

Business Recovery, Stabilization, and Succession:

Using Co-operatives and Social Enterprise to address COVID-19 and the challenge of rapidly retiring business owners in rural communities across Atlantic Canada

FINAL REPORT

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**Canadian
CED Network**

**Réseau canadien
de DÉC**

Contact:

Mike Toye, Executive Director
Email: mtoye@ccednet-rcdec.ca
Phone: (819) 795-3056 ext 222

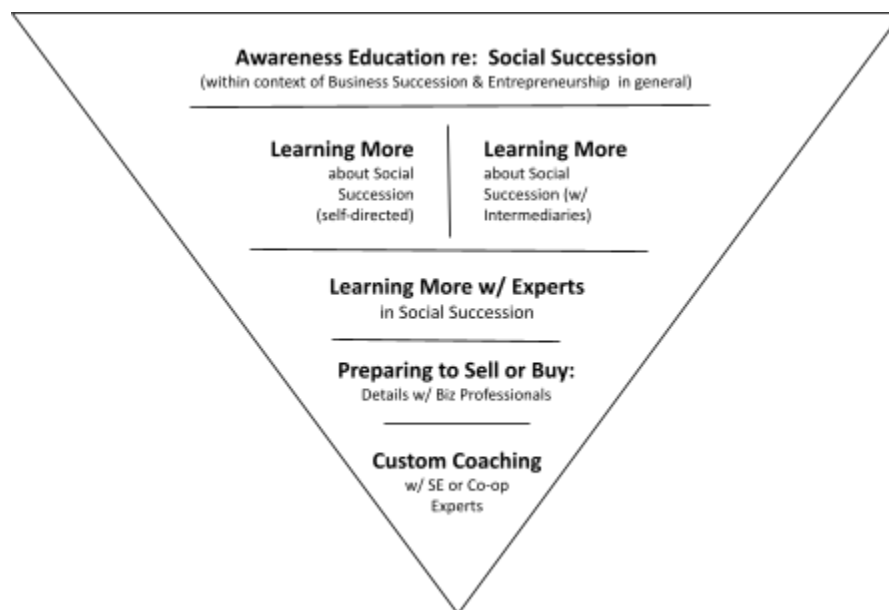
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Executive Summary

One of the key findings of this final report is the importance of using our resources wisely. To support social succession, especially using the co-operative model, we need experts who understand this model inside and out. We need people who have experience doing conversions to co-ops. One of the challenges we face though is we have a limited pool of these experts in Atlantic Canada. Many of them are retired or retiring, and only working part-time if at all. The good news is these experts are also very passionate about supporting social succession, and training and mentoring new people to learn how to support this very important option within the broader scope of the business succession challenge Atlantic Canada is facing at large. We also need to 'capture' as much of this expertise (ideally on video) while we can to support future generations in doing this work.

To address this issue, we quickly realized we needed to develop a strategy to make the most of the resources we have in ways that are appropriate for learners and ensure our most scarce resources (e.g., expert coaches) are only engaged when really needed. To do this, we developed a model of 'filtering' what educational processes need to happen first and then what resources are most important as people who might be interested in social succession (whether intermediaries, sellers or buyers) want to learn more about it, or do it. The triangle below is a summary of this process to help us make the most of various resources and expertise needed for social succession to be successful.



During the course of this phase of research, we have also collected a broad range of recommendations specific to engaging youth, and ensuring access and benefits of social succession for marginalized and racialized people and groups, newcomers, and people with disabilities. Part of this includes starting with developing a strong communications and engagement strategy to increase awareness of the scope of the business succession challenge, the nature of its threat to rural communities especially and how this challenge can be an opportunity to build stronger, more inclusive and more resilient communities too.

Introduction

Project Context and Rationale

The “silver tsunami” of retiring business owners without a succession plan has been recognized for many years now and was already of huge concern before COVID-19, which exacerbated the problem by adding thousands of other businesses at risk or already closed.

Although this *Business Recovery, Stabilization and Succession* project was first envisioned nearly two years ago as CCEDNet members and partners identified the need to raise awareness of the potential and opportunities that exist to transition the businesses of retiring owners to a social enterprise or co-operative business model, it has become even more important, and relevant to a much larger target audience, since the onset of the pandemic.

Important Definitions

For the sake of clarity, the research team defines a co-operative as any enterprise that is incorporated under the Canada Cooperatives Act or one of its counterpart provincial acts (e.g. New Brunswick's Cooperatives Act). While there is ongoing debate regarding the definition of a social enterprise, for purposes of this report the research team is concerned with the sale of independently owned businesses to nonprofits or charities who will operate those businesses to directly fulfill their social purpose.

Why Focus on Social Enterprise and Co-operative Models?

Atlantic Canada has a large and active network of social enterprises, in Nova Scotia alone, the 2017 Social Enterprise Sector Survey¹ revealed over 3,000 social enterprises. The sample of 233 Nova Scotian social enterprises reveals a sector with a solid financial impact:

Figure 1: Table 5 from the Nova Scotia Social Enterprise Sector Survey Report 2017²

Table 5: Financial Totals Reported by Survey Respondents, CAD\$*		
	Total**	Average***
Revenue	\$179,000,000	\$996,000
Revenue (Sale of Goods & Services)	\$123,000,000	\$713,000
Revenue (Grants, Loans & Donations)	\$50,000,000	\$295,000
Expenses	\$151,000,000	\$866,000
Wages, Salaries & Training Costs	\$73,000,000	\$464,000
Net Profits and Surplus Revenues	\$28,000,000	\$154,000

*This table represents aggregate financial sums from 55% - 68% of survey respondents.

**Available data was aggregated and rounded to the nearest million.

***Available data was aggregated and rounded to the nearest thousand.

¹ Chloe Donatellie, Doug Lionais, Lauren Sears, and Annika Voltan. Nova Scotia's Social Enterprise Sector Survey Report 2017 (Halifax: Social Enterprise Network of Nova Scotia).

² Ibid.

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A co-operative is simply a business that is collectively owned and democratically governed on the principle of one-member, one vote, regardless of the number of shares owned. People pool their resources to help finance and sustain the business and then share the profits based on “use” rather than how much they have in share capital.

There are nearly 9,000 co-ops in Canada, operating in every sector of the economy from retail to services, technology, transportation, real estate, manufacturing, and more. They create more jobs than manufacturing, telecommunications, utilities, or mining³ and consistently outrank traditional businesses in employee satisfaction. Longitudinal studies show co-operatives are twice as likely to succeed, in both the short and long term, and have a five-year survival rate of 80% compared to 41% for other businesses.

Co-ops have been shown to be particularly resilient during hard times, like those we are facing now. Following the 2008 financial crisis, co-operatives actually grew at three times the rate of the economy in general and created six times as many jobs⁴.

The co-operative model is very flexible and can take many forms ranging from worker co-ops owned by the employees operating the business to producer co-ops owned by the people who produce the products to be sold (i.e. food, forestry, fishing, arts and crafts). There are retail and consumer co-ops owned by the people who shop there and innovative structures like solidarity co-ops with different classes of membership that allow the participation of different groups of stakeholders who have a vested interest in the success of the co-operative.

The co-operative business model has also been proven to be a viable alternative for business transition and there are many examples across Canada, including Atlantic Canada, where businesses have been converted from traditional ownership models to collectively-owned and operated businesses.

However, the model is not well known in Atlantic Canada; especially in Anglophone communities. It is better known in francophone communities in the region. In both communities though, it is clear the model is not being used in the way that it could to help with the business succession crisis and a key rationale for this project is to identify ways to help build awareness of this alternative model and identify any challenges related to supporting its use.

Project Scope

To address the challenges related to the crisis of retiring business owners with no succession plans, further complicated now by COVID-19, this applied research project builds on several other national research initiatives already underway or completed including:

- Legacy Leadership Lab at the University of Waterloo Institute for Social Innovation and Resilience (WISIR),
- CoopConvert which is a 3-year SSHRC funded research project,
- Scale Collaborative partnership with Royal Roads University.

³ Source: <https://canada.coop/en/resources/publications/release-study-economic-impact-co-operative-sector-canada>

⁴ Measuring the Co-operative Difference, 2015 SSHRC, Fiona Duguid and George Karaphillis, <http://www.cooperativedifference.coop/co-op-impacts/on-the-economy/>

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A key focus of this initiative is to build on work that has already been done related to the issue of business succession in the region, and to keep an eye on what is happening with COVID-19 and how it could affect the urgency of this work.

This project offered knowledge mobilization and learning opportunities related to the transition of small and medium size businesses (SME's) in Atlantic Canada, to help local economies adapt to the challenges of COVID-19. For more details on the overall project methodology and research team, see Appendix H.

Specifically, the work done for the midterm report included:

1. **Compile Needs Assessments:** We have completed a review of a total of 33 needs assessments (21 English and 12 French) that have already been completed by communities and other stakeholders identifying specific and local economic challenges rural communities in Canada and Atlantic Canada face due to the issue of the enormous number of retiring small business owners and COVID-19-19.
2. **Compile Learning Resources:** We have completed a review of 84 existing tools, resources and learning opportunities (53 English and 31 French) that relate to the challenges identified through the needs assessments.

The remaining project milestones, listed below, are addressed in this final report.

3. **Design Two Different Action Research and Learning Opportunities:** With input from national and regional partners, we created:
 - a. **An online workshop and companion resource guide for business development professionals,** specifically designed to increase their base knowledge about social enterprises and co-operatives as a means of addressing current community challenges, and issues related to business succession in rural communities in the coming years. This included existing resources that were identified and vetted through this research project; the development of new resources was considered outside the scope of this project. While the ultimate audience for this resource guide includes the full range of business professionals and intermediaries (e.g., economic development officers, municipal economic development officers, CBDCs, investment professionals, accountants, lawyers, and other trusted advisors), researchers tested this guide with the staff and board members from the region's CBDCs.
 - b. **Online learning and engagement opportunities in three rural communities** (one francophone, two anglophone) that focused on how social enterprise and co-operatives can address their specific circumstances and opportunities for long-term economic sustainability. The results of this prototyping was compiled to inform learning opportunities that could be offered through various partners in an ongoing manner for other rural communities in the region.
4. **The resources and insights gained through this project will be shared freely with various project partners** to enable communities to respond quickly to challenges related to COVID-19 and business recovery, stabilization, and succession planning.

Project Priority Outcomes

- 1) **Communities will have more knowledge to help them stabilize their economies** in the wake of COVID-19 and prepare for the challenge of business sustainability and succession and will have more knowledge, skills and tools to be able to do this; especially in relation to how social enterprise and co-operative structures can help.
- 2) **Business development professionals will have access to useful resources.** Learning resources and tools identified and tested in this project will be made available through our network of dozens of partners across Atlantic Canada to make the learning from this project as accessible as possible. This will include knowledge on tools and resources related specifically to social enterprise and co-operatives, and how community members can organize themselves to be able to take action directly on these issues. These valuable resources will be available to assist communities via various partners so communities will have access long after the life of this specific project.

Purpose of This Final Report

The purpose of this report is to present key findings from the action research and learning activities related to Phase 2 that were conducted as part of this project, and to showcase the resource guide that was informed by these activities. This report is not designed to include research and findings from Phase 1 of the project, but rather to complement the first 'midterm' report that we did.

Key Findings: Action Research

Overview of Action Research Projects

	Regional Online Workshop & Resource Guide (3a) (Bilingual)	Community Projects		
		Nova Scotia (3b) (Anglophone)	New Brunswick (3b) (Anglophone)	Regional (3b) (Francophone)
Host / Partner	Atlantic Association CBDCs	Acadia Entrepreneurship Centre	Co-operative Enterprise Council of New Brunswick (CECNB)	CDR Acadie
Target Audience	Staff & Board Members as Intermediaries	Sellers	Intermediaries, Sellers, Buyers & Other Community Stakeholders	Youth as Potential Buyers
Research Activity	Online Workshop + Resource Guide	Online Workshop including guest experts and live case study	Webinar + Community-based Case Study	Focus Group w/ CDR Acadie Youth Council

A summary of each project is presented in the following sections, with a “Common Themes” section following. Detailed reports are presented in the appendices.

