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BUILDING Dreams with TEAMS

**A Practical Approach to Developing
Your Local Economy**

Produced by Community Opportunity and Innovation Network Inc.
and Literacy Ontario Central South.

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and the National Literacy Secretariat.

Acknowledgements

Building Dreams with Teams has itself been a team project. With this in mind we would like to recognize and thank the many team members who have contributed to the development of this package.

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Once again, thanks to all for your commitment and hard work in making this project a reality.

Sincerely,

Kathy Neill
Executive Director
Literacy Ontario Central South (LOCS)

Kevin Edwards
General Manager
Community Opportunity & Innovation
Network Inc. (COIN)

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For printed copies or permissions, contact:

Community Opportunity & Innovation Network Inc. (COIN)
314 London Street
Peterborough, Ontario
K9H 2Z4
705 743-0238

Contributors: Patty Morrison, Jeffrey Cadence, Clara McCue, Greg Conchelos,
Kevin Edwards

Plain Language and Learning Outcomes:

Sandy Zimmerman and Bob Smith

Steering Committee: Andrew Rothfischer, Frances Adams, Kathy Neill, Kevin Edwards

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Introduction to the Package

THERE ARE MANY FORCES AT WORK changing our world. Forces such as economic globalization, new technologies and changes in the business climate. Communities everywhere are under pressure to respond to these changes and it is not always easy. In fact, it can be a difficult task to even begin to think about a starting point.

Some communities have taken a community-based approach to dealing with these changes and this is referred to as Community Economic Development (CED). CED is a way to build a community by using its own people, its own resources and its own money, rather than waiting for someone else (someone from outside the community) to do it. CED has proven to be a practical and well-tested way to enhance a community. It has been used successfully all over the world to build stronger, healthier communities that in turn are able to respond better to changes, issues, or problems that they meet – they become more sustainable.

What is needed to carry out this CED work is a specific set of skills. The LOCS Regional Literacy Network and Community Opportunity and Innovation Network Inc. (COIN) have worked together to produce *Building Dreams with Teams*. They have, for the past ten years, gained considerable experience from being involved in CED projects throughout central Ontario. This package allows us to share some of what we have learned along the way. Our hope is to impart practical “How to” information as well as provide an opportunity to try out the ideas and

concepts through a variety of practical learning activities. The package has been designed to provide participants with the motivation and tools to work toward positive change in their own lives and the ‘lives’ of their communities.

We believe that CED should not be something that is used only by those with professional backgrounds in the field. Building strong healthy communities is the right AND responsibility of all community members. We have worked hard to explain CED terms and concepts using plain language. This reduces the impact that jargon can have on the learning process and allows the CED tools to be available to all people within a community.

Principles of adult learning are incorporated so that participants will be able to:

- ▶ actively apply the theory they are learning to situations in their own lives
- ▶ work to create a comfortable learning environment
- ▶ reflect on what they have learned and share that with other learners
- ▶ take ownership of their learning by setting and evaluating their learning plans
- ▶ have fun when they are learning
- ▶ develop positive relationships with their group members
- ▶ increase their employment opportunities

Format of the Package

The package includes two separate but interconnected courses:

- ▶ **Introduction to Community Economic Development (CED)**
- ▶ **Team Entrepreneurship**

An **Instructor's Guide** containing valuable suggestions for teaching the course is also provided.

Each course contains a series of modules. Each module includes a **Content** section that outlines in clear language the fundamentals of the topic, a section of **Support Materials** to provide the facilitator with additional material, and an **Activities** section that provides practical ways to incorporate the content covered in the module. The activities have been designed to reinforce the content as well as apply it within the personal context of the learners. Learners are often required to make contact with community members and learn about their communities, thereby improving their written, oral communication and networking skills.

Both courses can be covered in approximately 170–220 contact (in-class) hours. The range in time allows for differences in resources available as well as the levels of the participants. Extra time outside of class may be needed for completion of some activities.

