

Fostering a Climate for Growth and Regional Development through the Social Economy

*prepared by
Fran Locke, Penelope M. Rowe and Patti Powers*

Community Services Council Newfoundland and Labrador
and *Values Added* Community University Research Alliance

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Community Services Council
Suite 201, Virginia Plaza
Newfoundland Drive
St. John's, NL A1A 3E9
Contact: pennyrowe@csc.nf.net
www.enVision.ca

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INTRODUCTION

Community Services Council Newfoundland and Labrador (CSC) received funding from Atlantic Canada Opportunities Agency (ACOA) to undertake “a project to increase knowledge about the social economy in Newfoundland and Labrador and to strengthen the capacity of social enterprises,”¹ more specifically, to:

- “Create a profile of social economy activities in Newfoundland and Labrador
- Examine the variety of models for social enterprises
- Heighten awareness of potential opportunities for development in the third sector
- Inform policy and support services for future activities in the social economy
- Build capacity in the community development sector.”²

CSC initiated the process of identifying social or community enterprises and their contributions to social, economic and cultural development across our province. The work, carried out from 2005-2007, included an extensive literature review and bibliography compilation, site visits, travel to national and international conferences, interviews, regional discussions, a provincial roundtable, an online survey, focused discussions with government officials (federal and provincial) and other community support agencies, and a symposium which included presenters from Quebec, British Columbia and Newfoundland and Labrador, with participation from around our province and also from Nova Scotia. In addition, CSC has devoted a sub-site at enVision.ca to social economy resources.

Representatives from about 300 organizations, agencies and government departments have informed this study.

The project started with an examination of the term “social economy”, and its different interpretations. A broad definition encompasses a large part of the non-profit and cooperative sector: voluntary organizations, community economic development groups and co-ops, reminding us “that all social organizations, while their primary purpose may be to meet a social or community need, have economic value: they employ people, they produce or purchase goods and services, they own valuable assets and contribute to the economy in myriad ways.”³

“The non-profit sector, active in every feature of social and economic life...able to mobilize citizens and local resources and work horizontally and holistically, is well placed to deliver innovative place-based policies and solutions...and address apparently intractable social, economic and environmental...challenges.”⁴

Because of the large volume of research CSC had already conducted on the voluntary, community-based sector, it was decided that the main focus of the Social Economy Research and

¹ *Fostering a Climate for Growth and Regional Development Through the Social Economy*, a proposal to Atlantic Canada Opportunities Agency from Community Services Council Newfoundland and Labrador, 2004, p. 3.

² Ibid. p. 3.

³ *Social Innovation in Canada: How the non-profit sector serves Canadians ... and how it can serve them better.* Mark Goldberg, Canadian Policy Research Networks, 2004, p. 12.

⁴ Ibid. p. 24.

Planning Project would be “social economy enterprises”, i.e., those social economy organizations that generate revenue through the sales of goods or services.

“Social economy enterprises are run like businesses, producing goods and services for the market economy, but they manage their operations and redirect their surpluses in the pursuit of social and community goals.”⁵

Debate is ongoing around the best language to describe the entrepreneurial activities of the non-profit, community-based sector. “Social economy enterprise”, “social enterprise”, “non-profit enterprise”, and “community enterprise” are all used. To direct our thoughts to “community”, we will for the most part use the latter term. After all, these enterprises are based in community and designed to support and grow communities. We will next look at some community enterprise models and generic examples to illustrate them.

COMMUNITY ENTERPRISE MODELS⁶

Community enterprises can be central, related or unrelated to the social mission of an organization. Community enterprises can be found in almost all sectors and provide services to many population groups. There are several models, and many organizations operate with a combination of models.

Fee-for-service model commercializes services of the organization by selling directly to clients, general public, firms, or a third party payer (e.g., long-term care facility).

Service subsidization model sells products or services to external markets and uses the income to help fund the organization’s social programs (e.g., school hot lunch program open to all, where parents pay what they can).

Organizational support model operates externally to the organization by selling products or services in the marketplace, including to businesses or the general public, and flows revenue back to the organization to cover the costs of delivery of programs to clients (e.g., thrift store run by a health organization).

Employment model provides work opportunities and job training to clients, who are most often people with employment barriers or others in disadvantaged communities (e.g., recycling centre employing a particular target group).

SUB-SECTOR EXAMPLES

- Health and social services
- Education and human development
- Labour market and employment
- Arts, culture and heritage
- Environmental conservation
- Sports and recreation
- Economic development
- Resource sectors and tourism

POPULATION GROUP EXAMPLES

- Children and youth
- Seniors
- Persons with disabilities
- The ill
- The unemployed
- Craftspeople
- Artists
- Tourists
- Parents
- Women
- General public

⁵ “Social Economy.” [Human Resources and Social Development Canada](http://www.sdc.gc.ca/en/cs/comm/sd/social_economy.shtml). Government of Canada. 19 Sept. 2005. <http://www.sdc.gc.ca/en/cs/comm/sd/social_economy.shtml>.

⁶ Adapted from Alter, K. *Social Enterprise Typology*, Virtue Ventures LLC, 2004, p. 24-39.