3a) Regional Online Workshop & Resource Guide (Bilingual)

See Appendix A for the detailed report on this element of the project.

Session Description

Purpose of Session

The objectives of this workshop for intermediaries were to:

- Increase awareness about the scope of the business succession challenge in the Atlantic region generally;
- Establish the importance of importance of social succession as a solution (and that because of the scale of the challenges, we need to consider all possible solutions);
- Review the challenges and benefits of social succession;
- Review various steps to identify potential sellers and buyers who might be most interested in social succession; and
- Identify resources (including skilled social enterprise and co-op development coaches) to help create successful social succession experiences.

Who Was Engaged

This session was attended by a total of 55 CBDC board and staff members from across the Atlantic region, including:

	NB	NL	NS	PE	Totals
Board members	3	3	3	0	9
Staff members	15	14	13	4	46
Total participants	18	17	16	4	55

Description of Activities

The online, two-hour workshop, slides and resource guide was available in both English and French at the same time. It was recorded to be available on the Atlantic Association of CBDCs website for other people to have access to as well. In addition to a presentation related to various learning objectives already outlined, the facilitators / researchers who were part of this project also answered clarifying questions from the audience, and there was time for open discussion at the end of the workshop. A Social Succession Resource Guide (pdf) developed specifically for the workshop in both English and French was also distributed after the workshop.

Assessment of the Webinar

Overview

Twenty of the 55 webinar participants completed the session evaluation. Based upon this sample, it can be said that this webinar was (is) a valuable resource for intermediaries, which: increased awareness, confirmed the relevance of social succession for CBDC clients, outlined the next steps, and motivated a significant number of participants to request a follow-up contact by Leading Edge. Detailed responses are presented below.

Responses to Evaluation Questions

Evaluation question	Agree	Disagree
This session increased my knowledge and awareness of social succession	18	0
I think social succession is an option that might be worth exploring for certain clients	17	1
This session clearly outlined the next steps I can take to explore this further	16	2
I would like to be contacted by the presenters to discuss social succession further	9	7

Representative comments are presented in the following sections.

Enhanced Awareness

Selected participant comments:

- “It was very interesting to see other options for selling a business.”
- “This was very interesting...it was not how I envisioned how a small business could succeed.”
- “Many times you might see an employee take over the operation of his employer, but to consider several employees forming a worker co-op to assume ownership was very unique. Just one of the many examples provided which gave us a better perspective of what could potentially happen once a business owner is planning to retire and sell his business.”

Confirmed Relevance

Selected participant comments:

- “Certainly something that we as CBDCs need to keep in mind as an option. Thanks!”
- “Definitely something that needs to be on our radar...”
- “I’m looking forward to info on next steps and approaching businesses with this as an option for their succession plan.”
- “Very interesting and essential subject.”

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Motivated Follow-up Action

"I'm looking forward to info on next steps and approaching businesses with this as an option for their succession plan."

Assessment of the Resource Guide

Overall Impressions of the Resource Guide

Overall impressions of the Guide were positive:

- "My first thought was that I liked the simplicity of the Guide and having it divided by steps. I went through the links (although some I didn't get to read rigorously) and they seemed very informative and complete."
- "I like the layout of this Resource Guide. The Extent of Succession Problem and Social Succession being a solution to it was new information to me. I find Social Succession a very interesting option."
- "The resources compiled are very interesting and relevant when comparing with what is available for conventional business models."

Resources that are Particularly Useful

Participants like the practical examples and guides:

- "I liked the idea of having successful examples of social succession projects."
- "I did like the practical guides that help someone work through the steps of transitioning the business. This tool seems the most useful."
- "They're all useful depending on the needs of the clients."

Resources that could be Improved

- "I would have liked even more information on these (social succession examples). It doesn't need to be too detailed but some info on the why and how they decided on social succession?"
- "I understand it as a reference guide to go with the webinar. If it was to also be used as stand alone I would like a quick summary/refresher of what Social Succession is first and then move to Scoping the Problem."

Resources that were Missing

Participants offered a range of helpful suggestions:

- "After looking at other tools in succession and speaking to some businesses, a question that comes up is what is best for me? What is social succession and how do I know if it's best for me? This project is mostly focused on social succession but is there a survey that either a buyer or seller could fill out that could help them decide and/or make them think of his or her options? Succession can seem overwhelming for some people and so many resources can be found but having a simple survey that can give them advice before diving in could be helpful."

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- “It’s hard to say if there are any resources that were ‘missed’ because there are many different groups that offer guidance into succession. I know some groups like Le Réseau de développement économique et d’employabilité du Nouveau Brunswick (RDÉE NB) have built an online succession matchmaking platform that is interesting.”

Research Project Outcomes

The evaluations of the webinar and the companion resource guide indicate that we correctly and effectively addressed the introductory-level needs of our intermediary audience. While there is a general awareness of the scale and scope of the business succession challenge, there was very limited (if any) awareness of the social succession options. This finding is echoed in sessions with other stakeholder groups, and underlines the need for introductory learning experiences and resources that assume no prior knowledge and begin with building basic awareness before moving into more advanced topics.

Also, resources related to social succession should be available in context of information related to traditional business succession as well as under ‘social succession’ on its own. Developing a range of communication options to reach a range of intermediaries, business owners / sellers, and potential buyers, and to combine these resources with other resources that might be used as part of any succession process.

3b - Community Projects

“Leaving a Legacy” Workshop for Nova Scotia Sellers (Anglophone)

See Appendix B for the detailed report on this element of the project.

Session Description

Purpose of Session

Purpose of this online, two-hour workshop was to increase awareness of social succession as an option for business succession from a business owner / seller perspective.

Who Was Engaged

Intermediaries (CBDC, Regional Enterprise Network, business consultants) and Sellers looking to exit their business (either because of age or COVID-19 impacts).

Description of Activities

Workshop activities included:

- presentation of overall scope of the business succession challenge, what social succession is, challenges and benefits for sellers, buyers and communities related to social succession,
- panel discussion with experts on co-op conversions, nonprofit / social enterprise takeovers and Indigenous takeovers, and
- A ‘live’ case study with a business owner interested in exploring social succession options that might be of interest and how they might work.

Outcomes Related to this Project

As a result of this workshop, one of the business owners initiated discussions with two new potential buyer groups including youth. These were people whom he had known for years, but who he had not recognised as potential buyers, until he participated in this workshop. Discussions are ongoing.

Assessment of Resources Shared

Existing Resources That Worked

The combination of a high-level overview, review of experiences and knowledge of guest experts, and live case study provided a rich learning experience for all participants. The introductory presentation helped frame the challenges, opportunities and success strategies related to social succession. The guest experts added depth and complemented the introductory presentation. The ‘fishbowl’ live case study discussion with a business owner looking to sell provided real-time coaching for the business owner and learning for other participants as well.

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Opportunities to Improve Existing Resources

It would have been great to have been able to record this workshop. Several segments could have been edited into shorter, on-demand video resources that could have been shared with a much larger audience and re-used.

Gaps / Need for New Resources

The success of this workshop highlighted the need for more video resources for learning.

Worker Co-op Conversion Webinar for NB Stakeholders (Anglophone)

See Appendix C for the detailed report on this element of the project.

Research Project Description

Purpose of Project

Purpose of this online 1 hour webinar was to showcase social succession within a food services / sectoral approach to business succession, and explore how cafes and restaurants can be transitioned to collective ownership using the worker co-op model.

Who Was Engaged

Thirty people attended online (which was the limit).

Description of Activities

The activities included: presentations by the former Executive Director of CECNB, and guest experts from Fredericton related to social entrepreneurship and Just Us! Worker Co-op cafe model. A moderated discussion followed the presentations.

Assessment of Resources Shared

Existing Resources That Worked

Resources used were from CECNB's website related to business succession, case studies of business conversions to worker co-ops (from Project Equity based in the US), and collective knowledge and expertise of guest presenters related to operating a coffee shop / restaurant under a collective ownership model.

Opportunities to Improve Existing Resources

The website resources and case studies from Project Equity were valuable tools in creating a framework for understanding what social succession is all about, but it was the collective wisdom and stories of the guest experts that really breathed life into the webinar, and took the idea of social succession from theory to an exciting, real-life possibility.

Gaps / Need for New Resources

There were very few resources to point participants to on how to execute and finance a co-op conversion. Information that could have been particularly helpful to be able to share with them included:

- Names of organizations and individuals in Atlantic Canada who have experience and expertise in doing co-op conversions,
- Names of organizations that finance co-op conversions in Atlantic Canada, and
- A Step-by-Step Atlantic Canadian Co-op Conversion Guide which could also include province specific information related to differences in co-op legislation, resources and case studies.

Black Duck Café Case Study in Sackville, NB (Anglophone)

See Appendix D for the detailed report on this element of the project.

Research Project Description

Purpose of Project

In late summer 2020, the Co-operative Enterprise Council of New Brunswick (CECNB) held numerous meetings with the Tantramar COVID-19 Response Task Force and the Sackville Business Support Committee and introduced them to the concept of co-op and social enterprise business succession (now referred to as 'social succession' in this report). In the Fall, CECNB was approached by the Mount Allison Students Association (MASU) who had heard one of these presentations and was interested in exploring the takeover of a local business, the Black Duck Cafe, which had recently closed because of COVID-19.

Located in the heart of Sackville, New Brunswick, the Black Duck Cafe has been widely considered a staple of the community, and is frequented by students, employees of Mount Allison University, the community at large and visitors to the community. It had grown over the years from a small cafe to one of the leading businesses in Sackville known for its healthy, affordable food, support for local food producers and for the way it contributed to a feeling of community in the area.

Like many small businesses, especially restaurants, the Black Duck was decimated by closures and a drop in customers related to COVID-19.⁵ After several months of trying to hold on, the owners decided they had to sell the cafe and the building it was housed in, including two other floors that were being prepared to be rented out.

MASU has a history of successful business start-ups in Sackville including their most recent Bagtown Brewing Company and the Strike Club. Their interest in the Black Duck Cafe was to create meaningful employment for students and community members, a co-working space and accommodations for students. Over the next few months, CECNB worked with MASU and the owners of the Black Duck to explore various existing business and social succession resources.

Who Was Engaged

The owners of the Black Duck Cafe and student members of MASU.

Description of Activities

Using tools produced by CECNB including *All About Co-operatives*, a *Resource Guide for Co-ops and Social Enterprise in New Brunswick*, *Best Practices Guide for Social Enterprise*, *Business Succession: A Community-based Approach* and the *Canadian Worker Co-op Federation (CWCF) Succession Planning Using the Worker Co-op Option*. All these resources are already available on CECNB's website.

Other resources used included:

⁵ In a March 2021 webinar delivered by the accounting firm, BDO Global, it was estimated that COVID-19 has increased the number of business owners looking to transition by up to 20%.

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- Manitoba Co-op Association's 2015 *Business Succession Planning through Worker and Multi-stakeholder Co-operatives*;
- The Coopérative de développement régionale Acadie's *The Co-operative Alternative Framework Tool*, and several website resources from Project Equity in the US; and
- A variety of co-op conversion case studies were used to demonstrate flexibility.

Next, two Business Model Canvas sessions were held to flesh out the value proposition, target markets, customer relationships and channels, key activities, partners, and cost structures for the four components of the proposed business – the café, a retail storefront, co-working space on second floor, and student accommodations on the third floor. The key resource used for this task was [Using the Business Model Canvas for Social Enterprise Design](#), which the MASU team used to create business model canvases for both the existing café and the proposed co-working space that would be housed above the café.