Introduction to Community Economic Development (75 – 100 hours)

Introduction to Community Economic Development provides a broad overview of the theories and practices of CED. A wide range of CED examples, reasons why people use CED, as well as some practical instructions and ideas for doing CED work are included. The main goal of this curriculum is for learners to realize the importance of taking control over their lives and communities, to become engaged in

movements for positive social and economic change, and to carry this awareness into their daily lives. There are five modules in the Introduction to Community Economic Development course.

- ▶ **Module One** — What is Community Economic Development
- ▶ **Module Two** — CED in Action
- ▶ **Module Three** — Mapping and Building Community Capacity
- ▶ **Module Four** — Organizational Options for CED-Sponsored Enterprise
- ▶ **Module Five** — Government Programs and CED

Team Entrepreneurship (75 – 100 hours)

Team Entrepreneurship provides an overview of the reasons why people undertake team enterprise, and outlines some of the benefits and challenges that they face. Participants ascertain which types of businesses and which roles within a business they are best suited to undertake. Learning outcomes could include developing a team business or gaining a better understanding of one already started. Unlike other entrepreneurship courses, this curriculum relates specifically to a team context. There are five modules included in the Team Entrepreneurship course.

- ▶ **Module One** — An Introduction to Team Entrepreneurship
- ▶ **Module Two** — Team Enterprise Fundamentals
- ▶ **Module Three** — The Team Enterprise Planning Process
- ▶ **Module Four** — Sales and Marketing
- ▶ **Module Five** — Financing for Team Enterprises

Team-Building — approximately 20 hours

A strong emphasis is placed on promoting a sense of belonging within the learning group and a clear feeling of ownership over the learning process. This, in turn, helps to promote a sense of empowerment that is crucial to personal capacity building as well as group or community involvement. Team-building material and activities are included in the instructor's resource guide. Participants work to identify their team-building needs and are encouraged, under the supervision of the facilitator, to research team-building material, apply it to their own group and share it with other groups. Self-assessment and reflection are also encouraged through activities such as journal writing and personal goal setting.

Participatory Learning

Throughout both courses, the facilitator and learners work **together** to set learning goals, as well as evaluation methods. Regular formative

evaluations are conducted to assess the degree to which participants' expectations are being met.











Instructor's Guide

This guide provides the facilitator with information on the following:

- ▶ Purpose and Organization of the Package
- ▶ Suggestions for Customizing the Package
- ▶ Instructional Methods
- ▶ Team Building — Topics and Activities
- ▶ Glossary of CED Terms

We hope you are encouraged to use the tools you learn in the package to help make your communities healthier. We welcome any suggestions you would share with us on how to improve the package in any way. Please see the copyright page at the front of the manual for details on how to get in touch with us.

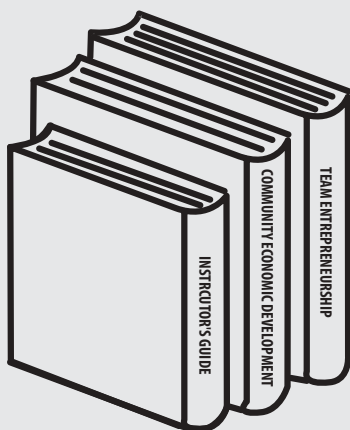
Icons Used in the Resource Kits

Icon	Usage	Icon	Usage
	Activities*		Literacy & Basic Skills (LBS) Level
	Activity Duration		Plan of Action Form
	Business Development Folder		Please Note
	Content*		Support Materials*
	Great Resource		Team Decision Making
	Investigate		Very Important Point
	Journal Entry		Web Site
* Basic Categories of Material Within a Module (Module Parts)			



BUILDING *Dreams* **with TEAMS**

The Instructor's Guide



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1. Background

The Community Opportunity and Innovation Network Inc. (COIN) has been carrying out Community Economic Development (CED) initiatives in the Peterborough area since 1991. COIN has taken part in a variety of community economic development activities and launched several enterprises, making a significant difference in the lives of many people in the Peterborough area. In the process, much has been learned.