Entrepreneur support model sells business support and financial services to a target population or clients who can be self-employed individuals or incorporated firms (e.g., organization set up to help young people start a business).

Marketing model provides services to a target population to help them access markets for their goods or services or facilitate relationships between clients and external markets. Clients are individuals, small producers, local firms and co-operatives (e.g., craft development association).

Combined Model An organization might provide housing for the homeless, for social service recipients and for low income earners (fee for service, with some client and some third party pay); operate a thrift shop with all proceeds going back into the organization (organization support model); and employ the homeless in the thrift shop (employment model).

These enterprise models and the specific issues faced by organizations interested in enterprise development must be understood in the context of the larger social economy picture. Discussions around community enterprise invariably include both challenges and needs for enterprise growth and more fundamental challenges and needs for organizational stability and development. Meeting these challenges is as important as meeting the needs for enterprise development. To help understand the importance of meeting both the fundamental challenges organizations are facing and specific challenges for enterprise development, we present an overview of the social economy or non-profit, voluntary community-based sector in Newfoundland and Labrador.

THE SOCIAL ECONOMY IN NEWFOUNDLAND AND LABRADOR

Examination of the social economy sector as a whole demonstrates its position both as a major employer and as a force for mobilizing massive amounts of unpaid labour. CSC's database has about 5000 voluntary, non-profit groups listed for Newfoundland and Labrador,⁷ about 2250 of which are incorporated non-profits or registered charities. Of these 2250, about half have some paid personnel.⁸ According to a 2004 Statistics Canada survey,⁹ incorporated or registered non-profit organizations in this province employ 29,000 people,¹⁰ the vast majority of which work outside the major institutions, i.e., they work for community-based groups.¹¹ Voluntary, community-based organizations together employ more people than any sub-sector in our economy, e.g., fishery (23,325), retail (15,435), construction trades and labourers (17,425), manufacturing and processing (9,080), loggers, equipment operators and mechanics (16,205).¹²

⁷ This is not a complete listing of groups around the province; updates are ongoing.

⁸ There are no statistics available on paid personnel in non-incorporated groups, but we know from experience that some of them have employees, so the sector employment estimate is conservative to some degree.

⁹ Hall, M. et al. *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*. (Catalogue no. 61-533-XPE, Rev. ed.). Ottawa, ON: Statistics Canada, 2005.

¹⁰ This includes employees of hospitals, universities and colleges registered as charities (HUCs).

¹¹ Extrapolated from Rowe, Penelope. *The Non-profit and Voluntary Sector in Atlantic Canada*, Imagine Canada and Community Services Council Newfoundland and Labrador, 2006. This Atlantic report from the 2004 Statistics Canada data indicates about 78% of non-profit sector employees in the Atlantic provinces work outside HUCs.

¹² Community Accounts, Government of Newfoundland and Labrador, www.communityaccounts.ca. Data from 2000, accessed August 30, 2006.

In addition, according to the 2004 Canada Survey of Giving, Volunteering and Participating, 42% of the population over the age of 15 in our province volunteers, for an estimated total of 187,000 people volunteering.¹³ This amounts to approximately 20,000 person years of work.¹⁴

The Social Economy Builds Communities

Through the dedicated efforts of staff and volunteers, social economy organizations:

- Engage citizens and build human and social capital
- Create employment, including in disadvantaged areas and for disadvantaged people
- Enable transition to employment in the mainstream labour market
- Develop community economies and social well-being
- Generate wealth and support community revitalization
- Contribute to policy formation and advocate on behalf of communities and population groups
- Leverage funds from out of province (federal government, foundations, corporations)

The Social Economy Delivers Services

The flexibility of social economy organizations, their closeness to communities and emphasis on participative management and consultative processes, make social economy solutions distinctive and often highly effective. These groups have several advantages in delivering public services:

- Knowledge and expertise and a strong focus on the needs of service users and community
- An ability to be flexible and to provide more holistic services
- A capacity to build users' trust
- Experience and independence to innovate.¹⁵

The Social Economy Is Distinct

Because of the nature of social economy organizations – set up to benefit communities, disadvantaged citizens, their members or the general public – they have access to valuable resources not generally accessible to the public and private sectors. These organizations:

- Rely on voluntary governance structures
- Often avail of other volunteers
- May attract donations in cash and in kind

The Social Economy Is Innovative And Enterprising

Community enterprises sell goods or services in the marketplace to individuals, groups, businesses or government. These enterprises:

¹³ Hall, M. et al. *Caring Canadians, Involved Canadians: Highlights from the 2004 Canada Survey of Giving, Volunteering and Participating*. (Catalogue no. 71-542-XPE). Ottawa, ON: Statistics Canada, 2006.

¹⁴ The average number of hours volunteered per year was 188, giving us about 31,500,000 volunteer hours.

¹⁵ *Fostering a Climate...*, p.1.

- Invest profits back into the organization to meet its original mission and cover program costs
- May subsidize social service activities or may enable activities to be self-sustaining
- Emerge where markets for goods or services may not be strong enough to attract private sector interest
- Rely on a combination of market and non-market resources
- Encourage an entrepreneurial mindset in communities.

