



Rural Social Enterprise and Community Ecosystem Development: Policy Leverage Points

Report prepared for OMAFRA,
New Directions Research Grant

Executive Summary

March 2016

Catherine Lang, Mary Ferguson, and Dr. Barbara Harrison

With Kelly Gillis, Dr. Allan Lauzon and Heather Laird

Partners



and



The authors would like to thank the Ontario Ministry of Agriculture, Food and Rural Affairs for supporting this research project. This support has made it possible to document the creativity of people and nonprofits collaborating in the development of rural social enterprises to benefit their communities.

Research Team

- Mary Ferguson, Researcher and Consultant, Eko Nomos
- Kelly Gillis, MA Student, University of Guelph
- Dr. Barbara Harrison, Researcher and Consultant, University of Guelph
- Heather Laird, Ontario Nonprofit Network (ONN)
- Catherine Lang, Researcher and Consultant, C. Lang Consulting
- Dr. Allan Lauzon, University of Guelph, School of Environmental Design and Rural Development

Advisors

Ramona Cameletti, Ontario Ministry of Agriculture Food and Rural Affairs; Lynn Eakin and Cathy Taylor, ONN

Case Study Site Contacts

ABBHEY GARDENS

Heather Reid – Operations Director
John Wadland – Board member
John Patterson – President of the Board

CLOVERBELT LOCAL FOOD CO-OP

Jen Springett – Consumer / President of Board
Beth Zurbrigg – Producer / Secretary of Board
Mel Fisher – Producer, previous board member
Connie Nelson – Lakehead University Food Security Research Network

COMMON ROOF

Glen Newby – CEO, Common Roof & New Path
James Thomson – Vice President, Strategic Initiatives
Ken Edwards – New Path Foundation

COMMUNITY LIVING SOUTH HURON

Bruce Shaw – Executive Director
Dave Farquhar – Manager

Executive Summary

Introduction

This report presents the research findings of “An Ecosystem Approach to Understanding and Informing Rural Policy for Social Enterprise,” a project administered by the Ontario Nonprofit Network (ONN), and implemented collaboratively by Catherine Lang (C. Lang Consulting) Mary Ferguson (Eko Nomos Consulting), Heather Laird (ONN), independent researchers Dr. Barbara Harrison and Kelly Gillis, and Dr. Allan Lauzon (University of Guelph). The research project was made possible by a New Directions grant from the Ontario Ministry of Agriculture, Food and Rural Affairs. Ramona Cameletti acted as OMAFRA policy advisor to the project.

Research Goals

The goal of the research was to document how social enterprises develop in rural Ontario through a cross-case analysis of four rural or northern social enterprise organizations. Specifically, the research had the following objectives:

- To document and describe the process of rural nonprofit social enterprise development, through a focus on the genesis of successful rural social enterprises and using a comprehensive context-based analysis and documentation of the start-up, stabilization, and growth stages.
- To document and identify the development supports needed or used by rural nonprofit organizations and social entrepreneurs, through a focus on the key elements of effective current and potential systems supporting rural social enterprise development.
- To document the developmental, financial and policy challenges and barriers encountered by nonprofit social enterprises, and how they can be overcome.
- To determine key leverage points for policy change and investment to facilitate effective and impactful rural social enterprise development in Ontario, through a focus on the role of investment and policy in the future of rural social enterprise development.
- Policy leverage points are places in the social enterprise ecosystem, particularly in the policy environment, where a small change could lead to a larger shift in outcomes.

Research Approach and Report Outline

For the purposes of this research, social enterprise is defined as a business operated by a nonprofit, and directly involved in the production and/or sale of goods and services to customers for the dual purpose of generating income from sales and achieving social, cultural or environmental objectives.

The objectives were achieved by means of cross-case analysis of four (4) rural Ontario nonprofit social enterprises: Abbey Gardens, Cloverbelt Local Food Co-op, Common Roof, and Community Living South Huron. The analysis adopted a “Community Capitals” lens to illustrate the diverse intersections and interactions of factors salient to the development of social enterprises in rural

communities.¹ The lens provided a consistent framework for analyses of the context and impetus behind the social enterprises being studied, the initial ideas and their champions, the structures the enterprises adopted, how their models were tested, and the impacts and outcomes they are achieving. The analysis provided the basis for the description of policy leverage points to enable further activities in the development of the rural Ontario social enterprise ecosystem.

In order to situate the findings of this project's primary research, the report provides a brief description of the changing Canadian rural context. This review and analysis of secondary literature shows how social enterprise has been conceived historically, and framed in the Canadian and international contexts. More than this, it seeks to provide the reader with an understanding and appreciation of the diversity of social enterprise, and its potential in developing place-based economies to the benefit of Canada's rural and remote communities.

The report outlines the research methods adopted for the primary research in this study. The 'Research Methods' section describes how the sites for primary research were selected, and outlines the methods of data collection and analysis.

The methodological discussion is followed by the in-depth case studies. In this section an overview of each social enterprise is provided, including descriptions of the development path, leadership and partnerships that were instrumental in developing each business. Further information is provided about revenue generation, and enablers and barriers to development, including the role of policy. See Appendix 1 for a broader overview of each enterprise's rural community context.

Cross-case Analysis: Findings

Following the individual case studies, this document provides research findings and conclusions arising from the cross-case analysis of the four case studies. In brief, the findings are as follows:

RURAL SOCIAL ENTERPRISE CONTEXT AND IMPETUS

Our research shows that rural contexts claim a strong cultural attachment to their geographical region and environment. These may be defined as a place-based cultures of rurality. Although each expressed a strong rural cultural attachment, each rural context was unique. This uniqueness in place produced challenges and opportunities unique to each, and each social enterprise under study responded to local needs and values in unique ways.