Literacy Ontario Central South (LOCS) asked COIN to develop a curriculum package that could teach community economic development as well as team enterprise skills. The curriculum was to target the adult literacy community and therefore needed to be written in clear language and to include activities to accommodate a variety of adult learning styles.

COIN assembled a team of CED practitioners, adult education specialists, and literacy experts from the region to begin work on the project.

2. Purpose of the Package

*clear language
&
practical activities*

This package is designed for learners who are at Learning and Basic Skills (LBS) Level 3. Information and insights gained through years of practice in CED have been included. The intent is not only to impart the practical “how to” information, but also to allow learners to try out the ideas and concepts that underlie the content. The content along with the activities are designed to provide participants with the motivation and tools to work toward positive change in their own lives and in the ‘lives’ of their communities.

adult learning principles

The package has been designed using principles of adult learning so that participants will be able to:

- ▶ actively apply the theory they are learning to practical situations in their own lives
- ▶ work to create a comfortable learning environment
- ▶ have an opportunity to reflect on what they have learned and share that with other learners
- ▶ help to plan and evaluate their own learning

- ▶ have fun when they are learning
- ▶ develop positive relationships with their group members
- ▶ develop co-operative goals
- ▶ create a team climate
- ▶ create a spirit of entrepreneurship
- ▶ take ownership of the process of learning
- ▶ have increased employment opportunities

3. Organization of the Package

The package includes two courses at an introductory level: Team Entrepreneurship and Introduction to Community Economic Development. Each course is organized into modules. These modules are self-contained. Although the intent was to present them sequentially, you can teach the modules in a different order. You may even choose to omit a module if it is not relevant or suitable to your participants.

Module Format

Each module contains two and sometimes three parts.



Part A — Content

This part contains the content. The content is presented in sub-sections.



Part B — Activities

This part describes activities for the module. Each activity is designed to reinforce specific sub-sections of the content.



Part C — Support Materials

This part is not found in all modules. It provides information you may decide to incorporate into the teaching of the module — either how you present the content, or how you plan the activities. Suggestions are sometimes made for collecting locally relevant materials for the module.

Overview of Each Course

Introduction to Community Economic Development

Community Economic Development Basics provides a broad overview of the theories and activities that make up CED. The participant will be exposed to a wide range of CED examples, reasons why people use CED, and some practical instructions and ideas for doing CED work. The main goal of this package, is for people to come to realize the importance of taking control over their lives and communities, to become engaged in movements for positive social and economic change, and to carry this awareness into the work that they do.

Team Entrepreneurship

The Team Entrepreneurship kit is designed to provide an understanding of the reasons why people undertake team enterprise, along with some of the benefits and challenges that they face. Participants examine all of the significant areas of team enterprise, figure out the type of business for which they are best suited, as well as learn practical information on how to get it off the ground. Unlike other entrepreneurship courses, this one relates specifically to a team context. Participants can use this package to start a team business from scratch, gain a better understanding of one already started, or start one in the future.

Assumptions

The Participant operates at least at LBS level 3. Note however, that this is an adult education program covering complex material. Although it is presented so that literacy difficulties will not be a barrier to learning, any group of adults interested in the material will find these courses challenging and exciting.

The instructor does not need to be an expert in CED or team entrepreneurship. There is enough information provided in the content, support materials, and suggested readings to give a thorough introduction to the topic.

The venture team using the Team Entrepreneurship course is interested in the idea of working on an enterprise as a team.

Participants using the CED Basics kit will most likely have a variety of reasons for learning. They may be a group of volunteers or staff from an organization taking the course as an orientation to work they are about to begin. They may be in an

action group looking for some guidance to achieve their goals, or they may be individuals taking the course for interest.