The Social Economy Lacks an Overall Framework

Despite the size of the social economy sector, despite its contributions to the social, economic, cultural and environmental life of our communities, despite its diversity and pervasiveness, there is no overall policy framework to support programs to help stabilize the social economy and enable community enterprise growth, neither at the federal, provincial nor municipal level. The findings from this project and the inventory of community enterprise organizations could, with an appropriate convenor such as the CSC, form the basis of planning for structured growth of the social economy and community enterprise in Newfoundland and Labrador.

RESEARCH ACTIVITIES AND FINDINGS

This section describes the methods used to gather information on the social economy and community enterprise activity in Newfoundland and Labrador and reports on the findings from the research. Additional details can be found under the numbered tabs in the binder submitted with this report. Activities included:

- Setting up an advisory committee
- Research with community organizations
- Conversations with non-profit support agencies and government departments
- Social enterprise symposium

Advisory Committee

A 15-member advisory committee met in the early stages of the project to provide guidance and develop a collective sense of regional priorities and issues. The committee included representatives from government, post-secondary institutions and community-based groups engaged in service provision and other enterprise activity. (See Tab #1.)

Research with Community Organizations

Interviews and Surveys Initially, 15 open-ended key informant interviews were conducted to develop a more in-depth understanding of issues common to social economy organizations. This knowledge was used to put together a more formal questionnaire, which then served as the guide for 42 telephone interviews with a wide range of organizations, selected because they were seen to be involved in community enterprise in Newfoundland and Labrador. The organizations encompassed social, economic, cultural and environmental enterprise activities across the province. Subsequently, an online survey was developed, with a link sent to targeted groups. The

survey was also promoted through enVision.ca, CSC's virtual resource centre for the voluntary sector in Newfoundland and Labrador, and its bi-weekly e-newsletter, with an invitation to interested organizations to respond. More than 200 online surveys were completed. (See Tab #1.)

Regional Meetings Six regional meetings were held in different areas of the province (L'Anse au Clair, Plum Point, Salmonier, Gander, Corner Brook and St. John's) with about 140 participants from community organizations and key provincial and federal government departments and support agencies. (See Tab #2.) The main objectives of the regional meetings were to:

- Foster dialogue about the social economy and social enterprises
- Identify potential opportunities to grow the social economy
- Identify capacity building and support needs
- Identify risks and challenges for organizations
- Map the social economy in Newfoundland and Labrador

The meetings probed the organizational, financial and human resource capacity within social economy organizations. They examined how organizations saw themselves in relation to community enterprise, how they viewed the support services available and what actions were needed to support the growth of community enterprises.

Provincial Roundtable and Community Group Planning Session A full-day Provincial Roundtable on the Social Economy, attended by 44 individuals, was held in St. John's, followed by a half-day planning session for representatives of community enterprises. The opening session at the roundtable was conducted by representatives of the former federal department, Social Development Canada, as part of a cross-country consultation process meant to aid in the development of an overall policy framework for the social economy sector. The majority of those in attendance had been present at one of the regional meetings. The provincial roundtable and planning session provided an opportunity to explore in greater detail emerging issues and the requirements for community enterprise growth. From the planning session, a small working group was formed comprised of representatives from various community enterprise organizations, support agencies and provincial government. (See Tab # 2.)

Findings from Research with Community Organizations

The mainly qualitative nature of the research has led to a summary of findings that focuses on issues, barriers to development, gaps and needs for community enterprise growth.¹⁶ Findings were remarkably consistent across all methodologies. Enterprise growth requires specific skills and supports but cannot be isolated from organizational stability and human resource development. This is the foundation upon which enterprise may grow. Six main points emerged from the interviews, surveys and meetings with community groups throughout Newfoundland and Labrador:

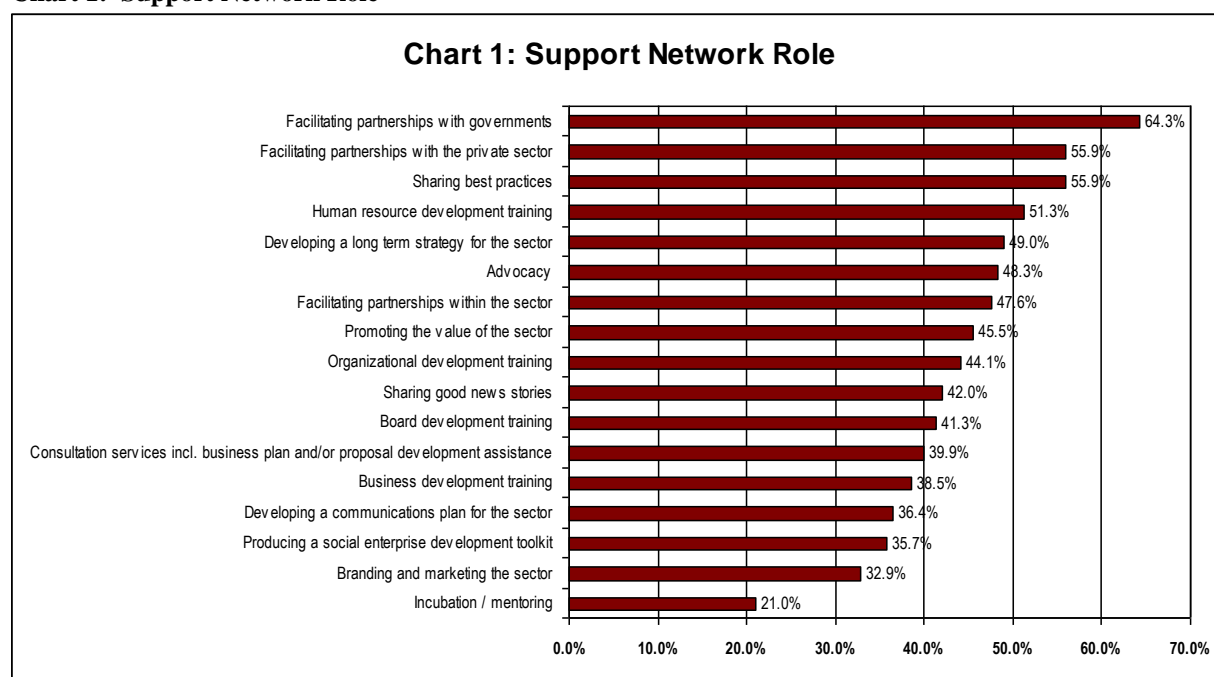
Social economy organizations want the value of their contribution to communities to be recognized. Organizations tend to think that governments, the private sector and the general

