

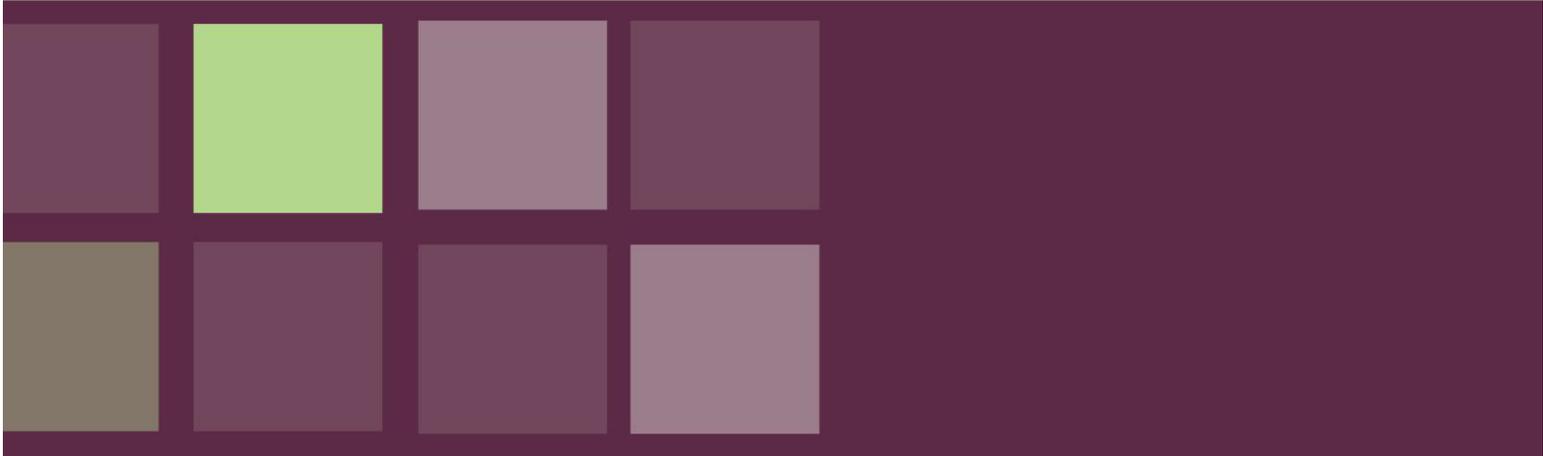
The Social Return on Investment of Four Social Enterprises in Manitoba

Final Report

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Submitted by

SiMPACT Strategy Group



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Executive Summary

Since 2013, the Department of Housing and Community Development of the Government of Manitoba (Manitoba Housing) has been purchasing construction-related services from social enterprises that seek to reduce barriers to employment for individuals who would otherwise be unemployed. This report evaluated the value created by purchasing services from four such social enterprises: Building Urban Industries for Local Development (BUILD), Brandon Energy Efficiency Program (BEEP), Manitoba Green Renewal (MGR) and Genesis.

Through a total investment of **\$2.56M** by Manitoba Housing and other government and non-profit agencies, the four social enterprises created a social and economic return on investment with a total present value of **\$5.995M**. This means that for every dollar invested **2.23** of social and economic value was created.

This investment by Manitoba Housing enables the employees of these social enterprises to develop skills, maintain employment, and improve their overall wellbeing. While not universal, participants are typically male from a First Nations community and face a wide variety of barriers to employment, which may include: a lack of experience, a lack of education, a lack of hard and soft skills training and criminal justice involvement.

Participants are successful within the social enterprises because the skills training is offered in a supportive environment. As individuals learn while working they are supported through and work-related and personal challenges faced. When needed, participants are referred to community-based services that might help to address any issues faced. Over time, employees of these social enterprises learn to manage the complexities in their lives that would otherwise likely prevent stable long term employment.

Of particular note, as individuals experience change through their social enterprise experience, value is created for other stakeholders including the Government of Manitoba. Four government areas (Treasury, Justice, Social Services and Public Insurance) experienced a total value of **\$1.1M** as a result of the work linked to the social enterprises discussed in this report.

One key finding resulting from this analysis is the need to improve evaluation. While the social enterprises each do important work, it is essential that the changes experienced by participants are routinely documented. Ongoing use of evaluation tools will increase confidence that stated results are being achieved, which will increase understanding of value created over time. This will produce a living local and vibrant example of the opportunity for social enterprise to enable barriered individuals to fully participate in Manitoba communities.

