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Cover photo: Michael Schmidt (SmartICE) Inside cover photo: Barrett & MacKay



# Message from the Minister



Social enterprises enrich our communities by conducting business in an innovative way that furthers social, community economic, cultural and environmental goals.

Be it poverty reduction, employing clients from vulnerable populations, supporting cultural objectives, training at-risk youth or addressing environmental issues, social enterprises demonstrate their vision and value to our communities every day.

This Social Enterprise Action Plan delivers on our commitment to support the development, expansion and enhancement of social enterprises that benefit our province. We have engaged province-wide with individuals and representatives of established social enterprises, co-operatives, credit unions, not-for-profit organizations, municipalities, industry associations, Provincial Government departments, the Federal Government, and other organizations.

The action plan represents an opportunity for us to focus our work on key areas of development while complementing our partners' work and our government's programs and services. The design also provides for a continuous improvement process as it will be supplemented by an annual implementation plan, created in tandem with key partners. The action plan intends to enhance, not replace the continuous delivery of important programming from the Provincial Government.

Our government is encouraging the use of the social enterprise model as a tool for social and economic development. We want to discover its full potential to address social, community economic, cultural and environmental issues and find innovative ways to support the economy.

Hon. Christopher Mitchelmore

Christopher Mitchelmore

Minister of Tourism, Culture, Industry and Innovation



#### Key Components of a Social Enterprise

- A Social Enterprise earns revenue through the sale of goods or services to further a social, community economic, cultural and/or environmental purpose.
- A Social Enterprise reinvests its profits into the mission of the organization.
- A Social Enterprise has a blended return on investment that is both social and financial.

Photo: Kathleen Tucker (Sabri)

## Introduction

Social enterprises play an important role in Newfoundland and Labrador. They find innovative ways to increase the well-being of our communities through the sale of goods or services to further social, community economic, cultural and environmental goals.

In November 2016, the Provincial Government released The Way Forward: A Vision for Sustainability and Growth in Newfoundland and Labrador, which is a road-map to guide the province toward economic growth and fiscal sustainability. As part of The Way Forward's plan to strengthen and diversify the economy, the Provincial Government committed to developing a Social Enterprise Action Plan.

The Social Enterprise Action Plan is based upon the principles of community economic development, which means the primary aim is to serve members of the community and collectively contribute to economic diversification in all regions of Newfoundland and Labrador. It provides actions to support not-for-profit and co-operative organizations looking to explore new approaches to revenue generation. Its focus is on collaboration at the provincial level, whereby a collective approach with partners and stakeholders is necessary in order to identify new opportunities and help existing social enterprises accomplish their mandates in socially innovative and sustainable ways.

This action plan outlines four growth objectives to build a stronger economy, leverage local knowledge and capitalize on existing networks to improve the well-being of our communities.

#### **Growth Objectives**

- Increase the number of social enterprises in Newfoundland and Labrador
- Enhance services for existing social enterprises
- Provide government and stakeholders with an engagement approach that ensures ongoing social enterprise input
- Foster a culture of innovation through regional co-operation using the innovative tools of community economic development

To achieve these growth objectives, the Department of Tourism, Culture, Industry and Innovation (TCII) will establish a Social Enterprise Partner Network. The network will ensure ways to appropriately build the sector and support implementation of the action plan, including the development of annual targets and indicators. This document outlines the objectives, goals and actions which will be prioritized over the next three years: **2018-2021**.

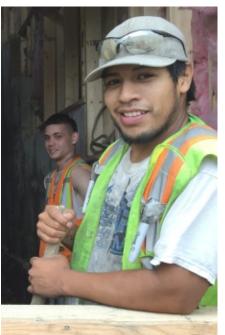
'Social enterprise is both a different way of doing business and a different way of supporting social, cultural and economic growth. At its essence, social enterprise is about a not-for-profit organization earning revenue in the marketplace by producing goods and services.

But the heart of it is about building opportunities to generate employment, meeting social, cultural and economic needs in a manner different from traditional nonprofit models, and finding new ways to support economic development in local communities.'

