identify the risks in each category below.

IDEA	People	Property	Liability	Income	Compliance

## Decision-Making Matrix

Once ICA leadership team has determined either a single or multiple ideas for an enterprise they can use a decision-making matrix to help them identify the best fit for the organization (Fairbairn & Russell, 2014). Using a decision-making matrix aids the organization to be clear on their objectives for utilizing a social enterprise and prioritizes the key assessment areas (Enterprising Non-Profits, n.d.).

As seen in the sample decision-making matrix in Table 1 below, the organization can insert their objective for utilizing a social enterprise and rank them based on their value to the organization. For example, if the organization wants an income-generating social enterprise they would rank the potential revenue as high.

Social Enterprise Decision Making Matrix			
Priority	Points (1-4)	Value	Score
Mission fit			
Scalability			
Customer-base			
Ease of implementing			
Potential revenue			
Capital investment			
Total score			

### Worksheet #10:

Based on the objective for social enterprise development complete the priorities that are valued for ICA.

Social Enterprise Decision Making Matrix			
Priority	Points (1-4)	Value	Score
Total score			

## Chapter 7: Idea Generation

Now is the time to delve into the fit of social enterprise ideas with ICA's objective. Throughout this toolkit the ICA leadership team has completed various worksheets to reflect, identify and brainstorm various components of enterprise development. This last step of the toolkit combines all the pieces into the idea generation using the learnings from each chapter.

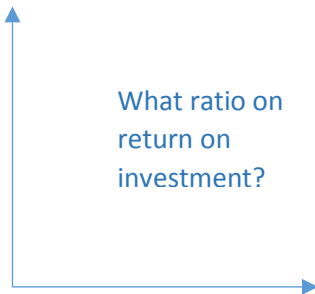
Complete the following worksheets to assess the initial feasibility of the enterprise idea.

### ICA's objective for social enterprise development:

- Income-generating
- Mission-focused
- Blended return on investment

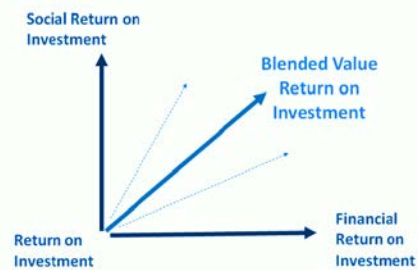
### ICA's ratio for return on investment:

Social Return  
on Investment



What ratio on  
return on  
investment?

Financial Return  
on Investment



*Social Enterprise seeks a blended  
return on investment*

FIGURE 11 SAMPLE RETURN ON INVESTMENT

**Local factors need to be considered:**

Local Factors	Social Enterprise Considerations
Urban vs. Rural	
Demographics	
Political Climate	
Transportation and Accessibility	
Social & Cultural Context	
Market Needs and Strengths	
Other: _____	

**ICA assets-based enterprise ideas:**

**Social capital to be drawn on:**

**ICA social enterprise team includes:**

**Consultants needed:**

**Risk Identification:**

IDEA	People	Property	Liability	Income	Compliance

**Risk Mitigation Strategy:**

Risk Category	Description	Likelihood	Risk Management Strategy



## Conclusion & Next steps

**Congratulations!** ICA's leadership team has now completed the first stages of social enterprise development. As the ICA's leadership team worked through the toolkit much knowledge has been learned that will continue to increase ICA's capacity to develop a successful social enterprise.

### Key learnings:

- Return on investment
  - Income-generating
  - Mission-based models
  - Employment-based models
- Social venture continuum
- Steps of social enterprise development
  - Organizational Readiness
  - Idea Generation
- Design factors for social enterprise success
  - Local context
  - Asset-based
  - Social capital
  - Social entrepreneurs
- Social enterprise risks
- Experience generating social enterprise ideas

Now that ICA has one or multiple enterprise ideas, it is time to work through the next steps of assessing the feasibility and then the business planning stages of the development.

