



Community Sector Council
Newfoundland and Labrador

Accelerating Change



Preserving Local Economies Through Social Succession



CSC NL and Project Overview



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Department of
Industry, Energy
and Technology

Growing Stronger Together

1. CSC NL and Project Overview
2. The Business Succession Challenge
3. Social Succession as Part of the Solution
4. Scoping the Challenge

- ⇒ The community sector makes significant contributions to the economy as well as social well-being.
- ⇒ Bridging roles across the private, public and community sector.
- ⇒ CSC NL is always on the look out for new and innovative ways to support people and work toward more healthy and prosperous communities.



Who We Are

CSC NL's vision is a prosperous and inclusive society that supports individuals, families and communities.

Our mission is to encourage citizen engagement, to promote the integration of social and economic development and to influence public policies.

We foster volunteerism, social innovation, good governance, collaboration, knowledge building, foresight and ingenuity.

We focus on the essential role that the community sector (voluntary and nonprofit) plays in building healthy and prosperous communities.

We believe the community sector is central to economic and social progress.

CSC NL is a registered charitable organization founded in 1976.



What We Do

Backbone Organization

- Incubator
- Capacity Builder
- Convener
- Collaborator
- Honest Broker
- Catalyst
- Researcher
- Knowledge Builder
- Idea Generator
- Social Innovator

- ✓ Governance / Stewardship Training
- ✓ Leadership Development
- ✓ Support to Nonprofit Organizations
- ✓ Foster Volunteerism
- ✓ Addressing Poverty
- ✓ Vibrant Communities – Citizen Voices
- ✓ Labour Force Development (paid and unpaid)
- ✓ Employment and Career Development
- ✓ AMPLIFY – Work/career development for youth
- ✓ Finders Keepers
- ✓ Volunteering - Go-Getters NL
- ✓ Research and sector mapping
- ✓ **Social Enterprise Promotion**

Social Enterprise NL Context

- Social enterprise is not new. Practised in various forms in NL for years.
- CSC NL has been and convening people from all sectors for years to deepen the understanding of SE.
- Organized workshops and training, and brought in experts from around the world to share their knowledge. Conducted research about SE in NL.

As well...

- Many business development programs are now open to social enterprises, and growing support networks for innovation and entrepreneurship.
- Social Enterprise Centre and MBA program at Memorial University of NL.

Alignment with Current GNL Initiatives

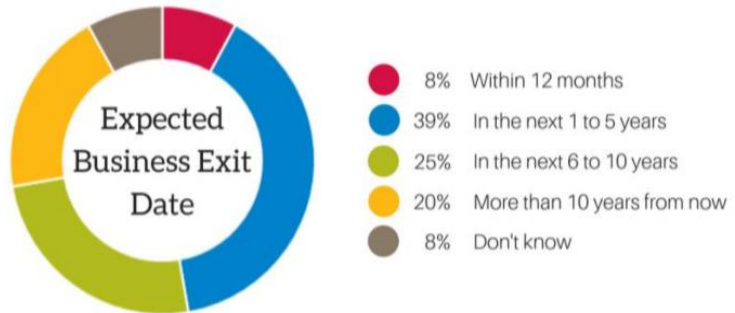
- ⇒ GNL Social Enterprise Action Plan (2018), aims to “support not-for-profit and co-operative organizations looking to explore new approaches to revenue generation”.
- ⇒ Community Sector Work Plan (2019) which recognizes that “like the public and private sectors, the community sector is often the impetus for economic and regional growth, and is central to social and economic progress” and sustainability.
- ⇒ PERT report notes the interdependence between social and economic development and the important role the community sector can play in new ways of doing business.
- ⇒ Also that government should continue to encourage and support community led economic development.