Introduction

The Government of Manitoba's strategy to enable individuals with barriers to employment access to meaningful work through social enterprise is part of a larger provincial job creation strategy launched in 2012.¹

As reported by Statistics Canada, unemployment affected 6.1% of Manitoba's population at the end of 2015.² In 2009, Manitoba had the highest First Nations' unemployment rate for off-reserve adults age 25-55 in Canada, at 71.8%.³ While the goal of the Provincial strategy is to remove barriers for any individual prevented from successfully participating in the workforce, this analysis is focused on four social enterprises serving off-reserve Indigenous individuals seeking to integrate into full time employment.

The four social enterprises studied were: Building Urban Industries for Local Development (BUILD), Brandon Energy Efficiency Program (BEEP), Manitoba Green Renewal (MGR) and the Genesis program within New Directions. Two other social enterprises, Inner City Renovations and the North End Renewal Corporation (NERC) were originally included in the study, however, this analysis occurred during a period of significant redesign for both organizations. The analysis was reduced to four social enterprises as a result however key findings and evaluation tools are to be shared across the original group of six.

Since 2013, the Department of Housing and Community Development of the Government of Manitoba (Manitoba Housing) has been purchasing renovation and repair services from a number of social enterprises. In the course of purchasing these services, the Department deliberately pays a premium of \$2.56 M, as an investment in the ability of its social enterprise vendors to remove long-term barriers to employment that would be otherwise facing their employees.

In commissioning this SROI analysis, Manitoba Housing sought to understand if value was being created through its investment in social enterprise service delivery. Specifically, this SROI analysis was designed to:

- (1) reveal whether investment in social enterprise is creating desired value for stakeholder groups, including the Government of Manitoba,
- (2) inform how the concept of value creation through social enterprise can be effectively communicated to key internal and external stakeholders, and
- (3) contribute to the development of evaluation tools for ongoing use by social enterprises commissioned to provide services to Manitoba Housing, in order to inform

¹ Manitoba Provincial Government, *Manitoba Social Enterprise Strategy: A Strategy for Creating Jobs Through Social Enterprise* (February 2015), 5-6.

² Statistics Canada, The Government of Canada, *Labour force characteristics, seasonally adjusted, by province* (Last updated January 2016) <http://www.statcan.gc.ca/tables-tableaux/sum-som/I01/cst01/lfs01b-eng.htm>

³ Social Planning Council of Winnipeg, *NA* (June 2011): 1-2

http://www.spcw.mb.ca/files/2113/5067/7774/Poverty_Profiles_-_Aboriginal_Peoples.pdf

an ongoing assessment of the value achieved by the Manitoba social enterprise strategy.

The SROI analysis summarized in this report took place between August and December 2015. An SROI combines quantitative, qualitative, and participatory research techniques, in order to develop a clear understanding of the value of change in relation to non-investment or the status quo. The methodology applied follows the principles-based approach outlined in *A Guide to Social Return on Investment*, which is the acknowledged international guidance document of Social Value International (www.socialvalueint.org).

The Social Enterprises

Four social enterprises regularly contracting services to Manitoba Housing informed this analysis: Building Urban Industries for Local Development (BUILD), Brandon Energy Efficiency Program (BEEP), Manitoba Green Renewal (MGR) and Genesis. Each made key staff, planning documents and activity records available, in addition to arranging interviews with participants at the start and the end of the analysis period.

BEEP, BUILD, MGR and Genesis have a similar mission. They all seek to reduce barriers to employment otherwise experienced by program participants. Each offers the opportunity to gain knowledge, skills, and experience in construction-related trades. While involvement in each social enterprise does include a great deal of learning, participants are all considered employed and are expected to fully participate in the delivery of services. For this reason, 'program participants' will be referred to as 'employees of social enterprise' or simply 'employees' throughout the remainder of this report.

In purchasing services from BEEP, BUILD, MGR and Genesis, Manitoba Housing pays a premium on the work that is conducted. This premium paid by Manitoba Housing enables each social enterprise to provide individualised supports, soft and hard skills training and referrals to services needed by participants. The individualised approach taken by each social enterprise eventually enables the employment barriers faced to be significantly reduced, or permanently removed.

