



*Strengthening Canada's Communities
Des communautés plus fortes au Canada*

Blending Models & Adding Value – The Innovation of Social Enterprise

Presented by Brendan Reimer
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Innovation

Good morning, and thank you so much for the opportunity to be here with you, and share some thoughts on a topic that I am very excited about. Every single day I am inspired by the creative thinking that happens in our communities, and a very important catalyst for turning those ideas into action is the openness that many funders show in walking with these communities with long-term, committed support.

Today, I want to look at something that is key to coming up with these ideas and solutions - innovation. But to step back in time for a moment, is anyone familiar with the famous innovation by John Montague of 17th century Britain? Now, depending on who you believe, he was either a lazy gambler or an efficient working man looking to save time eating. Either way, his request one day was to simply place his meat slices that he was being served in between the bread slices on his plate, in order to save time while eating. This hadn't been done before, and the innovation caught on, as people around him instructed the servers that they too wanted to be served just like the "Fourth Earl of Sandwich", which was John's official title. The rest, as they say, is history.

The innovation wasn't about coming up with something new altogether. It was about merging two existing things into something new that achieved a blended and added value. And this is where I come to social enterprise. We understand social development, and the incredible social value that is generated through that work. In our society, we also understand enterprise and business development, and the great value that it generates for all of us; from generating wealth, to creating jobs, to providing goods and services to our communities, and much more.

But we realize that there are limitations to what the private sector will do in terms of poverty reduction and social inclusion. We also realize that social services have limitations in terms of the real economic opportunities they can create in their work of building individual and community capacity. Yet, reducing poverty inevitably requires an economic component.

So, we innovate in looking for something that will bridge this gap. But it is not by creating something completely new, but by putting two existing frameworks together into one. It is about blending social and enterprise development into the creation of a model that achieves both. Without getting into a discussion about definitions, social enterprises are generally businesses run or owned by non-profit organizations, for the purpose of supporting the organization's social, cultural, or environmental purpose.

Social Enterprise in Action

So, what do social enterprises look like and what can they do?

Goodwill Industries International provides job training, employment placement services and other community-based programs for people who have a disability, lack education or job experience, or face employment challenges. Goodwill operates 184 thrift stores and organizations in 16 countries. In 2009, Goodwill earned more than \$3.7 billion, and used 84 percent of that revenue to provide employment, training and support services to more than 1.9 million individuals.

Habitat ReStores are retail outlets that re-sell new and used building and household materials in order to build houses and cover operating costs of their charity. Habitat for Humanity opened its first Habitat ReStore outlet in Winnipeg in 1991, but now there are 700 ReStores in 48 U.S. states, and over 60 located across Canada. An additional benefit of the ReStore is that 1.5 million pounds of reusable material are diverted from Winnipeg's landfills annually.

Diversity Foods is designed as a joint venture between two local non-profit organizations, and is literally turning the tables on the traditional quality and practices of institutional food services at the University of Winnipeg – and the resulting benefits to poverty reduction in the community, the health of the students, the stimulation of the local economy, the strengthening of the local food system, and the reduction of their environmental carbon footprint is significant.

BUILD has reduced energy usage and water consumption in over 2000 low income housing units in Winnipeg that will save over \$3.5 million in utility bill reductions over the next decade. This means more disposable income for low-income families, which improves their economic and social well-being. BUILD is also lowering green house gas emissions with annual reductions of 2-3 tonnes per unit. Because they take a holistic approach to reducing poverty, over 100 trainees and their families have benefited from gaining new employment income; a driver's license; personal identification; a bank account; access to financial management courses; access to a breakfast and lunch program; access to on-site counselling; knowledge and skills in basic energy and water efficiency; and a significant improvement in their overall level of employability. Furthermore, this approach is essential in preventing trainees and their families from having to live a continued life in poverty and in preventing trainees with previous involvement in the criminal justice system from recidivating.

There are so many more examples across the country, and around the world, but many more are possible and, in fact, needed. **Phoenix Print Shop**, a commercial print shop in Toronto that provides training and transitional employment to youth who are homeless or at risk of homelessness. **Reboot Vancouver**, a social purpose enterprise, active in the field of recycling, repair, and redistribution of redundant or discarded computers. Reboot's target markets are low income individuals and families, social service agencies, and small businesses that would not ordinarily be able to afford a new system. **COSMOS Bottle Depot** in Red Deer is creating jobs for people living with disabilities. And how many of you can picture the Olympics in Vancouver, with medalists proudly watching their flags being raised following victory – they were standing on podiums, and holding flower bouquets, made by social enterprises, which created jobs for women transitioning out of prison and youth at risk.

In 2009, a survey of 140 social enterprises in Alberta and British Columbia found that they generated over \$113 million in revenues, including at least \$78 million in sales. These social enterprises paid \$63 million in wages and salaries to almost 4,500 people, of whom 2,700 were

employed as part of the mission of the organization. They also trained 11,670 people, and involved 6,780 volunteers.

But it is not just about the numbers, it is about personal stories that individually make up these large numbers. Stories like that of Carson, a former gang member here in Winnipeg who is now working full time in construction and encouraging his former friends to also leave that life behind, take care of their children, and give back to the community that they have previously taken so much from in the past. There are thousands of other stories just like this across our country, thanks to the role that social enterprises play in reducing poverty, building capacity, and facilitating social and economic inclusion.

Looking Forward

Social enterprise is not the magic wand, and is not the right answer for all situations - just like the sandwich is not the only food in our collective menu. However, this innovation has proven effective at blending social and entrepreneurial outcomes for a great result. While some have been around for over 100 years, there is a new energy today in exploring the potential of this model for what it might be able to create in our world to generate better social, economic, and environmental outcomes. In fact, colleagues of mine are in Johannesburg, South Africa this week attending the Social Enterprise World Forum along with hundreds of others from every continent.

We have understood that a charitable approach will only take poverty reduction so far, and have come to embrace more of a development and capacity building approach to poverty reduction as being more effective in the long term. I think that when we continue to look at what is fully required to lift people out of poverty, social entrepreneurship is going to make more and more sense as one of the spectrum of poverty reduction tools that we use. And like the sandwich, I think that it is going to become a widely used and accepted model of innovation.

I believe that society is going to be excited to support these as donors and consumers just as we have seen with the green shift and fair trade purchasing, and that funders will increasingly value the real contribution that social enterprises can achieve in reducing poverty in Winnipeg. Like any innovation looking to create social and economic change, social enterprises take the investment of leadership, work, and money. But with results like these, the return on investment simply can't be ignored.

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