The Business Succession Challenge

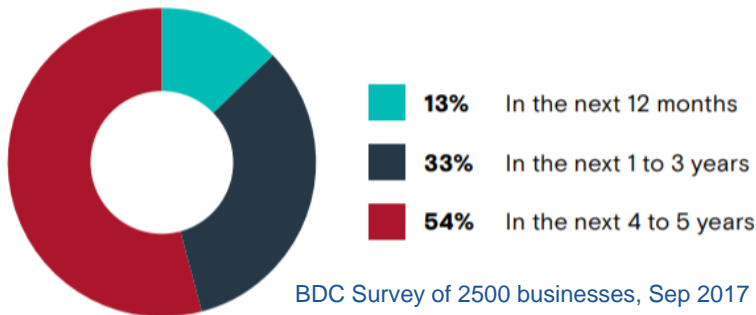


Two Landmark Studies

- *The Coming Wave of Business Transitions in Canada: Are Entrepreneurs Ready to Exit Their Company?*
(BDC, September 2017)
- *Getting the Transition Right: Survey results on small business succession planning* (Canadian Federation of Independent Business, November 2018)

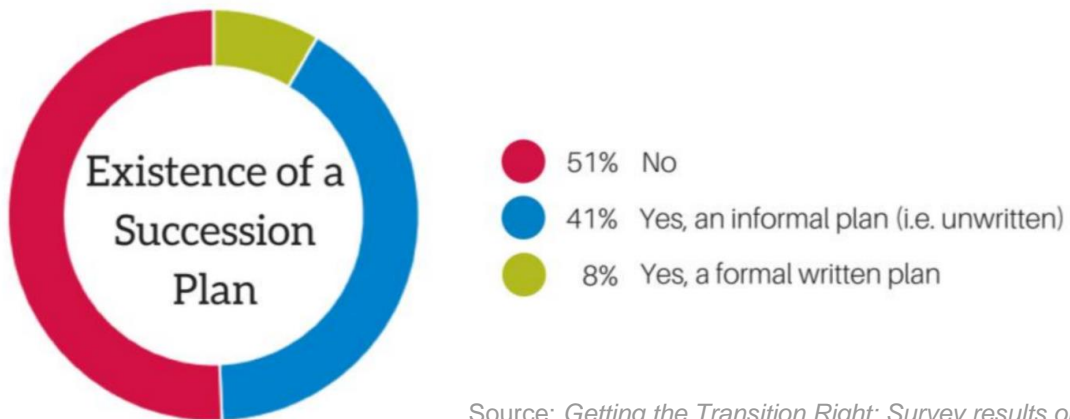


CFIB Survey of 2500 Member Businesses, Nov 2018



BDC Survey of 2500 businesses, Sep 2017

Despite Their Intentions, Most Business Owners Are Unprepared



Source: *Getting the Transition Right: Survey results on small business succession planning* (Canadian Federation of Independent Business, November 2018)



The “Silver Tsunami” is Here



Implications for Rural Communities

What we want to AVOID:

- Loss of jobs
- Loss of goods and services
- Loss of tax revenue
- Increased outmigration



Critical to Preserve

Many small communities have only one of each:

- ⇒ Grocery Store
- ⇒ Gas Station / Garage
- ⇒ Hardware / Building Supply Store
- ⇒ Bank
- ⇒ Pharmacy
- ⇒ Daycare
- ⇒ Medical clinic
- ⇒ Cafe / gathering place
- ⇒ Large employer

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In Summary...



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Challenge or Opportunity?

Yes!



Social Succession is...



...transitioning an independently-owned business to nonprofit, co-operative, municipal, Indigenous, or other collective ownership.