¹⁶ A sheet of quantitative data on respondents to the online survey can be found under Tab # 8.

public lack awareness of the contributions and impact of the social economy sector. Organizations themselves do not know how to promote the sector or their own contribution. It was suggested that a tool to perform a cost-benefit analysis or demonstrate social return on investment (SROI) would be useful. An investment such as a grant, contribution, loan or donation may bring returns far beyond immediate project outputs. For example, a project output may be 10 people trained or 50 youth participating in a recreation program. But when people become employed, stay out of hospital or jail; when communities attract tourists; when new enterprises start up; when people gain experience, skills and self confidence through volunteering, the long term results, savings and spin-offs, though difficult to measure, are real and deserve consideration.

Social economy organizations see several roles for a formal support network. The survey asked what would be primary objectives of a formal support network for social enterprises to help grow the sector in Newfoundland and Labrador. Chart I illustrates this finding.

Chart 1: Support Network Role



N=143 (online survey)

Facilitating partnerships of all types (with government, with the private sector and within the social economy sector), sharing best practices and good news stories, providing a common voice through development of a long-term strategy for the sector and advocacy were top priorities. A substantial number of respondents also saw training and consultation services for organizational, human resource and business development, and production of a toolkit for social enterprise growth as important roles of a support network.

Social economy organizations want better money. More flexible government programs was the number one need expressed by online survey respondents. People complained that their core operations are often unstable due to short term funding schemes (projects, programs, wage subsidies, etc.). This hinders an organization's ability to plan and develop. Programs often lack

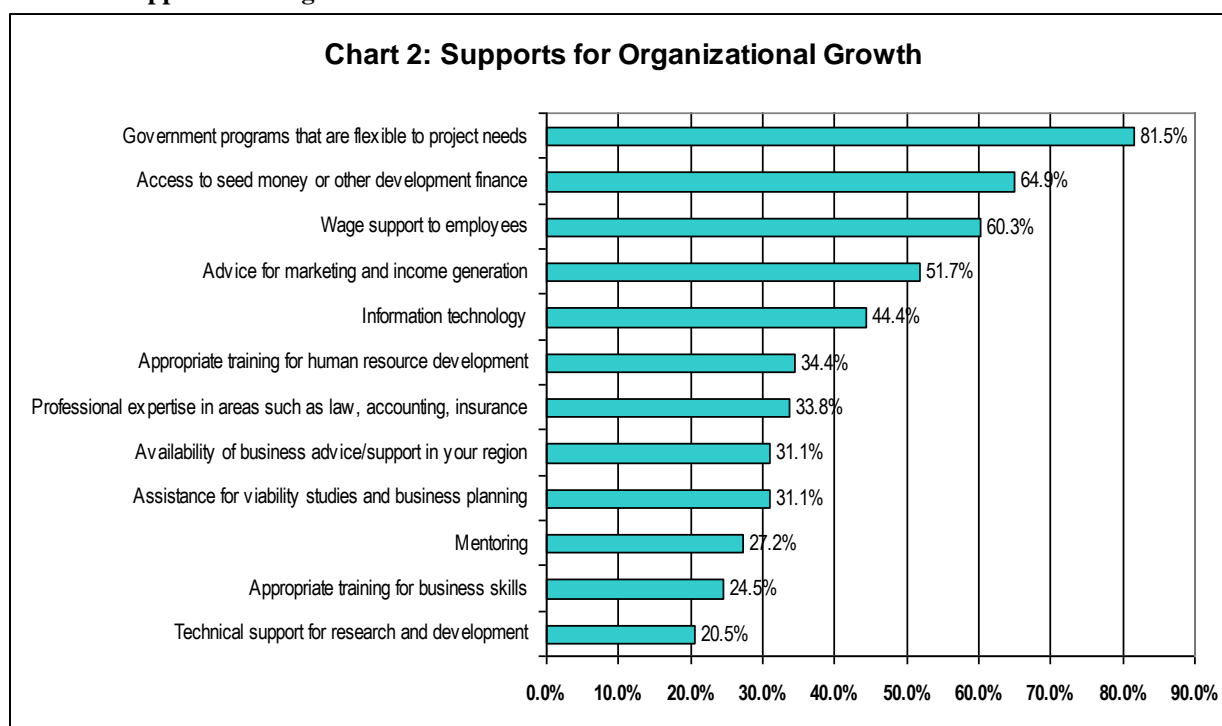
continuity from one year to the next, so that organizations find themselves trying to fit their mandate into new proposal or program guidelines. There is a desire that programs be able to respond to local needs and opportunities and that there be horizontal communication across government departments. Some local decision-making would be appreciated, perhaps through community investment funds. Social economy enterprises want access to monies available to small and medium size enterprises in the private sector, e.g., seed money, start-up funding, loans, etc.