### Next steps for the leadership team:

Date	Task	Notes	Responsible

**Good luck in ICA's enterprise development!**

# Social Enterprise Resources:

## General information:

BC Centre for Social Enterprise: <http://www.centreforsocialenterprise.com/>

BC Partners for Social Impact: <http://www.hubcapbc.ca/>

Canadian Social Entrepreneurship Foundation: <http://www.csef.ca/about.php>

Social Enterprise Canada: <http://www.socialenterprisecanada.ca/>

VanCity: Social Enterprise and Social Venture:  
<https://www.vancity.com/BusinessBanking/Financing/SpecializedSectorSolutions/SocialEnterprise/>

Innoweave: Practical Tools for Social Innovation: <http://www.innoweave.ca/en/modules/social-enterprise>

REDFworkshop.org: <https://redfworkshop.org/>

Canadian Community Economic Development Network:  
[https://ccednetrcdec.ca/files/ccednet/pdfs/Making\\_It\\_Happen.pdf](https://ccednetrcdec.ca/files/ccednet/pdfs/Making_It_Happen.pdf)

## Asset-Mapping:

Ontario Healthy Communities Coalition: <http://www.ohcc-ccso.ca/en/courses/community-development-for-health-promoters/module-two-process-strategies-and-roles/tool-mapp>

Asset-mapping: A Handbook: <https://volunteer.ca/content/asset-mapping-handbook>

The Asset-Based Community Development Institute: <http://www.abcdinstitute.org/toolkit/>

## Risk Assessment:

Risk Mitigation <https://opentextbc.ca/projectmanagement/>

Propellor Social Enterprise Advisors: <http://propelloradvisors.ca/>

Laubach Literacy Ontario: <http://www.laubach-on.ca/sites/default/files/Benefits%20and%20Risks%20of%20Social%20Enterprise.pdf>

## Feasibility Study & Business Planning:

Futurpreneur Canada: <http://www.futurpreneur.ca/en/resources/social-purpose-business/business-plan-examples/social-purpose-business-example-business-plan/>

A business planning guide to developing a social enterprise:  
[http://www.forthsectordevelopment.org.uk/documents/New\\_BusPlanGuide.pdf](http://www.forthsectordevelopment.org.uk/documents/New_BusPlanGuide.pdf)

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# Appendices

Appendix A: Agency Self-Assessment Questionnaire

## Do This Agency Self-Assessment

Now that you have reviewed the readiness discussion we have provided, you can use the following assessment exercise to help you identify just how ready your organization is to start a business, or if you require further organizational development. It will help you to identify those areas of your organization that may need some planning work before you start your enterprise. You can also use this questionnaire to identify those areas of your organization that can help you build your business acumen as you develop the enterprise. (If you are accessing this chapter online, you can download the questionnaire for separate use in the resource library at [www.enterprisingnonprofits.ca](http://www.enterprisingnonprofits.ca)).

### AGENCY SELF-ASSESSMENT QUESTIONNAIRE

Basic organizational readiness	Points Weak to Strong			
Does your organization...	1	2	3	Notes on how to improve
have its vision, mission, and goals articulated and supported by your board and staff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have a strategic plan that's current and up-dated on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have experience in planning and implementing internal change?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have experience dealing with internal conflict?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
know its financial situation and have possible scenarios for the next 2 – 3 years? Have financial stability; e.g., for the past 3 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have diversified funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have clearly defined lines of accountability and is results-oriented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
have a demonstrated commitment to continual learning and innovation, and encourage staff to take risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
examine cost effectiveness in evaluating your activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Subtotal:</b>				

Social enterprise readiness	Points Weak to Strong			
	1	2	3	Notes on how to improve
Does your idea fit with your organization's competencies, assets, and strengths?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is your board, management, and staff interested in the concept of social enterprise? Do they understand social enterprise? Do they support further investigation of social enterprise?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the social enterprise idea fit with your mission? Is there a value fit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have you set aside staff time for developing the enterprise? Are your staff and board willing to put in extra effort?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Do you have outside stakeholders (clients, members, donors, funders) and do they support social enterprise?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Do you know your potential allies or competitors? Have you thought about partnerships that would support your organization?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Subtotal:</b>	

Business readiness	Points Weak to Strong			Notes on how to improve
	1	2	3	
Do you have business experience on your board or among staff? Is there an internal champion?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do you have strong book-keeping/accounting systems that can track your business venture?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have you thought about how you can raise funds to plan and launch the enterprise?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do your staff have the necessary skills, or do you have an idea of how to build these skills?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do you have the space or equipment that may be needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do you have some capital to invest in the enterprise development?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Subtotal:</b>				
<b>TOTAL:</b>				

**How to assess your score:**

21 to 30	Low level of readiness. Lots of work to do.
31 to 49	Medium level of readiness. Some significant issues or key areas require attention.
50 to 63	High level of readiness. Ready to go!

Even if your overall score is encouraging, take a look to see if there are some individual instances of only 1 point (Weak) on a particular question. You will need to pay some attention to strengthening the organization in that respect before going further in your plans.