Rural and Remote Social Enterprise Development: The Role of Place Based Policy

Lac Seul
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Objectives are to

• Provide a social enterprise primer
• Provide an overview of provincial and federal social enterprise policy
• Identify what is needed to successfully grow social enterprises in rural and remote regions.
Who are we?

- **Mary Ferguson**
  - PhD candidate in Rural Studies at the School of Environmental Design and Rural Development – University of Guelph
  - Topic for research – Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy
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Projects

• Rural Social Enterprise Collaborative
• OMAFRA New Directions Research
• Research into Municipalities as Intermediaries in SE Development: The Role of Place Based Policy
• Kiitigaan Aski Food Distribution Pre-Feasibility Study (NAN)
• Scoping Study on Supports/Resources for Northern Manitoba Social Enterprises (NMFCCC)
Defining Social Enterprise
• Social enterprise is part of the social economy, “that part of the economy that is not driven by profit” (Loxley & Simpson, 2007, p. 1)

• “Organizations that have explicit economic, social and often environmental objectives and involve various forms of co-operation and solidarity” (CCEDNET 2013)
Social Enterprise is not new

- The Fenwick Weavers’ Association in Scotland dated back to 1769 and is generally considered the first co-op ever created.
- Kingston Farmers Market was established in 1780 as a mission-based enterprise (RSEC, 2014).

These examples show how individuals and groups have come together to create income-generating opportunities that support their personal and communal needs.

- Indigenous sharing economies may be considered ‘social economies’, even though they are not focused on ‘exchange of money’
- For some communities, social enterprise may be adapted to create new ways of including traditional values in contemporary organizations
• Key words “co-operation and solidarity”; in short ‘working together’, and ‘common interests’
Our working definition of social enterprise

• A business operated by a non-profit
  – directly involved in the production and/or sale of goods and services to customers

• For the dual purposes of
  – generating income from sales and
  – achieving social, cultural or environmental aims

ENP BC 2011
Social enterprises may be defined as businesses operated to achieve social, cultural, environmental and economic aims.

Within this more limited definition, there are at least four general types of non-profit social enterprises.

- **Human development** (providing accommodating/empowering employment for people),

- **Mission-driven**; offering services or goods that align with their mission (for example a municipality offering fee for service recreation opportunities),

- **Earned revenue driven** (operate a business to use the profits for mission-related work), and

- **Co-operatives.** (Ferguson and Murray, 2007)
Human Development
Mission Driven
Earned Revenue Driven
Co-operative
Nonprofits Operating Social Enterprises

- Indigenous Groups and Band Councils
- Social service organizations
- Housing providers
- Employment training organizations
- Arts and culture centres
- Environmental organizations
- Community Economic Development groups
- Sports and recreation groups
- Faith groups
- Agricultural societies
- Student councils
- Others
Non-Profit and Earned Revenue

• Over 45% of revenues for the 55,000 nonprofits in Ontario comes from earned income
• Nonprofit social enterprises as “a bedrock of community stability” that has “the potential to address growing inequality in communities and play a major role in building community assets and resiliency”
• Enterprise activities are “not just about running a business [but] about generating revenue to strengthen communities”
• The way we define success must include ‘top up” social enterprises that cover sometimes 50-90% of their costs but need a baseline of government funding to flourish” (ONN, 2015)
Business Model Continuum

Not-for-Profit Ownership
- Donations
- Fee for Services
- Social Enterprise

For Profit / Private Ownership
- Social Enterprise Corporate
- Corporate Social Responsibility
- Strictly Seeks Profit

Blended Return on Investment
In House SE

- Cost centre within an organization
- Single purpose SE: SE is organization
Separate Entity

- For-profit Subsidiary (wholly or partially controlled) or Separate Non profit
- Joint Venture/Partnership or Co-operative
Federal and Provincial Direction in Social Enterprise
Overview of Provincial and Federal Policy Direction

Provincial Government
“Social enterprises use business strategies to achieve a social or environmental impact. While generating revenues from the sale of goods and services, social enterprises also expressly intend to create positive outcomes.” (Social Enterprise Strategy – Social Enterprise Branch)

Federal Government
Working on a strategy for Workforce Integration Social Enterprises (WISE)
Role of Policy and Leverage Points

- **NFP and SE Structure, Governance, Taxation:**
  - CRA guidelines for charities doing business/CED
  - CRA and provincial guidelines for taxation
  - Acts (provincial and federal) governing nonprofits
  - Provincial SE Strategy – hybrid models

- **Land Use and Ownership:** *(provincial, municipal)*
  - Agricultural lands
  - Settlement areas and rural designation
  - Public lands in Public hands/Community Hubs
  - NFP building ownership/equity policy

- **Sectoral and Services Policies:**
  - Community Hubs (MCSS/other)
  - Services for persons with disabilities (e.g. Individualized funding)
  - Local Food Act/procurement of local foods
  - Safety – local health units, provincial and federal