Proposal writing and program reporting requirements were generally seen as arduous; sometimes a small budget project requires the same application and reporting effort as a million-dollar initiative. This was seen as unfair. When staff and volunteers have to invest a lot of time and effort on proposals and reports, it is a hardship that takes away from fulfilling the organization's mandate.

Many organizations depend on student summer placements to help with core operations, special projects and enterprise activities, but there are no guarantees from year to year, there are not enough placements, and the placements are generally seen as being too short. When organizations receive wage supports, they are often at low rates of pay and at inconsistent rates across different programs, with few or no increases over time.

Chart II illustrates needed supports as prioritized by respondents to the online survey.

Chart 2: Supports for Organizational Growth



N=151 (online survey)

Social economy organizations need information. A central “location” or “one-stop-shop” could provide access to a wide range of information and resources. Many organizations lack the

manpower to search out potential programs and funding sources. Staff, board members and other volunteers need access to training. Some groups need tools and tips for enterprise growth. Others are looking for research and development assistance. Time and again we heard that success stories should be shared and promoted. A provincial network convenor would logically serve as the information “hub”.

Social economy organizations want training opportunities. Volunteers, board members and staff all need access to skills upgrading. Collaboration and leadership skills need development, and roles and responsibilities may be ill defined. For enterprise growth, an entrepreneurial culture must be cultivated and enterprise readiness assessed. Organizations want help with opportunity identification and viability studies. Business skills are often weak, typically in proposal development, business planning, accounting, marketing and management. For example, less than half of survey respondents wanting to expand enterprise activity had a business or work plan (20 of 45). Of 55 organizations that classified themselves as either well established or just getting established in enterprise activity, 18 (33%) said they dedicated no time or resources to marketing. Volunteers are at least partly responsible for sales in the majority of enterprises (14, or 50%, of the 28 well-established enterprises and 20, or 74%, of the 27 newly established).

Social economy organizations understand the potential benefits of collaboration. Collaboration is an area needing skills development, but there were many comments about the potential advantages of collaboration amongst groups. Some were immediately practical, such as enabling the sharing of knowledge, facilities and resources, helping harness ideas and explore opportunities, a source of nurturing and ongoing support, and helping avoid duplication of services and resources. Other remarks were focused on the long-term, such as helping overcome isolation and territorialism, supporting regional approaches and planning, enabling development of community service clusters and increasing market access, enabling consensus decision-making at the community level and building social infrastructure for stronger, healthier, more innovative communities.

Inventory Development

The various methodologies put CSC in contact with approximately 250 community organizations in Newfoundland and Labrador, about 140 of which sell goods or services on an ongoing or regular basis. It would appear that most non-profits have not adopted an entrepreneurial culture to any large degree, though many are making an effort to generate at least a small amount of revenue through sales of some kind. About 50 of our respondents are engaged in what we might call significant enterprise activity, though even many of these generate less than 50% of their income in that way. There is still a great reliance on government grants and contributions and on fund-raising activities. However, there are organizations in our listing that generate almost all their revenue through sales of goods and services, and these are excellent examples of how an organization can shift its mindset towards innovation and self-reliance.

An inventory has been compiled of the initial 140 who gave permission to be listed,¹⁷ with a few exceptional enterprises profiled in each of five categories. The listing includes contact

¹⁷ There are other entrepreneurial organizations in Newfoundland and Labrador, some with very strong community enterprises. They either did not complete our questionnaire or did not give permission to be listed in our publication.

information and a brief description of the organization and what they sell. The inventory, together with a summary of project findings, entitled *Community Profits: Social Enterprise in Newfoundland and Labrador*, will be made available in print and online in book format. The inventory database can be updated over time. (See Tab #3.)

Conversations with Community Support Agencies and Government Departments

CSC researchers arranged several meetings, each with a carefully selected small group of key officials from federal or provincial government departments or non-profit community agencies. These conversations began with a presentation on the social economy by CSC and a summary of research findings thus far in our project. After this, agency and department representatives were asked to discuss their programs and policies and consider whether they created an enabling environment for social enterprise growth in Newfoundland and Labrador. At the beginning of the conversations, many government representatives answered affirmatively, but after some probing and discussion came to the conclusion that in fact the environment was not very supportive.