"Ready for Takeoff: Social Enterprise in Newfoundland and Labrador" report released by Community Sector Council of Newfoundland and Labrador, Enterprising Non-Profits Canada, Mount Royal University and Simon Fraser University in March 2016.



Photo: Conne River Craft Store



**Photo: Impact Construction** 



Photo: Theatre Newfoundland Labrador

# Social Enterprise Innovation and Research in Newfoundland and Labrador

Innovation is a means to making life better – generating value for individuals, organizations, communities and regions. Social enterprises are driving social innovation. "Social innovation" as adopted by the Organisation for Economic Co-operation and Development (OECD) seeks new answers to social problems by:

- Identifying and delivering services that improve the quality of life of individuals and communities; and,
- Identifying and implementing inclusive labour market processes, new skills, new jobs and new forms of participation that improve the position of individuals in the workforce.

Social enterprises bring creativity and resourcefulness to the table while addressing societal issues such as workforce development for vulnerable youth or persons with disabilities or other employment barriers. They are increasingly recognized as innovators in community economic development.







Photo: David Hiscock (Stella's Circle)



Often the complex issues these innovators work on cannot be solved using traditional approaches, by individual supports or by any single level of government or organization. To solve these issues, innovators are required to work together, challenge perceptions to improve current processes and provide for better outcomes. This requires time, creativity, resources and focus.

Internationally, social enterprise development is synonymous with social innovation and an understanding of community development. For example, Scotland, United Kingdom is a leader in the field and recently launched a ten-year (2016-2026) social enterprise strategy. Closer to home, Newfoundland and Labrador now joins provinces such as Nova Scotia, Quebec, Ontario, Manitoba and British Columbia. These provinces have focused on social enterprise development by setting shared goals through the release of a social enterprise plan. Similar to these provinces, Newfoundland and Labrador is enhancing supports and services to build the social enterprise sector in a collaborative way.

### 2014 Snapshot of 30 Social Enterprises in Newfoundland and Labrador

Make an





Economic Impact: \$10 Million in revenue, \$6 Million in Sales



Moving into debt financing:
Used banks and

credit unions to finance their ventures

**Hired 528** 

Employ thousands of people: Hired 528

people as part of their mission, such as those with disabilities and/or employment barriers



Do business in many sectors:

Worked in construction,

trade, accommodations, tourism, health, social services, the arts, and professional services **70,000 People** 

Engage thousands of people:

Trained more than 1,200 people, provided services to over 70,000 people, and involved at least 568 volunteers

"Ready for Takeoff: Social Enterprise in Newfoundland and Labrador" report released by Community Sector Council of Newfoundland and Labrador, Enterprising Non-Profits Canada, Mount Royal University and Simon Fraser University in March 2016

To fully understand social enterprise and the role for innovation within the sector in Newfoundland and Labrador, a baseline of information and research is required. While a few sector studies can be identified, there is limited research available to provide a comprehensive background about the impact of social enterprise and social innovation in Newfoundland and Labrador. For example, we do not have a reference point for the number of social enterprises currently operating within the province. The report "Ready for Takeoff: Social Enterprise in Newfoundland and Labrador" released by the Community Sector Council of Newfoundland and Labrador, Enterprising Non-Profits Canada, Mount Royal University and Simon Fraser University in March 2016 provides a summary of results of 30 organizations.

In 2016, TCII conducted Business Retention and Expansion (BR&E) assessments of 24 social enterprises. The goal was to gain better insight about their current operating environment. These social enterprises are subject to the same economic and financial principles of any business operation. They also have an added complexity in obtaining a blended return on investment that is financial and social. To understand their unique challenges and opportunities, the BR&E assessment included topics such as marketing and sales, operations, current location, finance, human resources, future plans, and organizational governance.

The findings suggest that some organizations are further along in some areas than others. Also, there are opportunities for increasing collaboration, enhancing business management skills and pursuing new innovative approaches.



# Social Enterprise Engagement Process

In considering how to encourage social enterprise development, the Government of Newfoundland and Labrador completed an engagement process and identified areas where trends emerged and outlined in the document, "What We Heard: Social Enterprise," released in November 2017.