Despite the shared mission, the approach of each social enterprise is unique. For example, BUILD is a six-month training program while the Genesis, BEEP and MGR experience typically lasts over a 2-3 year period. BEEP connects participants to in-class training (i.e. classroom-based work such as trades-based math) through a partnership with the local college, while BUILD offers in-class training on site during the first two months of the program. Genesis works exclusively with high-risk youth experiencing extreme poverty, gang and criminal involvement, low educational achievement and limited life skills, whereas BEEP and MGR are most often employing adult men that face similar challenges, but do not have a 'high-risk' designation. BEEP is located in Brandon, which enables the social enterprise to connect participants to a more community-based experience because the city is 10%⁴ of the size of Winnipeg.

Despite the differences in approach, each social enterprise generates revenue as a vendor to Manitoba Housing. At the same time, value is also created for the employees of the social enterprise as they gain skills, earn an income, increase their confidence and develop a different vision for their own future. The changes experienced also make an important contribution to improvements in each individual's physical and emotional well-being. As described later in the report, the changes experienced by participants also create value for the province of Manitoba.

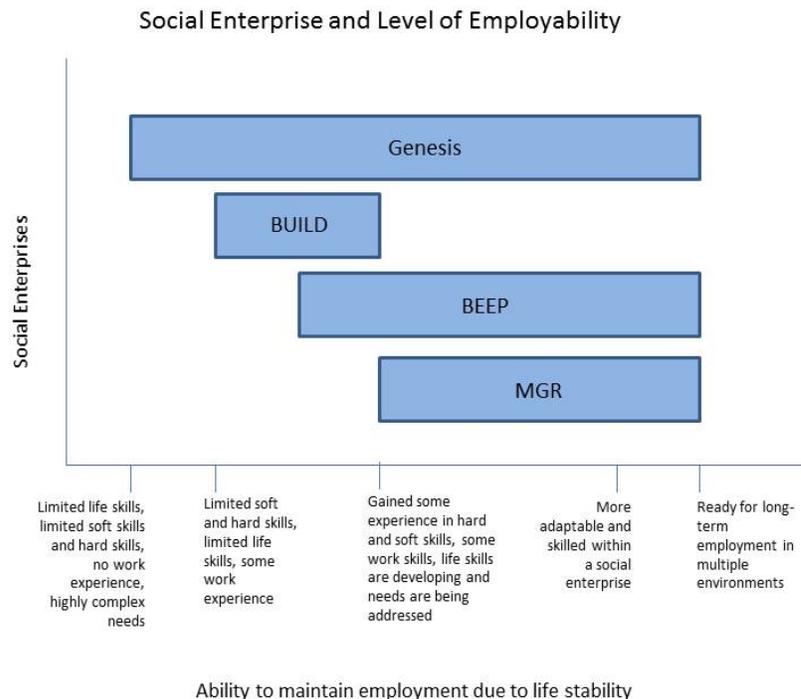
⁴ Total Winnipeg population (roughly 720,000 in 2015) can be found here: <http://winnipeg.ca/cao/pdfs/population.pdf>. Total Brandon population was roughly 46,000 in 2011. It is estimated to be around 50,000 for 2015. Brandon population statistics can be found here: <http://economicdevelopmentbrandon.com/population>.

Individuals who begin work at any of the four social enterprises face a variety of barriers to employment. These barriers frequently include: low levels of educational achievement, limited life skills, food insecurity (i.e. regularly experiencing hunger), criminal involvement, outstanding fines payable to various municipal and provincial ministries, gang involvement, the experience of trauma, housing insecurity, among others.

While these barriers are certainly common among the employees of BEEP, BUILD, MGR and Genesis, each enterprise attracts a different profile of employee. Generally-speaking, the differences in employee profile (enterprise to enterprise) reflect both the complexity of the barriers faced by individuals as well as their current state of progress addressing their individual barriers to employment. In essence, the length of employment offered by each social enterprise shapes each enterprise’s approach to the training and wrap-around supports offered.

Chart 1, below, illustrates the differences in participant starting point regarding educational and work experience, hard and soft skills for employment, life skills and individual ability to succeed in a work environment over the long term. While all individuals employed by BEEP, BUILD, MGR and Genesis have many challenges to overcome, **Chart 1** illustrates that those employed by Genesis are arguably facing the most complex combination of barriers, as a result of the reasons for their criminal record, their ‘high-risk’ status, their long history of gang involvement, low levels of educational, and low levels of work-related and life skills.

Chart 1: Social Enterprise and Level of Employability



Program Activities

While the goal of each social enterprise is to enable participants to remove barriers otherwise preventing their successful long term employment, participants require a variety of supports in order to eventually reach that objective. The \$2.56M annual premium paid by Manitoba Housing and others on services purchased from BUILD, BEEP, Genesis and MGR is an investment to ensure that those supports are provided.