Social Succession – A Menu of Options

1. Nonprofit
(social enterprise)
2. Indigenous
3. Municipal

Co-operative:

4. Worker
5. Consumer
6. Producer
7. Multi-stakeholder

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CARLETON ROAD INDUSTRIES ASSOCIATION

WORKING TOGETHER BUILDING SKILLS

carletonroadindustries.com



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Windhorse Farm & Ulnooweg Education Centre

www.ulnoowegeeducation.ca/windhorse-farm



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Webster Farms Ltd. & Annapolis Valley First Nation

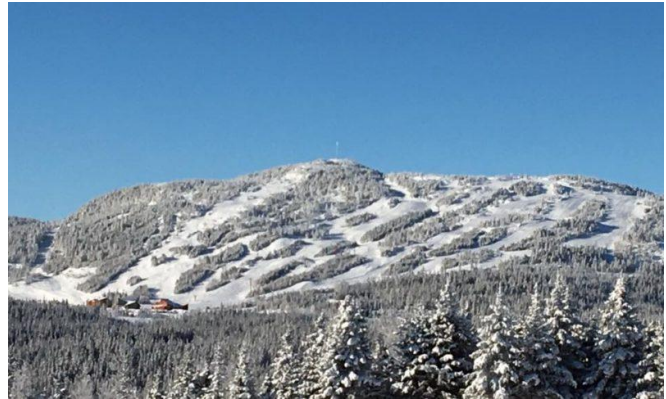


www.avfn.ca

www.websterfarms.ca

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Town of Clarendville, the Alpine Development Alliance Corporation, and White Hills Resort



www.whitehillsresort.com

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www.campingdaigle.ca



www.fermeterrepartagee.org



www.eaglerivercu.com

Who's involved?

- ⇒ Sellers: Independent Business Owners
- ⇒ Buyers: Engaged Local Stakeholders
- ⇒ Intermediaries and Influencers
- ⇒ Social Enterprise, Co-op, and Indigenous Business Developers
- ⇒ Other Community Stakeholders

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Success Factors

- ⇒ Knowledgeable & Connected Intermediaries
- ⇒ Engaged Sellers & Buyers
- ⇒ Openness to New Roles
- ⇒ Shared Values
- ⇒ Financing
- ⇒ Time



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Benefits for Owners

- ⇒ Opportunity to stay involved after the sale and continue to contribute
- ⇒ Expanded prospects to sell the business
- ⇒ Opportunity to leave a legacy for the community



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Benefits for Nonprofits

- ⇒ Revenue diversification
- ⇒ Creates expanded and new employment options for agency clients:
 - Converting an existing local small business into a social enterprise that employs agency clients and others from the community



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Benefits for the Community

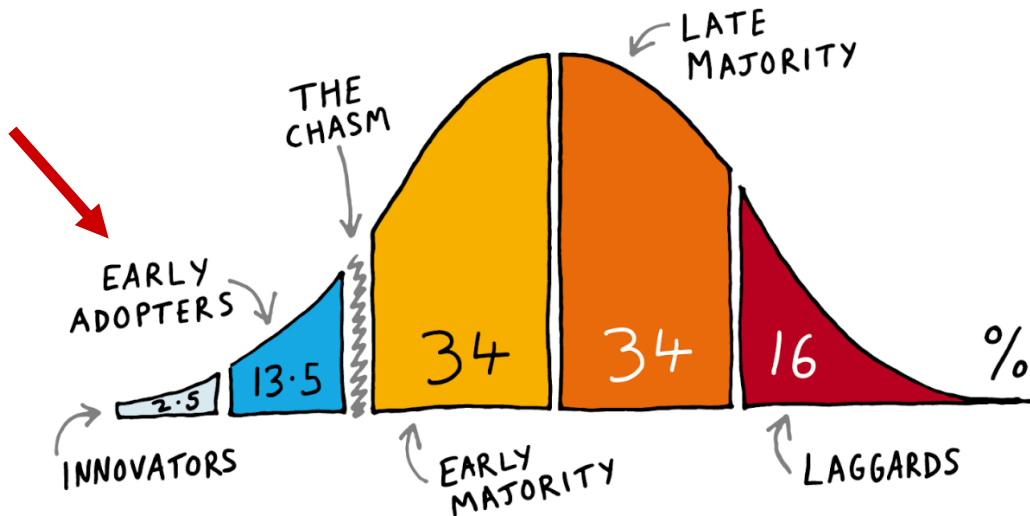
- ⇒ Preserve vital goods, services, jobs, and tax base
- ⇒ Reduce / reverse youth out-migration
- ⇒ Increase equity in economic participation
- ⇒ New perspectives that can help business to grow



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Scoping the Challenge

Where to Focus?