The main points emerging from these conversations were:

- Policies and programs do not explicitly articulate support for community enterprise
- The sector's role in regional, economic and community development is not recognized
- Business programs
 - are designed primarily for private sector growth
 - may be used to support community enterprise development if they meet typical private sector requirements such as loans, repayment plans, viability
 - will not fund operating costs and wages
- Community enterprises may have trouble fitting program requirements (e.g. investment, capital, guarantees)
- Labour market programs are directed to short-term employment and work experience
- Language is tricky, and the approach organizations have to take varies with the program – social in some cases, economic in others.
- Government level change will require
 - High level support to imbue concepts and culture
 - Appreciation and support of community enterprise as a significant player in development
 - Improvements in horizontal policy and program planning
 - Better cohesion between social and economic programs
- Community sector change should involve
 - Organizations actively trying to influence public policy and attitudes at highest levels to explicitly support community enterprises
 - Promotion of the community enterprise concept and culture change at the community level to encourage purchase of services from non-profits
 - A more connected sector and community planning
 - Highlighting of success stories and best practices
- Pilot initiatives are needed to support the growth of community enterprises.

One very positive aspect of these discussions was that the participants were, within the parameters of their department or agency, open to more discussion, information, suggestions and proposals to better support community enterprise activity. The feeling among the researchers was that eyes had been opened, awareness and understanding created, and a constructive, collaborative process underway. (See Tab #4.)

Social Enterprise Symposium

On March 26-27, 2007, CSC hosted the first ever symposium on community enterprise in this province, to begin the process of developing an action plan for networking and promoting community enterprises. The event provided a forum to learn more about and discuss:

- Social enterprise development in other regions (Quebec and British Columbia)
- Where we are now in Newfoundland and Labrador
- Framing a more enabling policy and program environment for enterprise growth in community-based, non-profit organizations.

The Symposium brought together 45 people, mostly from Newfoundland and Labrador, and included participants from Nova Scotia and guest presenters from Quebec and British Columbia.

The mix of community, government and out-of-province presenters, discussants and participants made for lively and informative sessions. These included a history of the social economy in Quebec, an introduction to a tool from British Columbia to aid in community enterprise development, and a presentation on policy formation by the Clerk of Executive Council of the Government of Newfoundland and Labrador.

Nancy Neamtan, a guest presenter and CEO of Chantier de l'économie sociale in Montreal, summarized the learnings from the two-day symposium as follows:

- Similarities with the Quebec experience and positive factors in Newfoundland and Labrador
 - As earlier in Quebec, organizations here are busy participating in a social economy without knowing it or fully recognizing it. She challenged the group to think about what life would be like without the social economy.
 - It is clear that in this province the social economy can respond to community needs and there is interest from government, which is good.
 - Good leadership is evident, plus a healthy recognition that no one sector, community or government, can itself deal with all community needs.
- There is a need for a “common identity” within the emerging social economy
 - Develop a network and work together on clear policy positions.
 - Focus on the need for specific financial tools to support social economy ventures.
 - Remain more focused on “meeting community needs” than developing revenue streams. Conceptually, work toward control over community services because that is the “essential role” for community enterprises at any rate.
- Work on vocabulary, and be ambitious
 - Be as inclusive as possible, do not overlook groups such as cooperatives, but be sufficiently precise so people understand social economy to be a unique sector.

- Pursue networks not only for our own purposes but because governments like to deal with them; it gives government a comfort to know they are talking to groups who represent others.
- Develop proposals for services.

The presentations from other jurisdictions were encouraging, as they made clear that it is possible to seek and obtain support for community enterprise activities, and that social enterprise organizations can be very innovative and successful in providing valuable services and products and significant social return on investment. The presentation from the Clerk of Council, Government of Newfoundland and Labrador, on the policy development process, was also well-received and ended on a very positive note with a call to organizations to provide to government:

- Research on breadth, scope, successes and impact
- Problem definition – opportunities, barriers
- Policies from other jurisdictions
- Proposals

He reminded us to keep in mind the government priorities of strengthening rural regions, creating employment and innovative delivery of valued services. (See Tab #5.)

STRENGTHENING COMMUNITY ENTERPRISE DEVELOPMENT IN NEWFOUNDLAND AND LABRADOR

Community enterprise organizations in the province are diverse, encompassing a broad range of models across various sub-sectors and stages of development. Flexible policies and support programs are needed to accommodate this diversity. Our research implies that shifts in attitude and culture are necessary both within government and within the social economy sector for the development of a policy framework to create an enabling environment for enterprise growth. The first step involves government and organizational recognition of community enterprise as a viable paradigm for business growth and for service delivery.

Initiatives in Quebec, Nova Scotia, Manitoba, British Columbia, the U.S., Britain and other countries have led to increasing recognition of the value of the social economy in community and regional development and to increasing support to enable community enterprise growth. There is a leading and multi-faceted role for all levels of government in supporting and promoting community enterprises. In other parts of the country, there are organizations with a mandate and funding to facilitate and support community enterprise development, such as the Fraser Valley Centre for Social Enterprise in Abbotsford, BC. (See Tab #6.)

CSC is well positioned to take on a convening and support role in this province. CSC has been studying the potential of the social economy for several years and has a 30-year history of supporting the voluntary, community-based sector. The CSC is the principal centre of expertise on issues related to community enterprise development in Newfoundland and Labrador.