One of the most important forms of wrap around support is the ‘on-the-job-training’ experienced by all employees of a social enterprise. When hired, their new employer is fully aware that the employee does not currently possess the skills needed to work independently on the job site. A significant part of the premium paid by Manitoba Housing enables the employees of the social enterprises to ‘learn while doing’, which can slow timelines and require correction in the midst of completing a job. But new employees of BEEP, BUILD, MGR and Genesis display a willingness to learn and a desire to increase their current skill sets, which is a key characteristic leading to an offer of employment in these social enterprises.

In addition to supports focused on hard skills development, participants access onsite coaching and mentoring, both of which are key to developing essential soft skills such as punctuality, good inter-personal communication and problem-solving. Employees are referred to support services (i.e. counselling, housing, cultural resources, parenting support), as barriers to employment arise that must be addressed. They are supported in their interactions with municipal and provincial services, as fine payments are negotiated, and confront the need to address past circumstances in order to move forward. The leaders of each social enterprise are often called upon to act as a character witness as participants face housing crises, learn to avoid future breaches of parole and seek out services that will support them in becoming independently able to face and resolve future challenges. To that end, **Table 1**, below, summarizes the common activities provided by BEEP, BUILD, MGR and Genesis.

Table 1: Program Activities Commonly Provided by Build, BEEP, MGR and Genesis

#	Activity	Examples
1	Training in hard skills	Trades-based math, equipment operation, painting, patching and carpentry
2	Soft skills development	Punctuality, communication and respect
3	Health and safety training	WHMIS (Workplace Hazardous Materials Information System), fall protection and CPR
4	Assistance with opening Bank accounts	
5	Budgeting and money management assistance	Money management classes and payroll deductions for fines
6	Referrals to community resources	Cultural resources, agencies to obtain a driver’s license and other identification papers, housing resources, parenting programs and healthcare resources
7	Opportunities for interactions with positive peers in the workplace	New friendships are formed, replacing negative relationships
8	Individual support is provided	Coaching and mentoring by program staff
9	Assistance in obtaining future employment	Character references and staff assistance offered

The sites, while similar, are not identical. The social enterprises work with individuals with different levels of work experience, hard and soft skills, life skills and life experiences, the combination of which create barriers to employment. Individual differences require that programs are tailored to individual needs. This approach is what makes the social enterprises effective in reducing barriers to employment.

For example, Genesis offers specific activities related to trauma and Fetal Alcohol Spectrum Disorder (FASD) because 100% of their participants have experienced trauma and 75% experience FASD. Genesis employees are typically high-risk youth with a criminal justice system history, and significant gang involvement. As a result, Genesis offers counselling and supportive staff who work to aid in the transition to life in employment by tailoring their programming to be trauma informed.

BEEP, by comparison, offers other wrap-around supports based on the different needs of their participants. With a 2% vacancy rate in Brandon, many BEEP employees do not have housing security. The BEEP team regularly posts information on housing opportunities, helps employees with applications and provides character references. **Table 2** provides a list of program activities that differ from site to site. These differences are a direct reflection of the different needs of employee of each social enterprise.

Table 2: Unique Activities by Social Enterprise

Activity	Program	BUILD	Genesis	BEEP	MGR
Counsellor/social worker available onsite			x		
Cultural teachings onsite		x	x		
Food provided		x	x		
Direct assistance with driver's license		x			
Payroll deductions for fines/debts		x		x	x
Assistance with budgeting/money management		x		x	x
GED preparation				x	
Academic credits			x		
Trauma informed counselling – onsite			x		
FASD informed training			x		
Assistance with housing issues				x	
Provides health and wellness class				x	

Outcomes Experienced by Stakeholders

Among the four social enterprise analysed for this report, there are numerous stakeholders touched by the changes experienced by the employees of BEEP, BUILD, MGR and Genesis. These include: an employee’s children, siblings, cousins and extended family, neighbours, cultural centers, Manitoba Housing, future employers, various municipal and provincial departments, course instructors at community colleges and local police, among others.

This analysis focuses on the three stakeholders experiencing the most material change, i.e. participants, their children, and government. As explained further on, the ‘government’ stakeholder is a combination of multiple government departments. **Tables 3, 4 and 5**, below and on the follow page, illustrate the highest value outcomes for those priority stakeholder groups.