Meetings were also held with the business owners to discuss the transition and to gauge their interest in staying involved for a period of time to help with the transition process. The option of their continuing to maintain an equity position was also explored.

Meetings with Just Us! Coffee Roasters were also held to discuss the support they could provide in the transition process. Just Us! is a Nova Scotia based worker-owned co-operative with 25 years of experience in the café business. They expressed their willingness to provide a wide range of free services to help transition and re-open the Black Duck Cafe, including a wide range of technical supports, café design, floor planning, operational efficiency, point of sale optimization, staff training, scheduling, and compensation structure. Resources used included Just Us! Partner program presentations.

Once it was clear there was interest and potential for a co-op conversion by both MASU and the business owners, we undertook market research which included:

- A thorough analysis of 194 customer reviews from Google Reviews 2020 and Tripadvisor 2020 revealed that the three aspects customers most enjoyed about the Black Duck were “the availability of healthy local ingredients, casual atmosphere, and the community sentiment”.
- A competitive analysis of cafes, restaurants and co-working space in the southeastern part of NB
- An assessment of rental housing needs, pricing and availability in Sackville
- A business valuation, using two common methods – Discounted Cash Flow and Capitalized Earnings – to determine the current value of the company based on its cash flow history and projected future cash flows. Research was also completed on the value of the building based on local real estate figures and the remaining equipment and assets were valued according to dealer rates and book value.

CECNB then worked with MASU and the business owners to complete a full feasibility study. The main resource we used for this work was the Best Practices in Social Enterprise Guide produced by CECNB.

We also prepared a full set of financial projections using Straight Line methods and conducted an environmental scan of financing options. We provided recommendations on several promising opportunities for financing the co-op conversion.

Outcomes Related to this Project

In January 2021, the owners of the Black Duck decided to re-open and took it off the market. Although this project did not result in a co-op conversion, we consider it a success story as the work done by CECNB and MASU convinced the owners that there was indeed enough potential for the Black Duck to become profitable once again and they decided to give it another try. It has since reopened and is doing very well.

While the MASU students were a bit disappointed that they could not proceed with their plans, they were actually just as pleased that the café was once again available to students and the community. They also felt they had built a strong partnership with the owners and there are still discussions being held around a potential collaboration on the co-working space and student accommodations. They also felt they had gained tremendous knowledge about the co-op succession model and the potential it holds for future conversions.

Assessment of Resources Shared

Existing Resources That Worked

A variety of resources produced by CECNB were used to familiarize people with the co-op business model including:

- *All About Co-operatives*: a general overview of the various types of co-operative structures with Canadian examples for each
- *Best Practices Guide for Co-ops and Social Enterprise*: very comprehensive guide that fully describes the co-op and social enterprise models and all the steps involved in planning, formation, governance, financing, and operations
- *Resource Guide for Co-ops and Social Enterprise in New Brunswick*: comprehensive guide of the funding, technical supports, and resources available to assist NB co-ops and social enterprises to become established and grow

All of these resources were very useful in helping people to understand what makes co-ops and social enterprises different and how they can be used in transitioning businesses to collective ownership. The *Best Practices Guide for Co-ops and Social Enterprise* was particularly helpful as it provided comprehensive information on the steps involved in establishing and operating a co-op/social enterprise and it was also used extensively in the feasibility assessment and discussions on how the business would be structured. The *Resource Guide for Social Enterprises in NB* was also useful in helping MASU develop a financial plan for startup and operations.

For specific topics on how the business succession to a co-op/social enterprise works, several resources were used including:

1. *Business Succession: A Community-Based Approach* by CECNB
2. *Succession Planning Using the Co-op Option* by the Canadian Worker Co-op Federation
3. *The Co-operative Alternative Framework Tool* by CDR-Acadie

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4. A wide variety of case studies from across Canada
5. Project Equity (US) website resources

The first three resources were helpful in providing a general overview of the co-op conversion process however lacked detail in terms of how each step in the process is done. The Canadian case studies were particularly useful in showing people that the model has been successfully used across Canada in a wide variety of situations. The resources from Project Equity were extremely valuable as they covered all aspects of the conversion process for all stakeholders from business owners to employees, financiers, and community partners. This type of website in Canada would be of tremendous value in advancing the use of the co-op and social enterprise model in business transitions.

In terms of strategic planning and business modeling, the Social Business Model Canvas sessions were very helpful as they provided a forum for group discussion and decision-making around key issues such as customer segments, revenues and costs, marketing, and other important considerations in transitioning a business.

It should also be noted that many of the resources used in the MASU-Black Duck project were not specific to co-ops and social enterprise, but were rather the standard tools that any kind of business succession would use to conduct the market research, feasibility analysis, valuation, and financial projections.

The process of transitioning a business to a co-op or social enterprise model is similar in many ways to a traditional succession process with the key difference being in the ownership structure and how equity and profit-sharing works. However, these are such critical pieces of the transition process that they warrant significant attention and specialized resources.

Opportunities to Improve Existing Resources

In summation, there are some resources available in Canada around co-op and social enterprise conversion however they tend to be general in nature. While they do help people understand the basic concept and show that co-ops are a viable option for business succession, they fall short when it comes to the details of the transition process and it would be critical to have a skilled co-op developer working with the group to guide them through the co-op or social enterprise aspects of the conversion.

Gaps / Need for New Resources

It would be very helpful to have access to a website like Project Equity in the US, but for Canada.

Focus Group Related to Youth as Potential Buyers (NB, Francophone)

See Appendix E for the detailed report on this element of the project.

Research Project Description

Purpose of Project

CDR Acadie's Youth Council were invited to participate in a focus group to learn about the challenges related to business succession in Atlantic Canada, how Social Succession as a strategy using social enterprise and co-ops can help address this issue, find out what their interest (and that of youth at large) in this approach might be and to get their ideas on what kind of resources and learning opportunities would be important to engage youth as potential buyers.

Who Was Engaged

CDR Acadie's Youth Council consisted (at the time of the focus group) of 10 youth aged 17-25. They are nominated by their very own nominating committee with the help of CDR-Acadie's staff members. Two members of the Youth Council are elected as Youth board members at the CDR Acadie's AGM and serve for a year. The Council mainly attracts youth interested in co-ops and governance, entrepreneurship and community development. Some of the youth also already have their own businesses. Seven members of the youth council were able to participate in this focus group.

Description of Activities

During a 2 hour online focus group, CDR Acadie's Executive Director presented on the business succession challenge in Atlantic Canada and gave an overview of what social succession is all about (50 min). The rest of the session was discussion based including 4 prompt questions to help engage youth. Youth were told though they didn't have to answer all four questions, and were also free to talk about anything that was most interesting and or pressing to them.

The four prompts included:

1. Do you think that entrepreneurship is interesting, and how would it affect young people and the social entrepreneurship formula?
2. Are there any gaps in the tools presented?
3. What strategies are needed to increase awareness of social succession among youth?
4. Could youth play a role in this?

Outcomes Related to this Project

The focus group session with the CDR Acadie Youth Council demonstrated that once youth become aware of the challenges and opportunities related to the business succession issue in Atlantic Canada, and about social succession as an they are very keen to learn more. Awareness is obviously a key issue that needs to be addressed, but the youth did provide many ideas to address that. They

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also quickly understood that this issue and the opportunities that go with it for youth need to be part of larger conversations about finances and economics for young people as part of basic civic education. Finally, these youth showed once engaged they are more than up to the task of being a full partner in finding ways to address the issue of business succession in the region and promoting social succession as a new way for young people to become entrepreneurs, especially in rural communities. Youth in this project also recognized business and social succession as an opportunity for marginalized and racialized youth.

Assessment of Resources Shared

Existing Resources That Worked

The presentation on the business succession challenge and what social succession is all about was useful in that many youth noted they had no idea business succession was an issue in the region, or how social succession could help address the issue or about how youth could be part of the solution, and it could be an key opportunity for youth as well. The long discussion time was also very valuable and enabled many youth to be very engaged in providing feedback and thoughts on how to engage youth as potential buyers of businesses with owners looking to exit because of age or COVID-19.

Opportunities to Improve Existing Resources

Youth indicated the presentation itself was somewhat confusing for them especially in understanding the role co-ops could play in social succession. They wanted more clarity on how worker ownership might work, how operation of the business might work with employees as owners, who is 'the boss' in a worker co-op, and who gets what part of the profit in a co-op. They also wanted more information about how a transition using social succession might work. They also mentioned that for youth not familiar with the co-op movement or model, some of the 'jargon-heavy' concepts could be hard to understand (especially on slides 9-15 of the presentation).

Youth also mentioned the way things are taught can be detrimental, mainly the bias of the academic system (like presentations that have only one person presenting). It was also mentioned that social succession and co-op conversions take for granted that people already have financial literacy, and many workshops related to these topics would be inaccessible to someone who does not already have a concrete understanding of the basics of financial concepts (stocks, profit, board of directors, etc).

Recommendations included:

1. Streamlining concrete teaching tools;
2. Emphasize plain language, that is jargon-free, in design of learning resources;
3. Building on financial literacy education to include learning about social succession as an option for entrepreneurship;
4. Focusing on funding / financing that could help support youth to explore taking over a business using social succession;
5. Creating a step-by-step model for employees, consumers, etc interested in social succession; and

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6. Taking a successful social succession and creating a road map based on its process and day-to-day reality injecting theory behind it (instead of presenting theory and then sharing a success story).

Youth were also surprised to learn that closing businesses was such a pressing issue and were alarmed by the statistics shown in the presentation. They said youth are interested in entrepreneurship, but their knowledge about starting a business venture is limited to having a concrete business idea that is rooted in innovation of some kind. They said youth should be made aware that most established businesses are operated by older folk, and that social succession is a possible route for entrepreneurship as opposed to starting something from scratch. Further, they mentioned that it feels like the world of entrepreneurship is already oversaturated and youth would add more competition by getting involved, but they felt reassured that the opposite was true.

They were interested in the case studies presented, especially those that took place in rural settings. They appreciated that unique services are being offered in rural regions (e.g., fitness facilities) and it makes more sense to take over an existing business rather than setting up a new one to compete.

Gaps / Need for New Resources

Youth wondered how often it happens that a youth inside a business with an older owner might be interested in taking it over, or youth in general would be on the lookout for businesses that are on the verge of closing. In general, there was concern regarding how to connect with youth who would be great co-op members, but who are not currently involved in the co-op movement (especially marginalized and racialized youth).

Youth pointed out that business ideas usually come from within individuals, so while it may be hard to find specific individuals for specific business ventures it would be worthwhile to build a culture of awareness to social succession. In raising such awareness, it may not interest all youth, but there could be a consciousness surrounding that model which would in turn shape ideas in the future and encourage youth to consider taking over a business that had an older owner and might otherwise close. In this sense, the model of social succession would be an avenue to aspiring young entrepreneurs in addition to starting a business from scratch.

Youth said awareness of this challenge AND opportunity could be enhanced by:

1. Including learning and resources in high school curricula offering economics or business classes;
2. Developing a public database of businesses with older owners who are ready to sell their businesses or transfer ownership;
3. Develop and promote learning opportunities for youth to develop skills they might need to takeover businesses and to understand how different co-op models can work in different contexts;
4. Provide a list of grants / funding that could help youth to takeover these businesses using social succession methods;
5. Youth also mentioned other angles that could attract young business owners could relate to: environmental / ecological entrepreneurship, sustainable development, mentorship opportunities (from transferring owners, from people who understand what youth today are facing, from people who have also faced challenges in their youth);

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6. Creating community fundraisers to help youth take over these businesses could also be helpful;
7. Partnering with business schools and university programs to highlight the challenge of business succession in the region, and how social succession could help address the issue and be an opportunity for youth as well; and
8. Target employees of businesses with owners looking to sell and encourage them to 'climb the corporate ladder' to eventually become the succeeding owners.