A total of 129 stakeholders participated and provided input on ways to address social enterprise development through facilitated sessions and an online public survey. Views and perspectives were expressed by representatives of established social enterprises, co-operatives, credit unions, not-for-profit organizations, municipalities, industry associations, federal government, other sector representatives and the general public.

The engagement process provided an opportunity to discuss pillars within social enterprise development and collaborate with community to ensure ways to appropriately build the sector with broad supports.

In addition to the public engagement process, TCII established an interdepartmental committee to inform the action plan. Recognizing that social enterprise development affects multiple mandates throughout government, the committee will continue to engage in the implementation process for this action plan.

## **Continued Collaboration**

TCII is working with a social enterprise interdepartmental committee to support social enterprise development. The following departments are represented on the interdepartmental committee:

- ► Advanced Education, Skills and Labour;
- ► Children, Seniors and Social Development;
- Education and Early Childhood Development;
- ► Executive Council;
- ► Health and Community Services;
- Municipal Affairs and Environment;
- Service NL;
- ► TCII;
- ► Transportation and Works; and
- ➤ Women's Policy Office.

During the engagement process, stakeholders suggested that TCII find ways to keep the conversation going between the Provincial Government and the social enterprise sector. As well, the 2018 report, "Untapped Potential: Social Enterprise as a Tool to Stimulate Economic Development" by Choices for Youth recommends that governments, private industry, community organizations and social enterprise practitioners work to connect key departmental commitments and policy goals.

To address these recommendations, TCII will create a Social Enterprise Partner Network. Along with the Provincial Government's social enterprise interdepartmental committee, leaders who work in the social enterprise sector will be invited to participate in focused planning activities to advance implementation of the action plan.

The approach is similar to the one used for the province's Co-operative Development Memorandum of Understanding with the Newfoundland - Labrador Federation of Co-operatives. Over the next three years, the network will develop an annual implementation plan and assist in determining how things move forward. This includes prioritizing actions, determining appropriate lead and support organizations and setting reasonable timelines.

### **Action Plan**

TCII, in collaboration with key governmental departments and community partners, was mandated to lead the development and implementation of the action plan. Currently, TCII supports not-for-profit organizations to plan, develop, and strengthen their social enterprise activity.

Five pillars form the basis of the Social Enterprise Action Plan: Policy Development, Business Skills and Organizational Development, Research and Opportunity Identification, Promotion and Awareness, and Access to Financing and Capital.

These pillars are similar to the components of a supportive environment for social enterprise development as outlined by Social Enterprise Council of Canada.

Pillars for a Supportive Environment for Social Enterprise Development



# Policy Development Pillar

#### Goal:

Improve collaboration between departments and with sector leaders to enhance social enterprise development.

Social enterprises operate in many sectors such as construction, food and beverage, tourism, health and community services, the arts, and the fishery. One day an organization could be dealing with Service NL on a food establishment inspection, the Public Procurement Agency on a potential procurement and the Department of Advanced Education, Skills and Labour on income support issues. Some not-for-profit organizations operate more than one social enterprise and regularly deal with multiple departments.

Through coordination and continual improvement processes, the Provincial Government can create effective policies and procedures to resolve simple roadblocks that limit social enterprise development and help social enterprises navigate throughout government.

A policy area that was raised during the engagement process was public procurement. Recently, the Provincial Government modernized the public procurement framework, which now provides for the consideration of social, economic and environmental priorities within the development of general policies respecting the procurement of commodities.

#### **Actions:**

- Establish a Social Enterprise Partner Network including leaders from the social enterprise sector and the Provincial Government's social enterprise interdepartmental committee. Led by TCII, in addition to establishing and monitoring deliverables for an annual implementation plan, this will involve prioritizing social policy areas and research to investigate how the social enterprise model may be used to create greater economic and social impact. This includes identifying key performance indicators.
- 2. Promote and provide social impact purchasing information within government and share new learning tools with other sectors. The Public Procurement Agency and TCII will offer learning opportunities for social enterprises interested in the public sector procurement process and supply opportunities.