We found that a spirit of collaboration prevailed in each region as an indication of strong cultural capital. Further, this spirit of collaboration was cemented in a developmental period, lasting in some cases up to a decade before the incorporation of the social enterprise. In all four cases the social enterprises challenged the way their sector(s), contexts, geographies or clients were perceived. This challenge to assumptions resulted in or contributed to the leveraging of surplus or underutilized capitals to augment others. Significantly, these successful social enterprises were each able to leverage affordable lands and/or buildings to secure long term viability. The acquisition of these real assets, however, was clearly dependent on significant mobilization of

¹ Cornelia Butler Flora and Jan L. Flora, *Rural Communities: Legacy and Change* (3rd Edition), (Boulder, CO: Westview Press, 2008).

other capitals, most crucially strong social and human capital in the form of skilled leadership, diverse networks and strong community commitment to finding solutions.

THE IDEA AND ITS CHAMPIONS

In each of the cases under study, leadership was a critical factor. We found that successful social enterprise leaders were highly collaborative people, who were able to build relationships to other stakeholder groups, and create new social capital. By extension, the activities of these leaders can be seen as augmenting their entire local ecosystem. Yet in each case a group of leaders was needed for the enterprise to be successful. In three of the sites under study, we found that new migrants to rural areas had been leaders in the development of their social enterprise. Thus, we describe how the presence and utilization of a diverse set of skills, connections and experiences may be instrumental to success. This diversity was complemented by the credibility that the main proponents were able to maintain in their communities and networks. The credibility, commitment and collaborative orientation of core leadership lead in each case to the mobilization of a large number of volunteers. The maintenance of these core leadership attributes will be important over the long term: each case has identified that leadership succession is an issue for the long-term vitality of their enterprise.

STRUCTURING THE ENTERPRISE

Our research showed how the social enterprises selected organizational structures based on local conditions. As more people and networks became involved, more formalized structures became needed. In each case, 'form followed function': all of the initiatives utilized different corporate forms or structures to creatively house and operate their enterprises. Once organizational structures were in place, case study sites were able to access and generate financial and built capital. Intriguingly, none of the enterprises identified as 'social enterprises' in their earliest stages of development; their attention was focused on their mission and how to realize their vision in the long term. Once corporate structures were in place, founders were able to leverage more capital of different kinds to grow their enterprise.

MODEL TESTING

In their current state, each of the case study sites operates at least one incorporated social enterprise. Each of these enterprises is supported from a variety of funding sources. The process of testing and 'tweaking' corporate models and forms means that business launch is often slower than in the for-profit sector. This testing process was necessary, however, for the social enterprises to effectively balance social, economic and environmental missions all together. Access to appropriate business development support is critical to success in this period, and in the long term. In two cases, local Community Futures Development Corporations provided some of this support, and in one of these a CFDC was a founding organizational member. In each case, social enterprises carried out their own comparative research, to better understand their sector, and the how to create and position their unique offerings. This uniqueness necessitated a more 'organic' rather than a linear approach to development, again as a result of the need to respond to place-based challenges. Having been established, and following initial successes, organizations may become 'serial social enterprise developers', developing new offerings in new sectors where they can see a market niche and community need. Initial success and operationalization has also contributes to increased political capital, though this does not come without effort.

IMPACTS AND OUTCOMES

While a detailed assessment of outcomes was beyond the scope of this paper, the research clearly points to rural social enterprise impacts that are worth noting. The impacts affect the enterprise's partners and participants, their organizations, communities and regions, and touch on all of the community capitals. These impacts give us clues about the potential of nonprofit social enterprise as a rural and northern development strategy.

All nonprofits exist to provide a public benefit and contribute to community health and wealth. The additional market focus of nonprofit social enterprises affords further benefits. Job retention and development is one significant outcome shared by all of the initiatives researched. This outcome contributes financial capital to each region, benefitting the local economy and creating other multiplier effects. In addition, each enterprise has secured real community-owned assets, and has built the momentum and credibility needed to move forward and expand in new ways. It is evident that each rural social enterprise under study has contributed not only to social, but also to economic self-reliance by creating, testing and now growing models for community-owned enterprises that are guided by enduring and important social and environmental issues.

POLICY LEVERAGE POINTS

Many policies that have supported or inhibited the case study site enterprises are unique to their specific regions or sub-sectors. Yet there are areas where common recommendations can be made. Three of these policy areas are:

- Enterprise development supports
- Legal and regulatory issues related to nonprofit, co-operative and charitable structures
- Land and building use

Federal, provincial and municipal laws or by-laws govern each of these policy areas. Altogether, this creates a complex and shifting policy environment. This study provides significant discussion of these areas leading to a 'General Policy Approach'. In general, policies that support nonprofit social enterprise in the context of rural and northern communities will:

- Support place-based innovation and avoid one-size-fits all approaches
- Enable rather than inhibit the flexibility needed for local cross-sectoral innovation in rural and northern SE northern development
- Leverage and coordinate the mandates and resources of enterprise support organizations, programs and advisors at local and regional levels to further SE objectives
- Grow enterprise development capacity, take advantage of unique community capital, and account for capacity and service gaps in rural and northern communities
- Recognize the community benefit impacts that rural and northern social enterprises can effect in their regions, and the many forms of community capital they can create – social, built, political, financial, human and natural.