The host organization delivering the course can be just about any group that is assembled to assist people in learning about CED or in undertaking a team enterprise. In fact, this could be a self-teaching package which any organization or group of people interested in CED could use to provide themselves with a firm grounding in the work that lies ahead.

4. Suggestions for the Instructor



Have participants create a Business Development Folder in the Team Entrepreneurship course. The folder is used to contain all of the information specific to the venture team's enterprise. It helps to ensure that no valuable team work is lost.



Individual journal entries or regular reflection exercises are a good way for participants to track personal transformation that occurs. The final step in an activity is often to discuss the significance of the learning. This is important not only in terms of learning to build consensus within the group but also can be used as an opportunity for the participants to digest, accept or reject the findings or feelings of the group — to find the relevance it has personally. Reflection may take many forms but it should always involve a quiet time and a method for recording personal experiences, learning, and reactions.

Most of the activities provided for your use, require you to present specific content from the modules. This presentation may take the form of a lecture, mini-lecture, a simple presentation of the information from the content section along with time for discussion, or distribution of the content with time assigned to read it over and come up with questions. How the content is presented is up to you and the group. There are many ways to present information. Find out which ones your group of participants responds to well. Also, use a variety of methods.

It is always a good idea to record your own thoughts about how the course is progressing. Being a facilitator is a demanding activity and a reflective journal may help you put things in perspective and get you through the difficult times. In addition, the developers of this package are always eager for feedback.

Any thoughts, experiences or recommendations you may have are welcome and will be used to inform further work we do in this field.



Check out the tables in section 5 below. These tables can be used to help you decide which activities to use, whether or not to 'evaluate' an activity, and to help you plan what you need for the activities.



Team Building: Since the success of CED initiatives relies heavily on the ability of those involved to work well together, we have included a series of suggestions for learning about the importance group skills and attitudes. Incorporating the suggested team building activities will serve to foster a sense of purpose, belonging, ownership and co-operation. **The team building activities can be incorporated into the instruction on an "as needed" or "teachable moment" basis.** Keep an eye out for opportunities as the course progresses. For example, a conflict resolution activity might be used if there seem to be tensions or hostilities arising within the group or team. The transformation that these activities can have on learners is invaluable. It is one thing to be told the principles of team-building, it is quite another thing to have an opportunity to internalize them. We suggest that these activities be woven throughout the modules right from the beginning. More information on team-building is presented below, in section 7. Always allow time for participants to reflect on the team-building activities — individually as well as within their venture teams.

5. Customizing the Package

We have included a table intended to help you to customize the courses. This tool was developed with the recognition that each group of learners, each instructor, each host organization and community is unique. We cannot possibly predict all the differences; therefore we have included some suggestions for adapting the materials and encourage you to use it as a template to meet the needs of your group of participants.

The table helps you prepare for teaching each activity. It also provides a way to record your decisions on how or even if you choose to evaluate participants' progress in each activity. You can also use the table to keep track of the needs of the participants, as well as your reasons for adapting the activities. You may choose to involve the participants in the completion of the table so they will take ownership of their learning. Within the table, space is left for items to be added by the instructor and/or the participants.



We believe that completing the tables prior to the beginning of the class will help you to gain an overview of the material. **Adapt the activities to suit you and your participants.** Use the table to assist you with this very important aspect of adult learning.