The highest value outcomes experienced by employees of BEEP, BUILD, MGR & Genesis demonstrate the importance of increased life satisfaction experienced as a result of securing meaningful employment. This first outcome in **Table 3** refers to the increase in life satisfaction experienced by an individual in the social enterprise who is employed throughout their training. This outcome differs from the second outcome which reflects an increased income after leaving the social enterprise, due to the attainment of new skills and work experience.

In addition to an increase in employment income, employees of these social enterprises become more financially stable due to no longer using payday loans, by avoiding reverting back to criminal activity and as a result of the value of their improved employability due to their development of new skills.

Table 3: Most Valuable Outcome Experienced by Participants⁵

		Outcome	TPV
Participants	1	Increased life satisfaction due to having employment	\$ 1,191,622
	2	Obtain full-time employment with increased income	\$ 689,093
	3	Increased financial stability	\$ 192,659
	4	Avoidance of going back to criminal activity	\$ 154,951
	5	Improved employability	\$ 127,388

Children were cited by many participants as a primary stakeholder, because the changes experienced by their parent set an example that would contribute to breaking the intergenerational cycle of poverty that many families are at-risk of experiencing. While this is a fundamentally important outcome, it was excluded from the monetization of outcomes as a result of the need for more research that fell outside of the scope of this report. As a result, the one outcome for children that was valued was the change in the child’s perception of the parent.

⁵ Please note that TPV in the following tables refers to Total Present Value

Table 4: Most Valuable Outcome Experienced by Children

		Outcome	TPV
Children	1	See their parent as a positive role model who is demonstrating goal setting, work ethic, and responsibility	\$ 146,398

Several government departments experienced valuable change as a result of the work of BEEP, BUILD, MGR and Genesis. The highest value outcomes were resource reallocation for court and jail and decreased resources spent on pursuing outstanding fines and warrants. As a result of their employment within the social enterprises, the Employment and Income Assistance (EIA) previously allocated to employees of BEEP, BUILD, MGR and Genesis, can be reallocated to others and tax on their new income is collected. The fifth of the five most valuable outcomes to government is represented by resources reallocated as children are no longer in care. All of this value is a direct result of the increased skill and behavioural change of program participants.

Table 5: Most Valuable Outcomes Experienced by Government

Government	1	Resources reallocation for court and jail	\$ 842,968	CO13
	2	Resource reallocation for pursuing outstanding fines or warrants	\$ 610,939	SC06
	3	Resource reallocation for EIA payments	\$ 460,100	CO11
	4	Taxes paid by employed individuals	\$ 152,213	SC09
	5	Resources reallocated due to children no longer in care	\$ 101,752	SC08

Value Created through Investment in Social Enterprise

As mentioned previously, in 2015 Manitoba Housing purchased services from BEEP, BUILD, MGR and Genesis, paying a premium of **\$2.56 M**. That premium resulted in value creation of **\$5.995M** across three primary stakeholder groups: participants, children and government. This investment/value reward results in an SROI ratio of **\$2.23** of value created per **\$1** invested.

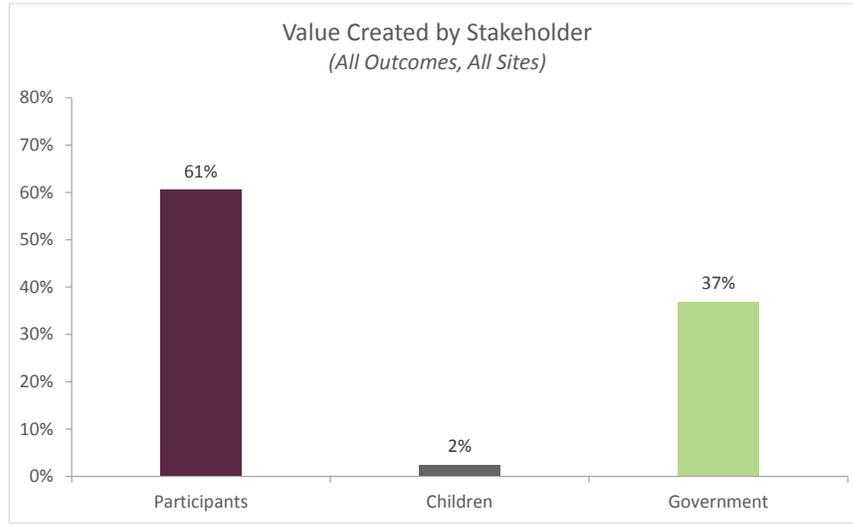
It is important to note that this report of value creation represents one fiscal year of investment as well as one fiscal year of activity by each of the four social enterprises. The total value invested and the total value created are combined numbers, i.e. stakeholders of all four social enterprises are totalled together and presented as one stakeholder group in the reports that follow.