Overall youth emphasized the importance of honest promotion and marketing about the issue and the opportunity, using plain language, making learning tools and resources simple, tangible and accessible. They also said they don't want to be sold a dream and then realize how much hard work might be required once committed, rather they want to know the reality of taking over a business and how dreams can be achieved through that reality.

Youth also suggested CDR-Acadie's Youth Council could help support the Federation des jeunes francophones Nouveau Brunswick (FJFNB) efforts to implement a civic education class in high school curricula. They said the push for civic education is a prevalent movement in francophone culture to teach high school students how to be citizens (learning about voting, the role of government and social services, taxes and financial literacy). Youth view the aspect of financial literacy as an on ramp or foundational knowledge to learn about larger economic issues.

Another idea from the youth was to create an event where youth and businesses can gather, and activities can be organized to have these two communities network and interact together with the event ultimately acting as sort of a matchmaking opportunity for youth and businesses to work together beyond the event as well. Youth emphasized the event should not have speakers, but should instead center on workshops and networking.

All in all, the main message retained from this session was that youth want to be included in this issue and opportunity. They want to be given the opportunity to rise to the occasion, participate in decision-making, interact with the process and be part of the solution. In all processes, all levels of business and governance, youth want to be part of the conversation.

Common Themes Across all Action Research Projects

Existing Resources That Worked

Given the low level of awareness about social succession, it is not surprising that simple, introductory material was found to be effective. Specific resources that were reference by participants included:

- Introductory-level resources - websites, presentations and written resources
- Practical, step-by-step guides
- Case studies and practical examples

Opportunities to Improve Existing Resources

Five primary themes emerged for how to improve existing resources:

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Create more and more detailed case studies:

- More case studies, especially from local and rural context (e.g., about the Black Duck Cafe, Carleton Road Industries, and others)
- More detailed case studies, for people looking to go deeper

Do a better job of promoting existing resources:

- Highlight existing funding and other supports for prospective buyers
- Better presentation and promotion of existing resources
- Promote existing online succession matching platforms operated in Atlantic Canada by RDÉE NB and the Atlantic Association of CBDCs to all stakeholder groups (sellers, buyers, and intermediaries)

Translate and adapt existing materials for diverse audiences:

- Ensure more resources are available in French and English, and maybe even other languages
- Ensure resources are accessible and appropriate for a variety of marginalized and racialized learners

Be diligent about ensuring accessibility:

- Explain key concepts and jargon in plain language
- Highlight use of step-by-step checklists, “road maps”, and guides

Recognise the complementary roles of written and in-person resources:

- In-person support from subject matter experts to complement more general written resources

Gaps / Need for New Resources

Participants had many suggestions for both new resources and new ways to present existing resources:

Create an online platform:

- An Atlantic directory of social succession expert advisors, case studies, and funding sources;
- Collect, brainstorm and provide examples of creative financing that could include community investment funds, community-based fundraising;
- A website like Project Equity (<https://project-equity.org/>) in the US, but for Canada; and
- A one-stop-shop website on business succession, that includes a social succession component, for the Atlantic region that people can find on their own, and which various local partners can refer people to and that can be used as an online matching service between sellers and buyers. An example of this is Imagine Kootenay (<https://imaginekootenay.com/invest/buying-a-business>).

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Relationship-building strategies:

- Host an event to connect sellers and potential buyers, or groups of potential buyers (e.g., youth, BIPOC, newcomers, nonprofits, et al.). Focus on networking and people getting to know each other, not presentations; and
- Develop a mentoring program for new buyers, to connect them with experienced entrepreneurs (if not the past owner)

Youth strategies:

- Position learning within existing educational opportunities about entrepreneurship, business succession and economic development to ensure as broad an audience as possible are made aware of it as an option, why this issue is really important for rural communities (especially in Atlantic Canada), and the potential benefits including that this is another way for youth to be involved in entrepreneurship besides as a dominant, solo entrepreneur starting-from-scratch;
- Show how social succession can support environmental / ecological entrepreneurship, sustainable development, and inclusive economic development in ways that especially aim to engage with youth;
- Highlight collective ownership and social succession in secondary and post-secondary financial literacy, economics, and business courses; and
- Work with provincial education departments and post-secondary institutions to include learning about business succession and social succession in financial literacy, economics, entrepreneurship, business and other relevant programs

Other strategies:

- Develop a self-assessment questionnaire, to help people determine the most appropriate succession option for their situation
- Develop a step-by-step Atlantic Canadian co-op conversion guide
- Create a glossary of terms about business succession, including social succession
- Create videos of existing presentations, case studies, and expertise that is limited in supply
- Develop a promotional campaign specifically for workers within businesses looking to sell (including highlighting the Canadian Worker Co-operative Federation's Worker Co-op Academy)

Conclusions & Recommendations

Overview

The purpose of this report is to present key findings from the action research that was conducted as part of the second phase of this project, and to present a resource guide that integrated insights gained from these activities.

During the course of this work, we realized that given the scope of the business succession challenge in Atlantic Canada due to aging demographics, the general lack of awareness of succession options, and limited co-op and social enterprise developers, a comprehensive strategy is needed to address these issues. The strategy we are developing based on these findings will use the Diffusion of Innovation Theory⁶ to help us identify which stakeholders should be focused on first, and what might be needed to encourage and support the use of social succession by sellers, buyers and various types of intermediaries in the economic ecosystem.

The recommendations presented here primarily concern future development of targeted promotion, learning, and development resources, and are informed by and are a synthesis of the insights gained from the various activities conducted during the action research process. Readers of this report should also review more specific recommendations that relate to each project in addition to these more 'synthesized' recommendations.

General Design Principles

A number of general design principles emerged from our research, including:

1. In all communication and engagement activities, stress the vital role that social succession can play in preserving local, rural economies for various audiences including municipal staff and councillors, CBDCs, nonprofits, existing co-ops, other trusted advisors of our region's business owners (e.g., accountants, lawyers, financial planners, et al.).
2. Ensure both messaging and media are appropriate for diverse client groups (both prospective sellers and buyers), e.g.:
 - a. Identify different potential 'users' in the business succession system and ensure resources are designed to be accessible and appropriate for a variety of audiences;
 - b. Develop resources and learning opportunities for a variety of potential buyers including marginalized and racialized people, youth, newcomers, people with disabilities, nonprofits and women; and
 - c. Consider age in the design of resources (e.g., older people might appreciate a printed brochure, whereas younger folk might prefer video, a phone app, or an interactive website).

⁶ "Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread. Everett Rogers, a professor of communication studies, popularized the theory in his book *Diffusion of Innovations*; the book was first published in 1962, and is now in its fifth edition (2003)." (Source: https://en.wikipedia.org/wiki/Diffusion_of_innovations)

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3. Intermediaries need a simple, accessible resource to share with clients about that introduces business succession in general, which includes social succession as an option including the benefits of (for sellers and communities);
4. Increase the availability of resources on various economic development websites;
5. Make the most of various 'on ramps' for learning about business succession and entrepreneurship in general, and then also promote social succession as an option (including the potential benefits) for various marginalized and racialized groups, youth, newcomers, people with disabilities and women; and
6. There may be an opportunity to build on the experience of farm succession to create other sector-specific succession strategies (e.g., for tourism and hospitality).

Gaps to Address

Our research revealed a number of resource gaps, including:

1. There are very few video resources (e.g., "explainers", case studies, etc.) that are accessible to a variety of audiences;
2. We lack a central website, where people can find on their own, or that intermediaries can refer people that could provide: information and resources about business succession and social succession; a matchmaking tool between sellers and buyers; and that could show how social succession could be another route to entrepreneurship for youth, and many other marginalized and racialized people (e.g., newcomers, BIPOC people, people with disabilities, women);
3. We lack resources that are culturally appropriate for BIPOC people;
4. We lack resources that are engaging and designed specifically for youth;
5. We don't have resources that show how social succession relates to economic development in general, and how important it is for the preservation and enhancement of local and rural economies in Atlantic Canada; and
6. We have a limited pool of experienced co-op and social enterprise developers. In our interim report, we shared that, while there are provincial co-op councils in NB, NL, and NS and an Atlantic regional francophone council, the majority of the region's most experienced co-op developers are at retirement age and available only on a limited basis. The availability of experienced social enterprise developers is somewhat better, but still limited, relative to the scale of the business succession challenge.

A Process to Map Resources Most Effectively for the Challenge

The preceding analysis prompted the research team to think through how to best use existing resources and intermediaries (accountants, lawyers, CBDC staff, et al.) to help prospective buyers and sellers to make an informed decision about whether social succession was an appropriate option, and to undertake necessary preparations before they engage the limited pool of co-op and social enterprise development experts.

With this in mind, we propose a process that meets the following objectives:

- 1) Achieve broad awareness education about social succession as an option within the context of business succession, entrepreneurship and economic development in general;
- 2) “Triage” potential sellers and buyers and match them with appropriate resources for each part of the social succession process; and
- 3) Ensure critical expertise in social enterprise or co-op development is only engaged when absolutely necessary, and that sellers and buyers are ready for this level of expertise (while we also look to capture the knowledge of these experts in other ways including video, training and mentorship of new experts in these fields).

An overview of the process is presented below:



While we would expect that people would generally start at the top and work their way down, they could enter at whatever point in the process was relevant to them. Descriptions of each component of this process are presented in the following sections.

1) Awareness Education

One of the key things we noticed during this phase of research is there are a lot of resources to help get people started on learning about social enterprise or co-op development, but nothing to increase awareness of social succession first in a way that might then lead them to explore these other resources. Many people in the sessions we offered frequently remarked that they had no idea the business succession challenge in the region was so dire, nor had they ever never thought about social succession as an option to address this challenge. We heard this from intermediaries, potential sellers and potential buyers alike, and is captured in a comment from one business owner participant:

“It’s a matter of not knowing (about social succession), rather than not wanting.”

So we realized that awareness education is a critical part of engaging people first in understanding the extent of the business succession challenge, and then how social succession can help be a part of the solution to this challenge. This piece is also critical to help people understand the benefits of social succession as well. How social succession can help with issues like youth outmigration, engagement and attraction, increase equity and inclusion in local economies, and help preserve and enhance rural economies generally. Another important part of this piece of work is to enable potential sellers and buyers who might be interested in social succession to be able to self-identify and know where to go for further support.

A few ways we could see doing this work is to:

- Host community conversations in with various partners (like CBDCs, RENs, municipalities) involved in supporting economic development and business succession in general in rural communities;
- Develop one or more short (i.e. 3-minute) videos about the scale of business succession challenge and social succession as an option for various partners to share out on their websites and through their social media; and
- Develop and disseminate a brochure, as well as curated resources (like the Resource Guide already developed as part of this work) that could also be shared on through various local partners.

We have also realized It is very important to position social succession within the larger context of the broader business succession challenge and the full range of succession options in the region. This will help to ensure a wide range of people (potential sellers, buyers, and intermediaries) understand the nature and scope of the challenge and why all options including social succession needed to be considered and supported. We also know matches between sellers and buyers can happen in a variety of ways. This is another reason that it is important that all sorts of people in local communities are engaged in understanding the scope of the challenge, and the variety of roles (including matchmaking and connecting) they could play. This could include: accountants, lawyers, financial planners, boards of trade / chambers of commerce, CBDC staff and board members, provincial and federal economic developers, university entrepreneurship centres, municipal councillors and many others.

2a) Learning more about Social Succession: Self-Directed Basic Information

For the people who have an emerging sense about social succession, there needs to be a variety of resources that they can use to learn more on their own. This could include several of the ideas mentioned above, related to working with partners using their websites and social media, developing a brochure on business succession and social succession, and possibly also developing a website, short videos, etc., specifically about social succession (what it is, why it is important, challenges, and benefits), so if people do a search specifically for social succession, they will be able to access information about and information that is specifically relevant to an Atlantic Canadian context.