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Best Sellers for Co-op Succession¹

1. Owners who **do not want to retire or stop working**
2. Owners who **have already considered or discussed selling to their employees**
3. Owners who **have at least discussed converting to a co-operative** in the past
4. **Smaller firms** of fewer than 50 employees, and especially those with 10 employees or less
5. **Older firms** over 10 years old, and especially over 20 years old
6. Businesses in the **service sector**, and to a lesser extent in the construction sector
7. Businesses that **emerged from founders**, rather than from mergers or acquisitions, or from family inheritance

¹Source: "[Canada's SMEs, Business Succession, and Conversion to Co-operatives](#)" (2021): A survey of 319 retirement-aged owners of small- and medium-sized businesses, by Co-opConvert

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Best Nonprofit Buyers

- ⇒ **Established, financially-stable** nonprofits in the local community that have **experience with social enterprise** and/or whose **board and staff have financial or business expertise**, and/or
- ⇒ Nonprofits whose **mission might be served by operating a local business** (especially through the provision of employment).



Best Co-operative Buyers

People, businesses and others whose daily lives will be severely impacted by the closure of a local business:

- ⇒ **Employees** of that business
- ⇒ **Local customers** who rely on convenient, local access to what the business provides (groceries, pharmacy, gas, etc.)
- ⇒ **Local vendors** that supply the business
- ⇒ **Municipalities** that rely on tax revenue from the business and residential homeowners



Best Intermediaries

- ⇒ Engaged and Proactive
- ⇒ Experienced
- ⇒ Share Values with Buyers and Sellers
- ⇒ See the Big Picture
- ⇒ Connected



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What can intermediaries do?

1. Learn more about social succession
2. Identify priority/keystone businesses in your client base
3. Find out which clients looking to sell & when? Do they have a plan?
4. If no plan, are they good candidate for social succession?
5. If yes, who could be a buyer locally or regionally?
 - Is there a local nonprofit who has experience running a social enterprise, or buying would help their mission?
 - A group of employees, customers, or other key stakeholders who could form a co-op?

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Financing is Available

For Social Enterprises & Co-ops:

- ⇒ **CBDCs** - Loans (\$150k), Consultant Advisory Service (\$5000), Entrepreneurial Training Fund (\$5000), Valuation Program (\$7500)
- ⇒ **Canadian Co-op Investment Fund (CCIF)** - \$50,000 to \$1,250,000 (<https://ccif.coop>)
- ⇒ **NL Federation of Co-ops** - repayable equity and loan financing for newly developing co-operatives (up to \$15,000)
- ⇒ **Ulnooweg Development Group** - loans up to \$250k
- ⇒ **Federal Investment Readiness Program** (Fall 2022) - \$50 million (<https://irp-ppi.ca/en/>)

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Resources & Support

For Buyers & Sellers

- ⇒ For Valuation, NL CBDC Valuation Program (<https://www.cbdc.ca/en/programs/business-valuation-and-succession-planning>)
- ⇒ Are workers interested in taking over? CWCF Worker Co-op Academy (<https://canadianworker.coop/worker-co-op-academy>)
- ⇒ If workers not interested, are any customers interested? Need a Co-op Developer / Find through the NL Federation of Co-operatives (<https://nlfc.coop/>)
- ⇒ CSC NL (www.communitysectornl.ca)

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More Resources & Support

- ✓ **Business Legacies Initiative**
<https://scaleinstitute.ca/business-legacies-initiative/>
- ✓ **Legacy Leadership Lab**
<https://uwaterloo.ca/legacy-leadership-lab/>
- ✓ **Co-opConvert**
www.coopconvert.ca
- ✓ **Atlantic Social Succession Strategy**
Contact Andy for more information

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Connect With Us

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