One fiscal period was chosen as the timeframe for this analysis, because of the complexities of each social enterprise site. In any given year, BEEP, MGR and Genesis each have a combined group of participants that range between one year, two years and three years of experience. The value of many outcomes experienced (skill development or work readiness for example) builds as time passes, requiring multiple years of investment. In order to completely avoid any risk of double counting or any risk of over estimation, the entire SROI analysis is based on one fiscal period, but acknowledges that BEEP, MGR and Genesis participants might be the midst of year two or three of involvement.

One other methodology point to note is the high discount rate (25%) that was assigned to this study. A high discount rate was chosen due to the lack of documented evaluation results available at any of the social enterprises. While each enterprise is rich in participants that will speak to the changes that they have experienced, the addition of evaluation results will serve to bring the discount rate down, which will lead to an increase in the value creation amount, and the annual SROI ratio.

On the following page, **Chart 2** illustrates the value created through all outcomes across all social enterprise sites for the stakeholder groups. As illustrated, 61% of social value was created for the employees of the four social enterprises, 37% of the total value was created for various government departments and 2% was created for children.

Chart 2: Value Created by Stakeholder



As stated above, 61% of the total social value uncovered was created for participants, i.e. \$3.6M. Participant outcomes can be grouped into three general categories: employment, wellbeing and financial stability.

Employment refers to any outcome related to employability, i.e. 'increase in income', or 'improvement in trades based skills', while financial stability refers more specifically to outcomes such as 'avoidance of going back to criminal activity' or 'improved housing stability'.

Finally, well-being encompasses all outcomes related to improvement in quality of life, i.e. 'improved mental health' and 'increased self-esteem'. **Chart 3** below illustrates the proportion of each one of those three categories in relation to the value created for participants.

Chart 3: Value Created for Participants

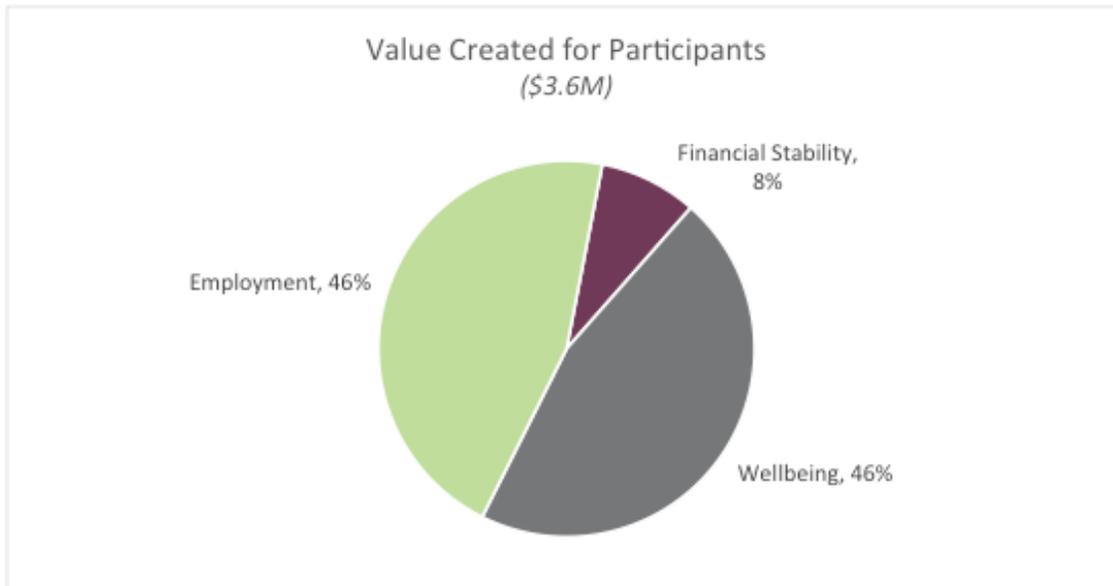
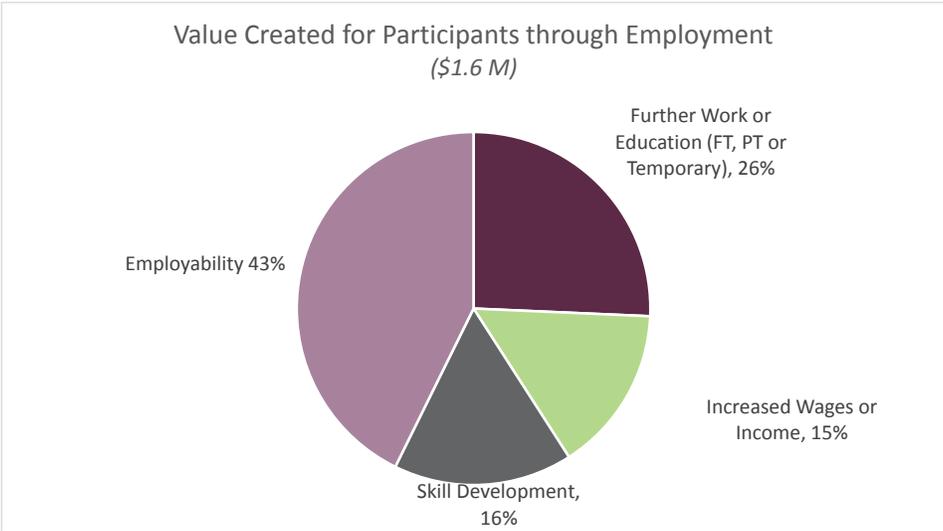