2b) Learning more about Social Succession: With Support by Intermediaries

Along with self-directed learning opportunities, we know some people might start their business succession journey starting with the trusted advisors they would normally turn to, including general business advisors such as accountants, lawyers, valuers, financial planners, etc. We would want to make sure that these critically-important intermediaries also have information about social succession and are able to support and guide people to further resources as well.

3) Learning Facilitated by Social Succession Experts

Once people have developed a basic understanding on their own or through a trusted advisor / intermediary, then we would also want to ensure they have access to more advanced learning about social succession, the benefits and the challenges through social succession experts who have a range of knowledge about social enterprise and co-op development, but are not as skilled maybe as the experts who are needed the most once a seller or buyer match has been made. At this level, sellers and buyers may be matched or they are still looking for a match, but want to learn more still about social succession. This phase of learning could also include more advanced learning and skill building for keen intermediaries as well to help build more capacity in the system to make the most of the few very advanced experts in social succession conversions that we currently have.

4) Preparing to Sell or Buy: Working Out Details with Business Professionals

This part of the social succession journey would involve using resources, tools, experts and the work that would be part of any business succession journey. For the prospective seller, this could include: setting personal goals (financial and non-financial), getting a valuation of the business, tax and financial planning, shoring up systems and documentation to prepare for handing off. For prospective buyers, this could include: team building, feasibility assessment, business planning, and sourcing potential financing. It would be ideal that this preparatory work be done before starting any custom coaching process with an experienced co-op or social enterprise developer, so we make the most of their time and expertise.

5) Custom Coaching with Social Enterprise or Co-op Development Experts

This is the part of the social succession process where we would now look to engage the limited number of highly skilled experts in social enterprise or co-op development. Participants in this process would have already learned about the benefits and challenges of social succession, sellers and buyers would already have been identified and matched, and preparation required for any succession process would already have been done. This is where professionals with specific expertise in social enterprise or co-op conversions would come into play as coaches advising on unique, custom processes to enable a social succession to happen. During this research, we have also realized there is no replacement for the unique, custom coaching that is required to make social succession successful. Only expert human beings working with sellers and buyers can identify and help broker processes that often need to be very creative and specifically designed for each social succession situation.

Resource Guide for Intermediaries

As part of this project, the research team developed a Social Succession Resource Guide (please see Appendix F), as a handout for the Atlantic Association of CBDCs webinar. . The team curated resources with frontline CBDC staff in mind, to help them upgrade their ability to engage their business clients in a discussion about social succession and to make appropriate referrals. Ideally, similar introductory guides would be created for prospective sellers and buyers.

Appendices

- A. “Preserving Local Business: The Role for Co-operatives & Social Enterprises in Business Succession” Webinar Report (Atlantic, Bilingual)
- B. Report on “Preserving Local Business: The Role for Co-operatives & Social Enterprises in Business Succession” Regional Online Workshop & Resource Guide (NS, Anglophone)
- C. Business Succession Webinar Report (NB, Anglophone)
- D. Education and Customized Coaching for Co-op Business Succession in Tantramar Region (NB, Anglophone)
- E. Focus Group Related to Youth as Potential Buyers (NB, Francophone)
- F. Social Succession Resource Guide (English)
- G. Social Succession Resource Guide (French)
- H. Appendix H: Research Methodology and Team

Appendix A: “Preserving Local Business: The Role for Co-operatives & Social Enterprises in Business Succession” Report on Regional Online Workshop & Resource Guide (Bilingual)

Overview

This webinar was hosted on 22 June 2021, from 9am to 11am by the Atlantic Association of CBDCs, with the goal of introducing social succession to the board and staff members of CBDCs through the Atlantic region. The session was also used as a platform to introduce the newly-created “Social Succession Resource Guide” (see Appendices F and G). The presenters were Andy Horsnell and Laurie Cook (Leading Edge Community Development Consultants Co-operative Ltd.).

Participants

This session was attended by a total of 55 CBDC board and staff members from across the Atlantic region, including:

	NB	NL	NS	PE	Totals
Board members	3	3	3	0	9
Staff members	15	14	13	4	46
Totals	18	17	16	4	55

Agenda

Time	Topic
9:00 - 9:15	Welcome, introductions, and project overview
9:15 - 9:35	Presentation with Q&A: The Business Succession Challenge
9:35 - 10:00	Presentation with Q&A: “Social Succession” - Transitioning Businesses to Collective Ownership
10:00 - 10:40	Presentation with Q&A: What CBDCs Can Do & Resources to Help
10:40 - 11:00	Presentation with Q&A: Exploring Next Steps and Recruitment of Resource Reviewers

Session Evaluation

Twenty of the 55 webinar participants completed the session evaluation. Based upon this sample, it can be said that this webinar was (is) a valuable resource for intermediaries, which: increased awareness, confirmed the relevance of social succession for CBDC clients, outlined the next steps, and motivated a significant number of participants to request a follow-up contact by Leading Edge. Detailed responses are presented below.

Responses to Evaluation Questions

Evaluation question	Agree	Disagree
1. The facilitator has a solid understanding of the session's subject matter	20	0
2. My expectations of the session were met	20	0
3. I acquired new skills or knowledge as a result of this session	20	0
4. The session over all was well organized; from registration to evaluation	20	0
5. This session increased my knowledge and awareness of social succession	18	0
6. I think social succession is an option that might be worth exploring for certain clients	17	1
7. This session clearly outlined the next steps I can take to explore this further	16	2
8. I would like to be contacted by the presenters to discuss social succession further	9	7

Participant Comments

Enhanced Awareness

1. "Great session, very informative."
2. "I found the information in this presentation very enlightening and valuable. Thank you!"
3. "Very informative session."
4. "Excellent presentation and concept!"
5. "It was very interesting to see other options for selling a business."
6. "This was a very interesting session with the speakers, very knowledgeable about the subject topic. Personally, it was not how I envisioned how a small business could succeed."
7. "Many times, you would see an employee take over the operation of his employer, but to consider several employees forming a worker coop to assume ownership was very unique. Just one of the many examples provided which gave us a better perspective of what could potentially happen once a business owner is planning to retire and sell his business."

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Confirmed Relevance

8. "Certainly something that we as CBDCs need to keep in mind as an option. Thanks!"
9. "Definitely something that needs to be on our radar and a growing relationship with our provincial co-operative association would serve us well."

Motivated Follow-up Action

10. "I'm looking forward to info on next steps and approaching businesses with this as an option for their succession plan."

Other Comments

11. "It will be great when we are able to have training in person again. This works but roundtable discussions tend to be best in person."
12. "Great thinking. Needs really strong leadership."
13. "Very nice training. I have already attended a similar training given by the CDR-Acadie. Very interesting and essential subject."
14. "Thank you for the presentation, it was very interesting and informative. I am currently working with the NB Association of CBDCs and in partnership with ACOA and ONB on a SME Survey project. We have consultants who are in the process of developing (general business succession) tools and training for service deliverers, but which would also be available to buyers and sellers. There will be a 10-step process for sellers and the same for buyers. This work is progressing very well and we are aiming to do some training at the end of August and then be able to do a public unveiling of the program this fall. If this is of interest to you or relevant to your reports."

Resources Used in this Session

- A slide deck was created for this session, first in English then translated into French, which drew upon Horsnell's and Cooke's project research. As indicated in the previous "Session Evaluation" section, this webinar proved effective as a resource to introduce CBDC board and staff members to social succession, and engage them in follow-up discussions about how they might explore it further with their business clients.
- A "Social Succession Resource Guide" was created as a take-away for this webinar, with the goal of helping to prepare CBDC staff to engage their business clients in a discussion about social succession. The Guide was generally reviewed favourably; the following sections present highlights of the feedback from the webinar participants.

Overall Impressions of the Resource Guide

Overall impressions of the Guide were positive:

- "My first thought was that **I liked the simplicity of the Guide and having it divided by steps.** I went through **the links** (although some I didn't get to read rigorously) **and they seemed very informative and complete.**"

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- **"I like the layout of this Resource Guide.** The Extent of Succession Problem and Social Succession being a solution to it was new information to me. I find Social Succession a very interesting option."
- **"The resources compiled are very interesting and relevant** when comparing with what is available for conventional business models."

Resources that are Particularly Useful

Participants like the practical examples and guides:

- **"I liked the idea of having successful examples of social succession projects."**
- **"I did like the practical guides that help someone work through the steps of transitioning the business.** This tool seems the most useful."
- **"They're all useful depending on the needs of the clients."**

Resources that could be Improved

"I would have liked even more information on these (social succession examples). It doesn't need to be too detailed but some info on the why and how they decided on social succession?"

Resources that were Missing

Participants offered a range of helpful suggestions:

- **"After looking at other tools in succession and speaking to some businesses, a question that comes up is what is best for me? What is social succession and how do I know if it's best for me? This project is mostly focused on social succession but is there a survey that either a buyer or seller could fill out that could help them decide and/or make them think of his or her options? Succession can seem overwhelming for some people and so many resources can be found but having a simple survey that can give them advice before diving in could be helpful.**
- **It's hard to say if there are any resources that were "missed" because there are many different groups that offer guidance into succession. I know some groups like RDÉE NB have built an online succession matchmaking platform that is interesting."**
- **"I understand it as a reference guide to go with the webinar. If it was to also be used as stand alone I would like a quick summary/refreshers of what Social Succession is first and then move to Scoping the Problem."**
- **"Have you compared the social succession resources with traditional succession resources?"**

Conclusions and Recommendations

The evaluations of the webinar and the companion resource guide indicate that we correctly and effectively addressed the introductory-level needs of our intermediary audience. While there is a general awareness of the scale and scope of the business succession challenge, there was very limited (if any) awareness of the social succession options. This finding is echoed in sessions with

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other stakeholder groups, and underlines the need for introductory learning experiences and resources that assume no prior knowledge and begin with building basic awareness before moving into more advanced topics.

This said, once aware of social succession, the overwhelming majority of respondents (17 of 18) indicated that it is worth exploring for certain clients. As summed up by an entrepreneur participant in another social succession webinar, “It’s more a case of not knowing (about social succession) than not wanting to do it.”

Appendix B: “Leaving a Legacy” Workshop Report (NS, Anglophone)

Overview

This workshop was hosted on 10 June 2021, from 9am to 11am by Andy Horsnell and Laurie Cook (Leading Edge Community Development Consultants Co-operative Ltd.), with the goal of exploring social succession from the business seller’s perspective. This session was created in response to the COVID-related postponement of the Acadia Entrepreneurship Centre’s “Succession Planning: Preparing for What’s Next” program, in which Leading Edge was going to participate.

Participants

There were eight participants including local business and co-op developers and business owners who are working through succession.

Agenda

Time	Topic
9:00	Welcome, Introductions, and Project Overview
9:15	Presentation: Social Succession Overview
9:35	Panel Discussion: Exploring the Social Succession Options <ul style="list-style-type: none">• Co-operatives (Peter Hough)• Indigenous (Jim Drescher)• Nonprofit / social enterprise (Andy Horsnell)
10:05	Break
10:15	Exploring the Options with a Business Owner - a discussion with Bob Cudmore, to explore the various social succession options as they relate to Bob’s company, BrandPro Inc., including: <ul style="list-style-type: none">• Company history• Where Bob is in the succession journey• What Bob’s succession goals and priorities are• How the various social succession options might fit• Bob’s questions and concerns
10:45	Review and Participant Check-out

Resources Used in this Session

Resources Created for this Session

A slide deck was created for this session, which drew upon Horsnell's and Cooke's project research.

Other Resources Used in this Session

- As guest speakers, Peter Hough and Jim Drescher were able to speak about their personal experience with the co-operative and Indigenous succession, respectively.
- In addition to hosting the session, Andy Horsnell was able to participate as a guest speaker, offering his perspectives on nonprofit and social enterprise succession.
- Bob Cudmore participated as a live case study.