The 2016-17 Annual Report for Choices for Youth

The 2016-17 Annual Report for Choices for Youth demonstrates the impact of the social enterprise model. Impact Construction provided **\$628,298** in revenue and provided 18,832 hours of youth employment. As the sole manufacturing partner of **Enactus Memorial's Sucseed.** youth were provided with 1,266 hours of employment, taught how to use power tools, and worked semi-independently to manufacture 600 hydroponic units.

Photo: Choices for Youth, Sucseed

- 3. Government of Newfoundland and Labrador representatives will engage in learning opportunities such as the National Community of Practice on Social Value Marketplace, which is chaired by Buy Social Canada. Information and best practices on social procurement will be shared with stakeholders such as social enterprises, municipalities, industry association and other community organizations.
- 4. Regulatory issues and needs of the sector will be identified through the Social Enterprise Partner Network to determine potential deliverables within Government of Newfoundland and Labrador.



Photo: School Lunch Association

In 2017, Tourism, Culture, Industry and Innovation and partners (Newfoundland - Labrador Federation of Co-operatives, School Lunch Association and Memorial University's Centre for Social Enterprise) delivered an "Introduction to Social Enterprise" session to increase the awareness of the social enterprise model to the Newfoundland and Labrador Association for Community Living. The mandate of the organization is to work with, and on behalf of, individuals with an intellectual disability and their families, advocating for people to live as full participants in their communities.

The purpose of the community capacity building session was to learn more about social innovation approaches by bringing together representatives from each of its five local associations and community leaders. During the workshop, participants explored how the social enterprise model can foster sustainability for the organization, support its membership and the inclusion of individuals with intellectual disabilities, as a viable option for future growth and development.

# Business Skills and Organizational Development Pillar

#### Goal:

Increase the business and organizational governance skills of organizations who operate (or aspire to operate) a social enterprise.

For a not-for-profit organization to successfully create and sell a product or service and deliver on its social mission (i.e. use market-based approaches to address a social problem), its staff and board of directors require a wide range of skills.

During the social enterprise engagement process, many organizations requested support in areas such as board governance, proposal writing, networking, project management, opportunity management and professional development skills.

Local institutions and industry groups, such as Memorial University's Centre for Social Enterprise, College of the North Atlantic, Community Business Development Corporations, Community Sector Council of Newfoundland and Labrador, TCII and Newfoundland and Labrador Federation of Co-operatives offer some business development training throughout the province. There is opportunity to build upon these offerings and support groups in new areas of social innovation.



Tourism, Culture, Industry and Innovation's Business Retention and Expansion Social Enterprise Initiative surveyed 24 social enterprises; 58 per cent regularly conducted board orientation activities for new board members.



BizPaL is an online source of information on permits and licenses.

Photo: Growing Our Future Childcare Co-operative Center

#### **Actions:**

- 1. Invest in skills and development training sessions for social enterprise through TCII's Community Capacity Building Program for delivery throughout the province. This will include development of content or other developmental tools in areas including marketing and sales, operations, financial management, business plan development, proposal writing, project management and opportunity management. A portion of the allocation will be used to support best practice missions in Newfoundland and Labrador which will expose new entrants to existing successful social enterprises.
- 2. Work with existing partners to ensure a collaborative approach to training and development. Through TCII's Community Capacity Building program, organizations will bring board directors and staff representatives together to explore community development within the context of the social enterprise model. For example, TCII will collaborate with Memorial University's Centre for Social Enterprise and other organizations to demonstrate the benefits of the social enterprise model.
- 3. Work with the Newfoundland Labrador Federation of Co-operatives to implement the delivery of co-operative development training modules, as well as organize co-operative development training sessions for provincial government departments and ensure updated modules and supporting material are available online.
- 4. Work with national partners to share existing resources that support business skills and organizational development. This will avoid duplication, identify efficiencies, and foster new partnerships with sector leaders.
- 5. Promote and increase opportunities for social enterprises to conduct regular orientation programs and activities for employees and board members including the development of an e-learning module.
- 6. Connect new social enterprises to **Service NL's Bizpal** program, where applicable.



Photo: Clean Start

# Research and Opportunity Identification Pillar

#### Goal:

Use research to understand the social enterprise sector and identify and support new social enterprise opportunities in both rural and urban areas.