Chart 4 below illustrates how enabling participants to achieve employment creates value for participants. Of a total of \$1.6M in value created through employment, the highest value portion is linked to the outcomes related to employability (43%). Future work and/or education created 26% of the total social value whereas skills development and increased wages or income reflect 16% and 15% of value created, respectively.

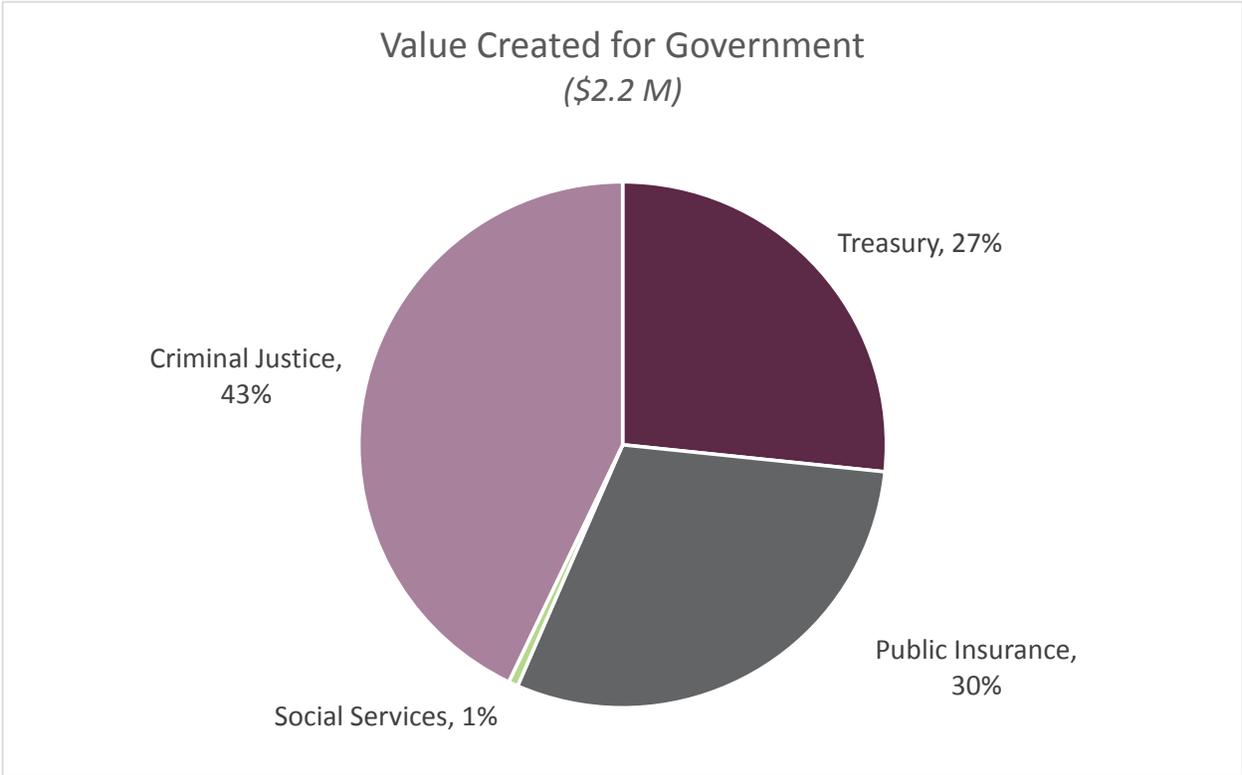
Chart 4: Value Created for Participants through Employment



Finally, **Chart 5**, on page 16, reveals where value is created for government. This chart organizes government sectors generally by the services captured in the outcomes for government rather than actual departments.