CSC recommends that both federal and provincial levels of government develop specific frameworks to enable departments and agencies to support and strengthen the social economy and community enterprise development through a phased-in approach that will begin with a pilot initiative in one area of the province, managed by CSC, to include the following:

- Local area networks and regional resources to encourage and support enterprise growth
- Human resource development and skills enhancement
- Organizational development for community action
- Enterprise opportunity exploration and development
- An investment strategy

The CSC would manage the initiative in consultation with a Community Enterprise Working Group and in cooperation with regional government employees (e.g., ACOA, Service Canada, Canadian Heritage, INTRD, HRLE, TRC, HCS, Education, Rural Secretariat). Let us examine these five aspects of a proposed pilot project.

Networking, Collaboration and Regional Resources

For effective collaboration and sharing of resources towards common goals, a mechanism is required to convene individuals and connect ideas. A system of support for community enterprise growth would have as its foundation the formalization of local networks with CSC as provincial convener. These community enterprise networks would form a sub-set of the non-profit, community-based sector, and include organizations already involved in significant enterprise activity and those ready to seriously consider development or expansion.

We recognize that there are challenges for collaborating at a regional level, including:

- Competition among communities, organizations, individuals
- Geography
- Education
- Demands on time and large time requirement of community economic development
- Having to focus on benefits for the entire region
- Differing opinions on community needs and priorities and how to achieve results

The identification and recognition of common goals is the basis for overcoming these challenges so that the benefits of collaboration can be felt and appreciated. Sharing knowledge and resources will help to overcome isolation, harness ideas, encourage efficiencies, develop partnerships (public, private and non-profit) and build market access.

Formal networks with regional resources and a provincial convener would help grow a more vibrant sector. There is currently a dearth of support. Changes to the Regional Economic Development Boards' mandate to make them focus more on business than on social development has in some regions widened the gap. Lack of knowledge and access to support impedes an organization's ability to progress beyond the business concept stage.

Regional coordinators would facilitate partnerships within and across sectors and communities, help share stories and explore enterprise opportunities, provide or help access training for staff and volunteers and assistance with business planning and proposal development. Regional resources would enable a proactive approach and one-stop-shop point of access for community groups. A clearinghouse for information, expertise, training, etc. would nurture sector cohesion and help organizations make sound business decisions and use funding disbursements more efficiently. Networks could also serve as a medium for policy input to government.

A regional resource structure would provide a means for a coordinated voice for the community enterprise sector, as well as assistance with identification and development of opportunities for growth, similar to the way that industry and professional associations provide voice and opportunities for businesses, industries and professions. Increasing the enterprise ability of social economy organizations should lead to more prosperous and sustainable organizations with improved services and products, more job opportunities and enhanced skills, reaping both social and economic benefits to individuals, communities and regions in Newfoundland and Labrador.

Human Resource Development and Skills Enhancement

To increase capacity to identify and assess opportunities and improve the likelihood of success, staff, boards and other volunteers need access to training tailored to their needs, including:

- Training for board and organizational development
- Training in entrepreneurial skills and business development
- Technical training in areas that help organizations meet their specific mandates

Support to help organizations explore innovative ideas would include technical assistance from professionals with relevant experience and expertise. This may include tailor-made workshops, assistance from government field workers and educational institutions, exchanges with other non-profits, and help from the private sector. The private sector might be encouraged to engage in mentoring programs with community enterprises through tax incentives, for example.

A significant community enterprise requires dedicated and skilled staff. Funding programs should not rule out core staff as an eligible expense. Otherwise, increased demands on volunteers will impede their ability to carry out the organization's mandate if they become consumed with the pressures of revenue generation and running a business.

Organizational Development for Community Action

Many organizations lack stability, including financial stability, volunteer and board stability and staff stability. Organizations need 'smarter funding' that recognizes the value of services provided, is not constrained by rigid project guidelines, and is longer-term than one year at a time. The boards of many organizations lack sufficient governance skills. Groups need to reach out to new volunteers and provide them with the supports required to enable them to work effectively, learn, and demonstrate leadership. In addition, entrepreneurial skills and an understanding of social enterprise and the role it can play in community development are required for organizations to consider taking this approach.

Opportunity Exploration and Development

Opportunity identification and feasibility studies are basic steppingstones for community development. Dedicated staff at the regional level could provide training and help organizations access other resources to evaluate their readiness to develop or expand an enterprise, take steps to improve readiness, identify potential opportunities and sources of funding, conduct viability studies and develop business plans, funding proposals and marketing strategies. An interim community enterprise growth plan for the pilot region might follow, with implementation through a range of activities and project start-ups. ***This will require separate start-up funding.***

All levels of government could consider ways to grow community enterprise through policy, program and service delivery changes. Some services provided by Government and its regional boards might be delivered by community enterprise organizations. Policies across all departments should incorporate community enterprise models as delivery options. This kind of devolvement requires sufficient resources to deliver quality services. User-pay, third-party-pay or government contracts might require some organizations to adjust their service delivery practices, and community enterprises would be expected to demonstrate efficiency and effectiveness. Departments that support economic development through investment in the private sector should recognize the non-profit sector in their investment and support policies.