What Worked

The combination of high-level overview, combined with more detailed explorations of the experiences of the guest speakers, provided a rich learning experience for all participants. The introductory presentation helped to frame the challenges, opportunities, and success strategies related to social succession. The guest speakers' contributions added depth to and complemented the introductory presentation. The "fishbowl"⁷ discussion with Bob Cudmore provided real-time coaching for Bob, but also a live case study for the other participants.

What Was Missing

Due to technical difficulties, the workshop was not recorded. This is unfortunate, as there were several segments which could have been edited into a shorter, on-demand video resource that could reach a much larger audience than the scheduled, two-hour format would allow. This missed opportunity did nonetheless highlight the value of having short, online video segments, which are in short supply.

⁷ In a Fishbowl discussion, participants seated inside the "fishbowl" actively participate in a discussion by asking questions and sharing their opinions, while those standing outside listen carefully to the ideas presented.

Appendix C: Business Succession Webinar Report (NB, French)

Summary

The one-hour “Business Succession and the Co-opportunity” webinar was hosted on May 31st from 2:00pm to 3:00pm. The webinar was led by Wendy Keats (former Executive Director, CECNB) with moderated discussions by Sonia Mota (Researcher, CECNB), and guest speakers Jason LeJeune (Entrepreneur & Fredericton Councillor) & Joey Pitoello (General Manager, Just Us! Coffee).

With thousands of Atlantic business owners looking to exit their businesses over the next couple years, CECNB partnered up with Just Us! Coffee – a café co-operative based out of Nova Scotia – to deliver a business succession webinar tailored to the unique needs of the foodservice industry. Through presentations, story-telling, and a Q&A, the webinar explored how cafes & restaurants can be transitioned to collective ownership and awareness was raised around the co-operative model.

The webinar was recorded and will be used to further promote the co-operative model, in the context of succession planning.

Participants

- Target Audience: business owners, workers, and other stakeholders in the foodservice sector in New Brunswick.
- Attendance: limited to 30 people (webinar sold-out)

Agenda:

- 2:00 Open and welcome, introduce agenda and guest speakers
- 2:10 Power point presentation on Business Succession & Co-op Model (Wendy)
- 2:20 Jason LeJeune presentation
- 2:30 Joey Pitoello presentation
- 2:40 Moderated discussion with Sonia Mota
- 3:00 Q&A

Resources Created

A webinar and PowerPoint presentation on the co-operative model as an exciting and competitive business succession strategy for the foodservice sector.

Resources Used

- CECNB's Business Succession website: <https://cecnb.ca/business-succession1>
- “Case Studies: Business Conversions to Worker Co-operatives” by Project Equity

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- Collective knowledge of Jason LeJeune and Joey Pitoello on operating a coffee shop/restaurant under a collective ownership model.

What Worked

While CECNB's website and Project Equity's case study were valuable tools in frameworking the webinar and the PowerPoint presentation – it was Jason and Joey's collective wisdom on operating businesses under collective ownership models and storytelling abilities that breathed life into the webinar. Story telling has been long known as a powerful means to teach, influence, and inspire. It was the presenters' wisdom and experiences that took the collective ownership model from theory to an exciting, real-life possibility!

Knowledge Gaps

While we were able to leverage the collective knowledge of our presenters on operating and managing a foodservice business under a collective ownership model – there were very few resources to point attendees towards on how to execute and finance a co-operative conversion. Resources that would have been of particular use included:

- Names of organizations and individuals in Atlantic Canada who possess co-operative conversion expertise and could assist attendees undertake a conversion.
- Educational resources on how to finance a co-operative conversion
- Names of organizations that finance co-operative conversions in Atlantic Canada
- Atlantic Canadian Co-operative Conversion Step-by-step Guides

Appendix D: Education and Customized Coaching for Co-op Business Succession in Tantramar Region (NB, Anglophone)

Background

As part of the Atlantic Business Succession project, the Co-operative Enterprise Council of New Brunswick (CECNB) selected the Tantramar region in southeastern NB to promote and educate business owners, intermediaries, and key stakeholders about the use of the co-op business model as an option for transitioning businesses to new ownership. During the late summer of 2020, we held numerous meetings with the Tantramar COVID-Response Task Force and the Sackville Business Support Committee and introduced them to the concept of co-op and social enterprise business succession using key resource materials found [here](#).

In the fall, we were approached by the Mount Allison Students Union (MASU) who had heard one of our presentations and was interested in exploring the transition of a local business, the Black Duck Café, that had recently closed due to the impact of COVID-19.

Located in the heart of the downtown of Sackville, NB, the Black Duck Cafe has been widely regarded as a community staple, supported not only by students and employees of Mount Allison but by the community at large and others visiting the Town. It had grown over the years from a small café to one of the leading businesses in Sackville, known for its healthy affordable food, support for local producers, and feeling of community.

However, like many small restaurants COVID-19 decimated the business and after several months of trying to hold on, the owners decided they had to sell the café and the building it was housed in, which included two other floors that were being prepared to be rented out.

MASU has a history of successful business start-ups in Sackville including their most recent [Bagtown Brewing Company](#) and the [Strike Club](#). Their interest in the Black Duck Café and building was to create meaningful employment, co-working space, and accommodations for university students.

Over the next few months, CECNB worked with MASU and the owners of the Black Duck to complete the following tasks and to test existing business succession resources.

Summary of Work Undertaken and Resources Used

CECNB met several times with the MASU students to explain the co-op business model and the transition process and to explore various options for its structure as a co-operative or social enterprise. We used tools produced by CECNB including All About Co-operatives; Resource Guide for Co-ops and Social Enterprise in New Brunswick; Best Practices Guide for Social Enterprise; and Business Succession: A Community-Based Approach, and the Canadian Worker Co-op Federation's Succession Planning Using the Worker Co-op Option. All these resources can be found at <https://cecnb.ca/our-resources>. We also used the Manitoba Co-op Association's 2015 Business Succession Planning through Worker and Multistakeholder Co-operatives, the Coopérative de développement régionale Acadie's The Co-operative Alternative Framework Tool and several website resources from [Project Equity](#), the leading co-op business succession organization in the

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United States. A variety of co-op conversion case studies were also used to demonstrate the flexibility and

Next, we held two Business Model Canvas sessions to flesh out the value proposition, target markets, customer relationships and channels, key activities, partners, and cost structures for the four components of the proposed business – the café, a retail storefront, co-working space on second floor, and student accommodations on the third floor. The key resource used for this task was [Using the Business Model Canvas for Social Enterprise Design](#), which the MASU team used to create business model canvases for both the existing café and the proposed co-working space that would be housed above the café.

Meetings were also held with the business owners to discuss the transition and to gauge their interest in staying involved for a period of time to help with the transition process. We also explored the option of their continuing to maintain an equity position.

We held meetings with Just Us! Coffee Roasters to discuss the support they could provide in the transition process. Just Us is a worker-owned co-operative with 25 years of experience in the café business and they expressed their willingness to provide a wide range of free services to help transition and re-open the Black Duck Cafe including a wide range technical supports, café design, floor planning, operational efficiency, point of sale optimization, staff training, scheduling, and compensation structure. Resources used included Just Us Partner program presentations.

Once it was clear there was interest and potential for a co-op conversion by both MASU and the business owners, we undertook market research which included:

- A thorough analysis of 194 customer reviews from Google Reviews 2020 and Tripadvisor 2020 revealed that the three aspects customers most enjoyed about the Black Duck were “the availability of healthy local ingredients, casual atmosphere, and the community sentiment”.
- A competitive analysis of cafes, restaurants and co-working space in the southeastern part of NB
- An assessment of rental housing needs, pricing and availability in Sackville
- A business valuation, using two common methods – Discounted Cash Flow and Capitalized Earnings – to determine the current value of the company based on its cash flow history and projected future cash flows. Research was also completed on the value of the building based on local real estate figures and the remaining equipment and assets were valued according to dealer rates and book value.

CECNB then worked with MASU and the business owners to complete a full Feasibility Study (see Table of Contents at end of this report). The main resource we used for this work was the Best Practices in Social Enterprise Guide produced by CECNB.

We also prepared a full set of financial projections using Straight Line methods and conducted an environmental scan of financing options. We provided recommendations on several promising opportunities for financing the co-op conversion.

In January 2021, the owners of the Black Duck decided to re-open and took it off the market. Although this project did not result in a co-op conversion, we consider it a success story as the work done by CECNB and MASU convinced the owners that there was indeed enough potential for the Black Duck to become profitable once again and they decided to give it another try. It has since

reopened and is doing very well. While the MASU students were a bit disappointed that they could not proceed with their plans, they were actually just as pleased that the café was once again available to students and the community. They also felt they had built a strong partnership with the owners and there are still discussions being held around a potential collaboration on the co-working space and student accommodations. They also felt they had gained tremendous knowledge about the co-op succession model and the potential it holds for future conversions.

Assessment of Co-op Business Succession Tools and Resources

A variety of resources produced by CECNB were used to familiarize people with the co-op business model including:

- All About Co-operatives: a general overview of the various types of co-operative structures with Canadian examples for each
- Best Practices Guide for Co-ops and Social Enterprise: very comprehensive guide that fully describes the co-op and social enterprise models and all the steps involved in planning, formation, governance, financing, and operations
- Resource Guide for Co-ops and Social Enterprise in New Brunswick: comprehensive guide of the funding, technical supports, and resources available to assist NB co-ops and social enterprises to become established and grow

All of these resources were very useful in helping people to understand what makes co-ops and social enterprises different and how they can be used in transitioning businesses to collective ownership. The Best Practices Guide for Co-ops and Social Enterprise was particularly helpful as it provided comprehensive information on the steps involved in establishing and operating a co-op/social enterprise and it was also used extensively in the feasibility assessment and discussions on how the business would be structured. The Resource Guide for Social Enterprises in NB was also useful in helping MASU develop a financial plan for startup and operations.

For specific topics on how the business succession to a co-op/social enterprise works, we used several resources including:

- Business Succession: A Community-Based Approach by CECNB
- Succession Planning Using the Co-op Option by the Canadian Worker Co-op Federation
- The Co-operative Alternative Framework Tool by CEDR-Acadie
- A wide variety of case studies from across Canada
- Project Equity website resources

The first three resources were helpful in providing a general overview of the co-op conversion process however lacked detail in terms of how each step in the process is done. The Canadian case studies were particularly useful in showing people that the model has been successfully used across Canada in a wide variety of situations. The resources from Project Equity were extremely valuable as they covered all aspects of the conversion process for all stakeholders from business owners to employees, financiers, and community partners. This type of website in Canada would be of tremendous value in advancing the use of the co-op and social enterprise model in business transitions.

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In terms of strategic planning and business modeling, the Social Business Model Canvas sessions were very helpful as they provided a forum for group discussion and decision-making around key issues such as customer segments, revenues and costs, marketing, and other important considerations in transitioning a business.

It should also be noted that many of the resources used in the MASU-Black Duck project were not specific to co-ops and social enterprise but were rather the standard tools that any kind of business succession would use to conduct the market research, feasibility analysis, valuation, and financial projections. The process of transitioning a business to a co-op or social enterprise model is similar in many ways to a traditional succession process with the key difference being in the ownership structure and how equity and profit-sharing works. However, these are such critical pieces of the transition process that they warrant significant attention and specialized resources. One of the key reasons that co-operatives are twice as likely to succeed than any other form of business is due to the work involved in building a strong foundation and ensuring all those involved understand how the model works.

In summation, there are some resources available in Canada around co-op and social enterprise conversion however they tend to be general in nature. While they do help people understand the basic concept and show that co-ops are a viable option for business succession, they fall short when it comes to the details of the transition process and it would be critical to have a skilled co-op developer working with the group to guide them through the co-op or social enterprise aspects of the conversion.