For example, criminal justice represents outcomes such as ‘reallocation of resources spent on court and jail’. Of the total \$2.22 M in social value created for the Manitoba government, 1% was a result of outcomes in social services, 27% was a result of outcomes for the treasury, 30% was a result of outcomes in the realm of public insurance and 43% was a result of outcomes in the area of criminal justice services.

Chart 5: Value Created for Government through Four Social Enterprises



Success Factors

There are a number of success factors that provide the foundation for the changes experienced by the employees of each social enterprise.

The first is that the opportunity to participate in each social enterprise environment is a form of employment. Each person is earning a wage from the moment their involvement begins, which establishes a different relationship between themselves and program leaders. The fact that they are employees earning a wage contributes to increased self-esteem, a sense of accomplishment as they contribute to the enterprise's success through hard work, and an opportunity for their employer to set ground rules and expectations as would be expected in any working environment.

The second is the opportunity to learn on the job, under the leadership of skilled individuals who offer support as the learning occurs. In interviews with participants, it is clear that the learning experience is not always easy, i.e. when mistakes occur it is expected that they will be fixed by the associated individual or crew. However, the most important trait any social enterprise employee can demonstrate is a clear desire to learn and improve over time. The desire to learn and improve is always more important than any mistake or set-back.

The third is the supportive environment and wrap-around support available to these social enterprise employees. As increases in skills, confidence, self-esteem and stability occur it is common that employees will discover the need to confront a wide variety of issues that are creating barriers to employment. The supportive environment allows for these issues to be addressed without disrupting the work environment or jeopardizing a person's employment. Referrals are frequently made to community resources if the issue raised is beyond the immediate skill set of the manager or social enterprise leadership.

Finally, participants in the social enterprise programs offered through BEEP, BUILD, MGR and Genesis create important, transformative and positive peer relationships. As their experiences progress, they become role models for younger employees, friends and family members. It is the combination of all of these four success factors that lay the ground work for the outcomes experienced by participants that then creates value for the stakeholders named in this SROI analysis.

Conclusion

The combined SROI ratio of the four Manitoba-based social enterprises (**2.23 : 1**) reveals the value that can be created (**\$5.995M**) through opportunities to work in a social enterprise environment for people otherwise facing significant barriers to employment through one fiscal year of investment.

While each offers a unique approach to addressing the challenges faced by employees, the activities commonly provided by BEEP, BUILD, MGR & Genesis lay the foundation for key outcomes to be achieved. These activities are further strengthened by offering unique activities needed to address the circumstances that are typical of each enterprise's employee base.

As stated above, 61% of the total social value uncovered was created for participants, i.e. \$3.6M. While participant outcomes can be grouped into three general categories: employment, wellbeing and financial stability the most important information to consider is the multiplier effect of the additional income. In all likelihood, every additional dollar of income for the employees of social enterprises will be spent locally, contributing to important additional value to the local economy.

Through interviews with key staff, interviews with participants, key document review and other research, it is clear that BEEP, BUILD, MGR & Genesis are creating value for participants, participants' children and various government departments in the course of doing their work. However, the absence of any evaluation data requires use of a high discount rate of 25% to represent the risk that outcomes might not be achieved.

One key element for future success will be the implementation and ongoing use of tools to collect data on participant progress, which will inform ongoing use of the SROI methodology to express of the value of investing in social enterprise. Without question, BEEP, BUILD, MGR & Genesis are contributing to a transformation in the lives of their employees. They are individually and collectively providing important examples of the role of social enterprise in making meaningful long term employment possible for people of the province of Manitoba.

Key Terms

Total present value: Total monetary value of the outcomes after the appropriate discount rate and impact calculations have been applied.

Net present value: The value in today's currency of money that is expected in the future minus the investment required to generate the activity.

Social return on investment (SROI): is an analytic tool for measuring and accounting for a much broader concept of value, taking into account social, economic and environmental factors. Developed from traditional cost-benefit analysis and social accounting, SROI is a participative approach that is able to capture in monetised form the value of a wide range of outcomes, whether these already have a financial value or not.

Stakeholder: People, organizations or entities that experience change, whether positive or negative, as a result of the activity that is being analyzed.