Social enterprises have a strong track record for pursuing innovative approaches. For some social enterprises with limited financial resources, testing a new idea is not always perceived as possible.

To make it easier, TCII will support research and opportunity identification pilot projects in various sectors. The projects will tap into the ingenuity of community members and help organizations improve the design of a new initiative while addressing social, community economic, cultural, and environment issues. These

projects may potentially lead to viable and sustainable social enterprises.

Post-secondary institutions can support this process by providing research assistance at both the undergraduate and graduate levels. Other training institutions can contribute with basic skill development and workforce development.

Community partners such as the Community Sector Council of Newfoundland and Labrador and the Newfoundland - Labrador Federation of Co-operatives can also play a role, in conjunction with academic institutions, in enhancing research from a practitioner's perspective.



Photo: Kathleen Tucker (SmartICE)

#### **Actions:**

- 1. Develop baseline information and research to understand the economic impact of social enterprises in the province, as well as social return on investment. For example, explore ways to measure reduced dependency on income support and other social programming for employees of social enterprises.
- 2. Work with community partners to complete a skills profile for the social enterprise sector. It is vital to have accurate and updated information about the social enterprise sector in Newfoundland and Labrador. The Department of Advanced Education, Skills and Labour will collaborate with the sector to explore and better understand emerging labour market needs.
- 3. Conduct an annual open call for proposals from interested applicants to research projects which pilot social enterprise opportunities in the province. Using the Regional Development Fund, TCII will invest in research by social enterprises. This will provide opportunities to conduct research about the social enterprise model and investigate application in various industries.
- 4. Enhance awareness of the research activities of Memorial University's Centre for Social Enterprise amongst existing social enterprises, co-operatives and credit unions.
- 5. Identify sector development opportunities by conducting research about social enterprise business models used in other jurisdictions. A diverse group of sectors will be explored in rural and urban areas. The information will be made available to the public in an effort to generate new social enterprise activity and encourage social innovation.



Photo: Greg Locke, (Hungry Heart Café)

## **Promotion and Awareness Pillar**

#### Goal:

Work with partners to promote the social enterprise model to the general public and show not-for-profit organizations how the model can help deliver upon social, community economic, cultural and environmental mandates.

Social enterprise activities are rooted in community economic development. Our communities have been shaped through the work of co-operatives, not-for-profit organizations, and volunteers for decades. While social enterprise in one form or another is not new to the province; today a certain "buzz" around the term exists. Some organizations are exploring social enterprise activity as a way to deliver on their social, community economic, cultural, and environmental mandates. Some people are using their purchasing power to buy products and services from local social enterprises.

As more consumers are concerned about the products and services they buy, there is an opportunity to promote and showcase the impact of purchasing from recognized social enterprises.

As more organizations are concerned about sustainability, there is an opportunity to demonstrate how the model can diversify and supplement revenue streams and create social value.

#### **Actions:**

- 1. Build networks to support social enterprise partnership development. For example, as stated in the Business Skills and Organizational Development Pillar there will be an opportunity for social enterprises to explore best practices with other social enterprises in the province. Similarly, TCII will support collaboration between social enterprises and the private sector, beginning with targeted networking sessions.
- 2. Enhance the labour market information products of the Department of Advanced Education, Skills and Labour to increase awareness and profile of the sector among the general public, post-secondary students, and potential employees.



Photo: Battle Harbour Historic Trust

- 3. Partner with service providers and Advanced Education, Skills and Labour to promote social enterprise among temporary and permanent residents, including international students, graduates, immigrants, and refugees.
- 4. Working with partners such as Memorial University's Centre of Social Enterprise, capture best practices and lessons learned by social enterprises to identify innovative practices which increase the resilience capacity of social enterprises. For example, complete a case study on Sucseed and make it available to social enterprises and students in Memorial's University's Master of Business Administration in Social Enterprise and Entrepreneurship (MBA-SEE), the first degree of its kind in Canada.
- 5. Provide a greater awareness and understanding among provincial government departments and agencies about social enterprise activity which can support policy development and planning processes. This will include activities such as information sessions and circulation of research documents related to specific mandates.