Table of Contents for Black Duck Feasibility Study

1. Executive Summary	10. Financial Projections and Minimum Requirements	18. Financial Projections and Minimum Requirements
2. Report Overview	11. Floor 2: Affordable Housing Units	19. Human Resources
3. Venture Description	12. Consumer Analysis	20. Staff Duties
4. Goals and Objectives	13. Operations & Logistics	21. Staffing Structure
5. Floor 1: The Black Duck Café	14. Floor 3: Coworking Spaces	22. Compensation Structure
6. Market Research	15. Consumer Analysis	23. Funding Requirements
7. Target Market	16. Competitive Analysis	24. Funding Options and Evaluation Tool
8. Competitive Analysis	17. Operations and Logistics	25. Sources of Funding
9. Operations and Logistics		26. Exhibits
		27. Works Cited

Appendix E: Focus Group Related to Youth as Potential Buyers (NB, Francophone)

Context

As part of this research project, the Coopérative de développement régional Acadie (CDR) collaborated with its youth council to implement Phase 2 of the project. CDR's youth council operates as the reinforcement of CDR's youth strategy, finalized in 2020 and launched in 2021. CDR believes social entrepreneurship harnesses the talents and abilities of young people, which can in turn support individual development and effort that favors change. Since youth are regularly excluded from the political processes and decisions that affect their lives; social entrepreneurship offers them a way to express their views and have an impact on society. Knowing this, CDR wants to act as an accelerator to reach youth and raise awareness of these economic models.

The youth council consists of ten (10) youth aged 17 to 25. Councillors are elected at CDR's AGM and are given a year-long mandate. The council mainly attracts youth who are interested in governance, entrepreneurship, and community development. In fact, a few of the current youth have started their own business, ranging from tech start-ups to teachers' coops and sales services.

Workshop

The youth council was invited to participate in a virtual Social Succession Workshop facilitated by Marc Henrie and other CDR staff, with an ACOA member sitting in. In this two-hour workshop, Henrie presented the context of the Social Succession project with ACOA, the current economic situation being that a large percentage of businesses are preparing to close without a succession plan, and then spent most of the presentation to explain social succession and different models, tools, and success stories to flesh out social succession as a valuable option for youth interested in entrepreneurship.

The turn out to the workshop was excellent with 7 of the 10 youth council members present, representing 70% of the committee; absences were mainly due to each youth working different schedules such as 9-5 days, weekends, evenings, and night shifts, making it difficult to find times that accommodate everyone at once. The session was scheduled to be two hours, with Henrie's presentation taking up the first 50 minutes, and a discussion with the youth council taking the last hour and 10 minutes of the session. A long and engaged discussion followed the presentation; interaction and participation ranged from individual to individual, as some had more interest in entrepreneurship than others, but most were active.

Discussion and Youth Feedback

At the end of the presentation, the youth were given four (4) prompts to kickstart a discussion. They were also instructed they did not have to follow the order of the prompts and were welcome to talk about anything that was most interesting or pressing to them. In this sense, the discussion was partly structured, but is presented in this report organized by prompt for ease of reading. What follows are the four prompts and a complete summary of what was said in relation to each of these.

1. Do you think that entrepreneurship is interesting, and how would it affect young people and the social entrepreneurship formula?

Youth were surprised to learn that closing businesses was such a pressing issue and were alarmed by the statistics shown in the presentation. They mentioned how youth are interested in entrepreneurship, but their knowledge about starting a business venture is limited to having a concrete business idea that is rooted in innovation of some kind; therefore, youth should be made aware that most established businesses are operated by older folk, and that social succession is a possible route for entrepreneurship as opposed to starting something from scratch. Further, they mentioned that it feels like the world of entrepreneurship is already oversaturated and youth would add more competition by getting involved, but they felt reassured that the opposite was true by the numbers presented by Henrie on slide 6.

They were interested in the case studies presented, especially that they took place in rural settings. They appreciated that unique services are being offered in rural regions, such as fitness gyms – where there is no point in opening a second or third establishment – so taking over to keep offering the service is the most sensible option.

2. Are there any gaps in the tools presented?

The biggest concern regarding co-op conversions was the power dynamic and hierarchical powers between workers and shared ownership. If workers own the business but also operate the business, who is the boss, who gets what part of the profit, how does anything get done? There was also some confusion about interim committees mentioned during transition periods, do they come from third parties or from people involved in the business? Further, they mentioned that for those who are unfamiliar with the coop movement, some of the jargon-heavy concepts could be hard to understand, such as ones seen on slides 9 through 15.

The youth mentioned that the way things are taught can be detrimental, mainly the bias of the academic system, like having Henrie present alone for 50 minutes, is not the best way to teach something as abstract as coop models. Further, it was mentioned that social succession and co-op conversions take for granted that people already have financial literacy, that workshops like these would be inaccessible to someone who does not already have a concrete understanding of the basics of financial concepts (stocks, profit, board of directors, etc.).

Recommendations in response to this prompt focused on streamlining concrete teaching tools, such as focusing on grants available, creating a step-by-step model for employees, consumers, etc., interested in social succession, taking a successful social succession, and creating a model or roadmap based on its process, or using the day-by-day reality and injecting theory behind it (as opposed to presenting theory and then sharing a success story

3. What strategies are needed to increase awareness of social succession among youth?

Youth wondered how often it happens that a youth inside a late-stage business might be interested in taking it over, or youth in general that would be on the lookout for businesses that are on the verge of closing. In general, there was concern on how to connect with youth who would be great coop members, but who are not involved in the coop movement (especially marginalized and racialized youth).

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Youth pointed out that business ideas usually come from within individuals, so while it may be hard to find specific individuals for specific business ventures, it is worthwhile to build a culture of awareness to social succession. In raising such awareness, it may not interest all youth, but there would be a consciousness surrounding that model, which would in turn shape ideas in the future and encourage more youth to consider taking over closing or retiring business. In this sense, the model of social succession would be an avenue to aspiring young entrepreneurs, in addition to starting a business from scratch.

This awareness could be built in many suggested ways, such as high school curricula offering economics issues or business classes, a public database of businesses in their late stages or ready to transfer ownership, training sessions for youth, etc. Youth also emphasized how grants could be a way to attract people to social succession, such as funding specifically earmarked to support entrepreneurs looking to take over closing or retiring businesses and employ social succession models. Youth also mentioned that other angles could attract potential young business owners, such as environmental/ecological entrepreneurship, sustainable development, mentorship opportunities (from transferring owners, from people who understand what today's youth are facing, from someone who also faced struggles in their youth), community fundraisers, offering co-op classes in business schools and university programs in partnership with CDR, etc. Finally, youth also brought up the angle of targeting employees, and encouraging them to climb the corporate ladder to eventually be the succeeding owners.

Overall, youth also emphasized the importance of honest promotion and marketing, of using plain language to make tools simple, tangible, and accessible to most. They do not want to be sold a dream and then realize the hard work once committed, but rather, they want to be sold a reality, and how dreams can be achieved through that reality.

4. Could the youth council play a role in this?

Immediately, the Fédération des jeunes francophones Nouveau Brunswick (FJFNB) was mentioned, the youth council mentioned that they could support the FJFNB's efforts to implement a civic education class in high school curricula. The push for civic education is a prevalent movement in francophone culture to teach high school students how to be citizens (learning the implications of voting, the role of government and social services, how to pay taxes and financial literacy). Youth view the aspect of financial literacy as an onramp or foundational knowledge to learn about larger economic issues.

The other idea was to create an event where youth and businesses can gather, and activities can be organized to have these two communities' network, interact together – the event ultimately acting as sort of a matchmaker for youth and businesses to work together beyond the event. Youth emphasized that this event should not have speakers but should instead center on workshops and networking.

Conclusion

All in all, the main message that CDR has retained from this session is that youth want to be included. They want to be given the opportunity to rise to the occasion, participate in decision making, interact within the process, and be part of the solution. In all processes, all levels of businesses and governance, youth want to be a part of the conversation.

Appendix F: Social Succession Resource Guide (English)

Updated on 14 June 2021

This quick reference guide was prepared for the Atlantic Association of CBDCs' June 22, 2021 webinar, *Preserving Local Business: The Role for Co-operatives & Social Enterprises in Business Succession* | This webinar is part of the Canadian CED Network's ACOA-funded research project: *Business Recovery, Stabilization, and Succession: Using Co-operatives and Social Enterprise to address COVID-19 and the challenge of rapidly retiring business owners in rural communities across Atlantic Canada*



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Scoping the Problem — A Step-By-Step Process

It can be easy to get overwhelmed by the scale of the problem, with 1000s of Atlantic business owners looking to exit over the next few years. The following five steps is one approach to breaking down the challenge into more manageable pieces:

1. Identify who the keystone businesses in a community or region are,
2. Identify which owners of keystone businesses are older and are thinking about retirement (or who are thinking about selling or closing permanently because of COVID-19),
3. Determine which owners have a succession plan or don't,
4. Identify best candidates for social succession (sellers & buyers), and
5. Ask if intermediaries (e.g. CBDC staff & board members) can help, and share specific ideas on how staff could help (including other resources and financing that could help).

Support & Resources for a Range of Scenarios

#1 Getting Started

Where a business owner is looking to retire, does not have a plan for succession, is interested in their business continuing in the community and continuing to benefit the community, and is willing to help with the transition.

1. Good overview of the overall succession planning process, by the Business Development Bank of Canada: <http://bit.ly/BusinessTransitionPlanning>
2. Examples of successful social succession transitions to either nonprofit or co-op model:
 - a. Greenhouse Co-operative Ltd.: <http://bit.ly/GreenhouseCo-op>
 - b. Carleton Road Industries Association: <http://bit.ly/CarletonRoadIndustries>
3. Funding to support succession:
 - a. Business Valuation and Succession Planning: <https://www.cbdc.ca/en/programs/business-valuation-and-succession-planning>
 - b. Consultant Advisory Services (CAS): <https://www.cbdc.ca/en/programs/consultant-advisory-services-cas>
 - c. Entrepreneurial Training Fund (ETF): <https://www.cbdc.ca/en/programs/entrepreneurial-training-fund-etf>

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#2 Exploring the Co-op Succession Option

Where workers, consumers, or community members are interested in taking over the business as a co-op:

1. Reports and How-to Guides:
 - a. For people looking to buy a business and convert it to a co-operative: <http://bit.ly/TheCo-opAlternative>
 - b. For business owners considering transitioning to a worker co-operative: <http://bit.ly/SuccessionPlanningWorkerCo-op>
2. Canadian Co-operative Investment Fund has “hybrid” financing for co-op conversions: <https://ccif.coop>
3. The Canadian Worker Co-op Federation (CWCF) has a new Worker Co-op Academy to help support the development of worker co-operatives: <https://canadianworker.coop/worker-co-op-academy/>
4. Provincial Co-op Councils and Federations:
 - a. Newfoundland and Labrador Federation of Co-operatives: www.nlfc.coop
 - b. Nova Scotia Co-operative Council: www.novascotia.coop
 - c. Co-operative Enterprise Council of New Brunswick: <https://cecnb.ca>
 - d. Coopérative de développement régional-Acadie: www.cdracadie.ca

#3 Exploring the Nonprofit Succession Option

Where an existing nonprofit or social enterprise is interested in taking over the business and has the capacity and mindset to do so, and/or the interest in learning the skills needed to operate the business. They also recognize how taking over such a business could advance their mandate (e.g. employment for people with disabilities).