- **Regional Development Policy:** *(federal/provincial)*
  - Industry Canada Community Futures Corporations
  - Regional Development Funds + EODP etc.
  - Business Investment Grants

- **Business Development Policy/Economic Development:**
  - Small business development supports
  - Large business grants
Research into Rural and Remote Social Enterprise
Case Study Sites

• Abbey Gardens – Haliburton, ON
  – http://www.abbeygardens.ca/

• Common Roof – Simcoe County, ON
  – http://thecommonroof.ca/

• Cloverbelt Local Food Co-op – Dryden, ON
  – http://cloverbeltlocalfoodcoop.com/

• Community Living South Huron – Dashwood
  Wood Products and Housing Ownership
Common Roof

“A most excellent piece of real estate creativity.”

L. Loftus. CCIM, SIOR
Sutton Group
Dashwood Wood Products
Cloverbelt Food Cooperative - Dryden
Community Capitals Framework

- Natural Capital
- Cultural Capital
- Built Capital
- Financial Capital
- Social Capital
- Political Capital

Policy Supports to Rural Social Enterprise Ecosystem Vitality
SE Pathways

1. Idea and impetus
   - May have been seeded many years before
   - Getting ready
   - Response to catalyst(s)

2. Core group formation
   - Right people
   - Entrepreneurial
   - Credible community leaders
   - Connected

3. Business or organizational structure
   - Incorporation to steward the idea/address mission, vision
   - Structured to access and manage relationships and assets
   - Not necessarily SE as yet

4. Business model testing
   - Attempt to balance social, culture and economic
   - Earned revenue strategies tested
   - High experimentation – “just do it”
   - Engagement of more stakeholders – institutional and other; linking of mandates
   - Capacity growing due to more knowledge, skills, connections

5. Scaling
   - Attempts to grow impact and further test model
   - Through replication, serial SE, multiple revenue streams
   - Internal and external growth
   - May be driven by institutional partner mandates
   - Seeking break even
OMAFRA Funded Research

• Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy
Why go to all this trouble

• Rural and remote communities are struggling in a policy system that is heavily biased towards urban and more populated Southern Ontario

• Rural and remote social enterprises are operating in isolation and if connected to the field could contribute to civil society, jobs, finances and citizen engagement – all outcomes that rural municipalities are working towards

• If municipalities and band councils are to add legitimacy to social enterprises as a key component to the rural social and economic infrastructure, we need to know more about what they are doing and what they could do
Phases of the research

Phase 1:
• Extensive literature review

Phase 2:
• Interviews with 26 CAO’s and/or Mayors in 4 regions and 26 lower ties settings to identify case study sites

Phase 3:
• Case Studies of 8 SE in a variety of sectors (human development, infrastructure, culture, social development)
• Case studies with 4 social enterprises that have failed

Phase 4:
• Writing and dissemination of manual and webinars on effective practices for rural and remote municipalities
• “If they can’t see it from the top of the CN tower then it doesn’t exist” – Kenora DoKURA
• “The feds downloaded to the province and the province downloaded to us and unfortunately they continue to do that. A lot of the time the province hands down these responsibilities without the funding that’s necessary to implement. It happens to us frequently, every single year” – Peterborough
• “The smaller you are the more difficult it is” – Peterborough
• “We (lower-tier) are the face for all levels of government because we aren’t insulated from them, we are in their community, we are them” – North Kawartha
Social Enterprise term new to most interviewees

• The term “social enterprise” is not recognized (80%) and about 60% did some on line research to orient themselves to the term before the call

• None knew of Social Enterprise Branch

• Research adding new knowledge for interviewees
Municipal people are acting as intermediaries

- Municipalities are acting as intermediaries by connecting people from the private, non-profit and public sectors to make projects happen.
- There is not a ‘one-size fits all’ solution for municipalities, and collaboration and cooperation is required to make things work.
- Municipalities are supporting SEs in a wide of range of ways; providing insurance, space and in some cases owning and operating large scale SEs.
- All municipalities are unique; their uniqueness often provides the impetus for effective social enterprise development.
Policy analysis was weak

- Interviewees were familiar with provincial and federal policies affecting municipalities.
- Policy and funding context making things very difficult – not a lot of time for anything but the basics – especially the smaller and remote municipalities.
- It takes time to learn about opportunities, apply for them and then report on them. Programs generally not designed for smaller municipalities with limited staff time.
- Bylaws also need to be updated to support SE endeavours.
Case Studies in Process

• Sioux Lookout Food Distribution Hub
• Cloverbelt Local Food Co-operative
• Goderich Port
• Wroxeter Community Centre SE
• Innisfil Power and Innisfill Heights
• La Maison Rosewood
• Kawartha North Medical Centre
• Peterborough Green-Up
Vision for the Future: Right Side Up
THANK YOU!!