Enactus Memorial
WON the World
Cup in 2016 and
placed 2nd in the
2017 Enactus World
Cup competition with
Sucseed.

An economic and environmental solution created to address the overwhelming need for fresh affordable produce in Northern Canada. Enactus Memorial has been recognized as the best in Canada ten times, and also won the Enactus World Cup in 2008.





Photo: Choices for Youth

# Access to Financing and Capital Pillar

#### Goal:

Improve financial management skills and work with partners to help social enterprises explore new approaches to financing.

Access to financing and capital is often a barrier to the development of the social enterprise sector. Financing sources for social enterprises include a mix of earned revenue, grants, contributions, and fundraising. Some social enterprises are exploring alternative ways of financing operations, depending on their business model and level of comfort with financing tools such as loans. It is common to hear from sector stakeholders about restrictions such as inflexible lending policies, limited financing instruments, and restrictive policies of funding programs.

Findings from the TCII Business Retention and Expansion Social Enterprise Initiative offer insight into 24 fairly experienced social enterprises across the province. The top challenges from respondents include managing cash flow, securing short-term line of credit, and determining working capital position.

The findings also confirmed that revenue generation is a vital element of operational sustainability. Self-generated sales represent a significant source of revenue for all respondents, with over half (55 per cent) reporting that it comprises between 80-100 per cent of their annual revenue source and an additional 23 per cent reporting it comprises between 40-79 per cent of revenue.

There is opportunity to support the sector through responsive forms of finance based on the individual needs of the enterprise.

#### **Actions:**

- 1. Build upon the findings of the Provincial Government's Business Financing Review to determine ways to support the sector. This will include consideration for types of security and repayment structures that support the unique aspects of a social enterprise model.
- 2. Increase outside investment into Newfoundland and Labrador's social enterprise activity by identifying national funding sources and establishing connections for the sector.
- 3. Work with the Newfoundland Labrador Federation of Co-operatives to complete a review of the existing co-operative development equity fund offered via the federation. A revamped program will be launched which aims to address financing gaps and other needs of the co-operative sector.
- 4. Increase awareness of existing financing available for social enterprises and demonstrate how it meets the needs of social enterprises. TCII will continue to share tools, techniques and best practices with clients. This includes working with other lending organizations such as the Atlantic Canada Opportunities Agency, Community Business Development Corporations, and credit unions to identify opportunities, barriers, and solutions for social enterprises wanting to access financing.
- 5. Implement a pilot initiative with Community Business Development Corporations to explore new financing approaches such as pairing TCII's grant programming with Community Business Development Corporations' loan programming.



# **Summary**

A way to increase the social and economic viability of communities in Newfoundland and Labrador is to support social enterprises. They have the potential to provide innovative services which can result in a number of social benefits for communities such as better health outcomes, greater food security, increased immigration, more affordable housing, more employment opportunities, better child care, and greater workforce inclusion.

The Social Enterprise Partner Network, interdepartmental committee, and TCII will use the Social Enterprise Action Plan as a guide to advance social enterprise development in Newfoundland and Labrador.

TCII will continue to seek perspectives from community leaders on the action plan and will also draw on previous findings from the engagement process related to social enterprise development.

There is considerable opportunity to advance social enterprise development in collaboration with partners and stakeholders. The five pillars outlined in this action plan acknowledge the important role of many stakeholders and reflects a commitment to enhance support in all areas that impact the development of the sector.



On the Bonavista Peninsula, the Trinity Historical Society took a leadership role for a cultural craft project on behalf of five partners in the region. All partners sell craft product at the not-for-profit tourism establishments they operate. Revenue is used to support culture, heritage, and employment.

Due to the higher cost of high quality craft product, the operators were finding it difficult to purchase product before the tourism season began. They found they could only purchase such product well into the tourism season, after they earned revenue from operations.

The cultural craft group received a Business Investment term loan which was used to purchase craft for their shops long before the season began. The loan gives them the opportunity to purchase product at the Provincial Wholesale Show hosted in the winter season. It allows them to purchase high volume, more cost effective and a higher yield type of product. Repayment terms were based on sales reports from the operating tourism season.

Alternate formats available upon request

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