1. Transitions of Small Businesses to Non Profit and Community Ownership report: <http://bit.ly/TransitionBusinessToNonprofit>
2. Example of nonprofit that has acquired several small businesses: <http://bit.ly/CarletonRoadIndustries>
3. Support for nonprofits seeking to convert a business to a social enterprise:
 - a. McConnell Foundation's Innoweave Social Enterprise Coaching: <https://innoweave.ca/streams/social-enterprise/>
 - b. Investment Readiness Program: <https://irp-ppi.ca/en/>

#4 Exploring the Indigenous Succession Option

Where an Indigenous group would like to take over the business:

1. Support for Indigenous Entrepreneurs, Ulnooweg Development Group: www.ulnooweg.ca
2. Financing for Indigenous groups to purchase a business: <http://bit.ly/CommunityOpportunityReadinessProgram>
3. Examples of Indigenous succession:
 - a. Webster Farms: <https://bit.ly/WebsterFarmsAcquisition>
 - b. Windhorse Farm: <https://www.ulnoowegeducation.ca/windhorse-farm/>

Background Resources for Intermediaries to Learn More About Social Succession Options

- Midterm Report of the Business Recovery, Stabilization and Succession project: <https://bit.ly/Mid-termSuccessionReport>
- Learning Resources of the Legacy Leadership Lab: <https://bit.ly/L3resources>
- The Conversion to Co-operatives Project: www.coopconvert.ca
- More resources are in development. Contact Laurie Cook at chutzpah@accesswave.ca for more information

Appendix G: Relève d'entreprise Guide de ressources

Dernière mise à jour: 14 juin 2021

Ce court guide de référence a été préparé pour le webinaire du 22 juin 2021 à l'Association atlantique des CBDC, *Préserver les entreprises locales : Le rôle des coopératives et des entreprises sociales dans la relève d'entreprise* | Ce webinaire fait partie du projet de recherche du Réseau canadien de DÉC financé par l'APÉCA : *Redressement, stabilisation et relève d'entreprise : recours aux coopératives et à l'entreprise sociale pour résoudre le problème de la COVID-19 et le défi que représente les départs à la retraite accélérés des entrepreneurs dans les collectivités rurales du Canada atlantique.*



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de DÉC**

La problématique – Étape par étape

Avec des milliers de propriétaires d'entreprises atlantiques qui cherchent à se retirer au cours des prochaines années, il est possible que l'on se sente dépassé par l'ampleur du problème. Les cinq étapes suivantes constituent une approche de décomposition du défi en éléments plus faciles à gérer :

1. Identifier les entreprises clés d'une communauté ou d'une région,
2. De ces entreprises clés, identifier les propriétaires d'entreprises qui sont plus âgés et pensent à la retraite (ou qui pensent à vendre ou à fermer définitivement à cause de la COVID-19),
3. Déterminer quels de ces propriétaires ont ou n'ont pas de plan de succession,
4. Identifier les meilleurs candidats à la succession sociale (vendeurs et acheteurs), et
5. Demandez si les intermédiaires (ex : le personnel et les membres du conseil d'administration de la CBDC) peuvent aider et partagez des idées spécifiques sur la façon dont le personnel pourrait aider (y compris d'autres ressources et financements qui pourraient aider).

Soutien et ressources – différents scénarios

#1 Commencer

Lorsqu'un propriétaire d'entreprise cherche à prendre sa retraite, qu'il n'a pas de plan de succession, qu'il souhaite que son entreprise reste dans la communauté pour lui servir, et qu'il est prêt à aider à la transition.

1. Aperçu du processus global de planification de la relève, par la Banque de développement du Canada.: <https://www.bdc.ca/globalassets/digizuite/17644-transfert-entreprise.pdf>
2. Exemples de successions sociales réussies vers un modèle à but non lucratif ou coopératif:
 - a. Carleton Road Industries Association: <https://public.3.basecamp.com/p/uL41fhLxsgg1hUD1dEmGiFj>
 - b. Ferme Terre Partagée : <https://public.3.basecamp.com/p/XyCK2jVBRLDgg72A5xRbjPY6>
 - c. Camping Daigle: <https://public.3.basecamp.com/p/jNxDrNbRp1FN5JVD4oVAUEtR>
3. Financement pour soutenir la succession:
 - a. Évaluation de l'entreprise et planification de la succession: <https://www.cbdc.ca/fr/node/912>
 - b. Programme de services-conseils aux entrepreneurs : <https://www.cbdc.ca/fr/programmes/programme-de-services-conseils-aux-entrepreneurs>
 - c. Fonds de formation entrepreneuriale (FFE) : <https://www.cbdc.ca/fr/programmes/entrepreneurial-training-fund-etf>

#2 Explorer l'option de la relève coopérative

Lorsque des travailleurs, des consommateurs ou des membres de la communauté sont intéressés par la reprise de l'entreprise sous forme de coopérative:

1. Rapports et guides pratiques:
 - a. Pour les personnes souhaitant acheter une entreprise et la convertir en coopérative: <https://public.3.basecamp.com/p/pBvGEc3u486pUvsnmv99V3dZ>
 - b. Pour les propriétaires d'entreprises qui envisagent passer à une coopérative de travail associé: <https://www.cdracadie.ca/wp-content/uploads/2020/11/Guide-propretaire-orange-WEB.pdf>
2. Le Fonds d'investissement coopératif canadien offre un financement "hybride" pour les conversions de coopératives: <https://ccif.coop/fr/>
3. La Fédération canadienne des coopératives de travail (FCCT) a créé une nouvelle Académie des coopératives de travail pour aider à soutenir le développement des coopératives de travail: <https://canadianworker.coop/worker-co-op-academy/>
4. Conseils et fédérations provinciales de coopératives:
 - a. Newfoundland and Labrador Federation of Co-operatives: www.nlfc.coop
 - b. Nova Scotia Co-operative Council: www.novascotia.coop
 - c. Co-operative Enterprise Council of New Brunswick: <https://cecnb.ca>
 - d. Coopérative de développement régional-Acadie: www.cdracadie.ca

#3 Explorer l'option de la succession dans le secteur non lucratif

Lorsqu'une entreprise sociale ou à but non lucratif existante est intéressée par la reprise de l'entreprise et est en position pour le faire, et/ou l'intérêt d'apprendre les compétences nécessaires pour exploiter l'entreprise. Ils reconnaissent également comment la reprise d'une telle entreprise pourrait faire avancer leur mandat (par exemple, l'emploi des personnes handicapées).

1. Rapport sur les transitions des petites entreprises vers le secteur non lucratif et communautaire: <http://bit.ly/TransitionBusinessToNonprofit>
2. Exemple d'un organisme sans but lucratif qui a acquis plusieurs petites entreprises: <https://public.3.basecamp.com/p/uL41fhLxsgg1hUD1dEmGiFj>
3. Soutien aux organismes sans but lucratif qui cherchent à convertir une entreprise en entreprise sociale :
 - a. Innoweave coaching en entreprise sociale: <https://innoweave.ca/fr/streams/entreprise-sociale/>
 - b. Programme de préparation à l'investissement: <https://irp-ppi.ca/fr/>

#4 Explorer l'option de la succession autochtone

Lorsqu'un groupe autochtone souhaite reprendre l'entreprise:

1. Soutien aux entrepreneurs autochtones, Ulnooweg Development Group: www.ulnooweg.ca
2. Financement de l'achat d'une entreprise par des groupes autochtones: <http://bit.ly/CommunityOpportunityReadinessProgram>
3. Exemples de succession Autochtone:
 - a. Webster Farms: <https://bit.ly/WebsterFarmsAcquisition>
 - b. Windhorse Farm: <https://www.ulnoowegeeducation.ca/windhorse-farm/>

Ressources de base pour les intermédiaires pour en savoir plus sur les options de succession sociale

- Midterm Report of the Business Recovery, Stabilization and Succession project: <https://ccednet-rcdec.ca/fr/nouveautes-en-dec/2021/05/13/stabilisation-relande-dentreprises-canada>
- Ressources d'apprentissage du Labo de leadership en patrimoine : <https://uwaterloo.ca/labo-leadership-patrimoine/ressources-dapprentissage-telechargeable-et-partageable>
- Projet de conversion en coopératives: <https://fr.coopconvert.ca>
- D'autres ressources sont en de développement. Contactez Laurie Cook à chutzpah@accesswave.ca pour plus d'information

Appendix H: Research Methodology and Team

Research Methodology

This project is employing three different research methodologies:

- **Literature Review** - The researchers conducted an extensive review of existing needs assessments and tools, resources, and learning opportunities, with a particular focus on the transition of independently-owned businesses to co-operatives and social enterprises. Full listings of the needs assessments and learning resources are presented in the Appendices of the Interim Report.
- **Key Informant Interviews** - Concurrent with the literature review, the researchers interviewed a wide range of national and regional subject matter experts. A listing of key informants is presented in the Appendices of the Interim Report.
- **Action Research** - In the final phase of this project, the researchers shared the resources they compiled and curated with intermediaries, prospective business sellers, and prospective buyers. In some cases, they were able to test these resources, to gain a better sense of their usefulness. In all cases, the research team captured observations about the resources: what were good, what required improvement, and what were missing.

The Research Team

Laurie Cook

Laurie is an innovation, learning and leadership specialist. She has a Masters in Adult Education specializing in Community Development from St. Francis Xavier University, and is currently working on a PhD in Educational Studies at Acadia University focused on social movement learning and inclusive community-based economic development. Laurie is a former President of the Canadian Community Economic Development Network (CCEDNet), a current CCEDNet Policy Council member, a spokesperson for the international Wellbeing Economy Alliance (WEAll), a board member for the Canadian Association for the Study of Co-operatives (CASC), a board member for the Canadian Association for the Study of Adult Education (CASAE) and a co-founder of Flourish Community Development Co-operative (formerly Leading Edge). Laurie is also part of a BIPOC-led research initiative to create culturally appropriate learning resources to increase capacity of people in marginalized and racialized communities to solve problems using the co-op model.

Marc Henrie

Marc is the Chief Executive Officer of the Coopérative de développement régional Acadie, a francophone economic development corporation that specialises in co-operative development and social enterprises that have an impact in Francophone communities in Atlantic Canada. He has played an important role in the Acadian Community Economic Development world for more than 15 years in helping develop many major projects and in the start-up or development of more than 50 organizations. He has a Masters of the Université de Sherbrooke in Co-operative and Community Development and Governance and a Degree in Business from the Université de Moncton.

Andy Horsnell

Andy has worked for over three decades to help community-based enterprises and local economies be more resilient, self-reliant, and sustainable. He has consulted with and trained 100s of small businesses and community organisations throughout North America and abroad. As a volunteer, he currently serves as the vice-chair of the Social Enterprise Council of Canada, and served as a founding director of the Social Enterprise Network of Nova Scotia, and chair of the Centre for Local Prosperity. Andy is an independent consultant and co-founder of the Leading Edge Community Development Consultants Co-operative.

Wendy Keats

Wendy is the executive director of the Co-operative Enterprise Council of New Brunswick and has nearly 40 years of experience as a community economic development consultant, working with rural communities, facilitating and coordinating stakeholder engagement, conducting research on innovative models of economic development (including business succession) and managing both small and large scale projects. Wendy served for several years on the board of the Canadian Community Economic Development Network, and is a regular guest speaker at rural and economic development conferences across the country.

Sonia Mota

Sonia is a community economic development researcher with the CECNB. She has a Bachelor of Science and a Diploma in Sustainable Aquaculture from Memorial University of Newfoundland. She has worked on a number of research intensive projects on community investment funds in Atlantic Canada. Her main areas of focus are community economic development, entrepreneurship and innovation in the food & beverage and hospitality sector.

Gabrielle Gagnon

Gabrielle Gagnon is a Communications and Public Relations coordinator at the Coopérative de développement régional Acadie and a coordinator of the Youth Partnership Initiative with the Co-operative Enterprise Council of New Brunswick. Her work focuses on raising awareness of the cooperative and social enterprise sectors to youth in the hopes of contributing to a stronger and more sustainable economy in the years to come. She has a Masters of Communications from Simon Fraser University and a Bachelor's in Politics, Philosophy, and Economics from Mount Allison University.