There are a number of areas where community enterprise opportunities may exist. Those listed here reflect needs for services or programs identified by people who participated in various aspects of this research:

- Mobile services (education, seniors)
- Home care / health care
- Day care / programs for children and youth
- Recreation and fitness facilities / programs
- Heritage / culture / arts / crafts / tourism
- Crime prevention / safe communities
- Natural resources / environment / recycling
- Government services (ambulance, social housing)
- Community gardens, berry farming
- Information technology training and services

Other potential opportunity areas include second-hand clothing outlets, catering services, skills development training, history and genealogical searches, experiential historical tourism and community tours. The proposed pilot initiative would explore several potential enterprises in the selected region. There are some sectors of the economy where non-profit groups already play a significant role but where enterprise activity is underdeveloped. Two potential areas for exploration are: 1) the cluster of tourism, heritage, environment and recreation and 2) the field of home-based services for seniors.

Tourism, culture, environment and recreation form a natural cluster. Heritage sites such as archaeological digs and museums, cultural activities such as festivals and performances, protected areas, parks and other natural locations, and recreation sites such as hiking trails, ski

slopes, golf courses, sports fields and arenas are largely developed and operated by non-profit groups. They offer community programs and activities, draw tourists into regions and give rise to private businesses such as inns, restaurants and retail outlets.

Many of these organizations are not sufficiently entrepreneurial, relying largely on government grants to operate. Grants cannot finance entire developments or operations costs, leaving some sites partially completed, while others are not maintained in a standard sufficient to attract visitors. It may be worth collective consideration of a broader range of quality, complementary offerings to better serve potential customers and to generate revenue for greater self-sufficiency. For example, parents may avail of child-care services or a kids' recreation program (for a fee) while they go for a long hike, a late dinner or a theatre performance. Commercial operations such as restaurants, cafes and bed and breakfasts could apply a surcharge (say 3%) to help maintain the hiking trail or renovate the old church, which is being turned into a performance space. A berry-growing area could offer jam-making sessions (for a fee) for the whole family, complete with personalized labels. Communities could initiate a "site passport", whereby if you visit (for a fee) all six sites in six communities, any sponsoring restaurant will give you 15% off a meal. These are just a few of the types of ideas that might be explored taking a holistic approach.

Home-based services for seniors has potential as an area for community enterprise growth.

With so many young people moving away, at least temporarily, the needs of senior citizens and gaps in services might be assessed. Who is driving elderly citizens to appointments and helping them with shopping, personal care, heavy housework and household maintenance? Has this become a burden to other friends and relatives? Are people willing to pay for some of these services? Where exactly are the service gaps?

Support for opportunity exploration and development would permit feasibility studies into these and other areas identified by social economy organizations as having potential for growth.

An Investment Strategy

If monitoring and evaluation of a pilot initiative in one region, as described in previous pages, showed positive results, a broader and longer-term investment strategy would be warranted. Community enterprises will not grow without an investment strategy, and the strategy must be developed in partnership with the social economy sector so that it addresses challenges and helps overcome barriers. Investment can reap long-term economic benefits. Non-profit enterprises need seed money, loans and investments, as do for-profit enterprises, but tailored to the particular characteristics of the sector and the specific enterprise itself.

Community enterprise development requires innovative thinking and a certain amount of risk-taking. Non-profit organizations tend to be risk averse, as failure is looked upon so negatively. Organizations do not normally get a second chance. In the private sector, however, risk taking and even failure are acceptable. One learns from one's mistakes and tries again. Non-profits need encouragement to be entrepreneurial. Loan guarantees and long-term interest-free investment capital would help, since organizations are unable to provide their own loan guarantees unless volunteer board members are willing to take personal responsibility, an unfair expectation.

The qualitative value of community enterprises, or social return on investment (SROI), is not easily measured but should be taken into account by funding agencies when evaluating viability of an initiative. Factors such as building social capital, providing opportunities for disadvantaged individuals, delivery of services that would otherwise be unavailable, the spin-off effects of employment and community enterprise activities in a particular region, and other “social returns” count for a lot in the lives of the individuals and local areas served by those enterprises. These returns should be integrated into accountability and reporting guidelines. The network convener, with specific funding for this purpose, could investigate and test tools that assess SROI.

CONCLUSION

The Community Services Council envisions a vibrant and growing social economy recognized for its contribution to the wealth and well-being of citizens and communities across the province. To achieve this vision, strategic investments of human and financial resources are required to build capacity of social economy organizations to operate effectively and efficiently, deliver services, collaborate, innovate, and undertake entrepreneurial activities. We envision:

- Ongoing resources and support services for community enterprise development
- A range of learning opportunities for staff and volunteers and a bank of transferable skills
- Increased local employment as organizations expand their activities and generate revenue
- Regional cooperation and development of regional markets for products and services
- Extensive social capital within and across organizations, communities and sectors
- Improved, more integrated service delivery
- Sustainable enterprises and more cohesive communities.

Acknowledgment of the social and economic value of the community-based sector by all levels of government is essential to grow community enterprises. If the sector is to flourish, governments should help develop and continue to support a strategy matched to the needs of organizations and the sector as a whole.