Procedure for Completing Table One

- | | |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Column 1 | Read over the activities for the module. List each activity you decide to include in the first column. |
| Column 2 | List the materials that will be required to complete the activity. |
| Column 3 | List the human resources, if any, required to complete the activity (for example, guest speakers, paper, overhead markers). |
| Column 4 | This column is used for identifying whether or not you feel it is necessary to formally evaluate participant learning of the skills and knowledge of the activity. This column provides a record of the evaluation techniques you use throughout the course. The decision to evaluate should be made when you and the participants think that the learning needs verification beyond that of performing the activity successfully. Include an estimation of the time required to complete the evaluation. |
| Column 5 | Estimate the total amount of time that needs to be set aside for the entire activity including any evaluation component that has been decided on. |

Table 1: Customizing the Courses

Course						
Module #						
Activity	Materials Required	Human Resources Required	Evaluation Method	Total Time	COMMENTS	

Plan of Action Forms

This is a form that has been created to help participants and instructors set out the tasks groups need to accomplish. Responsibilities are assigned and time frames are set. Each member and the instructor must reach agreement on the content of the Plan of Action Form. Consequences are included for responsibilities not met. These forms are a great way of recording and encouraging accountability within a group. As the training session proceeds, groups may become more independent in terms of developing plans of action for their assignments. Instructors should encourage this, but also be available to provide assistance.

PLAN OF ACTION FORM

This plan of action needs to be agreed upon by all team members and the instructor.

Names of Team Members		
Date		
Module and Activity		
List the tasks the team needs to accomplish, decide who is responsible for each task and set a due date for each task.		
Task	Individual(s) Responsible	Due date
Expectations of team members:		
Consequences:		
Signatures of Team Members		
Signature of Facilitator		

6. Guidelines for Adapting Materials to Suit LBS Learners

When participants have a goal of starting their own team business, whoever develops the training plan will have to determine the skill levels the learners need to reach the goal. Presumably, each participant will have completed an assessment to identify the skill levels s/he already has, so the training plan can address the gap — “How does the learner get from here to there?”

Further development of the materials in the package might be required to individualize them for LBS use, setting, learner, teaching style, etc. It is doubtful just one single activity would be used in isolation as there is a sequential nature to the materials; however, for learners who need to develop both skill sets — LBS skills and Entrepreneurship/ CED skills — they provide the opportunity for concurrently learning them.

Attached is an index that gives very general information about each activity (type of activity, such as lecture or small group discussion, and topic), identifies the domains demonstrated (reading, speaking, etc.), and indicates LBS level. This is the level required of the learner to make use of the material in specific modules. A facilitator might have the participant demonstrate that skill level, or increase the level demonstrated by adapting the activity or establishing greater expectations and standards for evaluation.

Like most resources, these cannot simply be used as is; there is some development work required of the LBS facilitator. The development would consist of the following steps.

Decide whether this is to be a learning component or a mastery demonstration component. A complete demonstration consists of two major activities — one for the learner to **learn** the skill(s) in question and another for the learner to **demonstrate** mastery of those skill(s). (Obviously, the learner can't be expected to demonstrate mastery until he has been taught how to do it!). Each of the activities in this package could be either. If the facilitator uses an activity for the learner to practice or develop skills, while providing instruction and support, the activity becomes a **learning** one. On the other hand, if the practitioner has used other materials or methods to teach a participant the skills, and then uses this to demonstrate



mastery, it becomes a **final demonstration**. The development needed will be a little different in each case.

To make something a **Learning** activity, the facilitator will need to review it and adapt it for her/his learner's current skill level and learning style, the practitioner's teaching style, the setting, etc. The materials contain instructions of **what** to do, not **how** to **learn** to do it and that is what must be added. Whether the facilitator uses textbooks, computer assisted instruction, lectures, or whatever method, the materials can be the "to practice" part of the learning process.

To make something a **Final Demonstration Activity**, the facilitator would need to modify the activity so that it can be given to the learner with the expectation s/he will be able to complete it largely independently (though there may be some organizational support needed, such as getting a group of others to role-play his/her audience). The process involves:

1. Downloading the material for modification.
2. Dividing it, adding information as needed, so there are the following sections:
 - a) General overview — a two or three sentence introduction to give the participant the overall idea of what the demonstration will be about.
 - b) Materials — a list of things (books, computer access, forms, or whatever) which he/she will need instructions — a detailed list of instructions for the learner
 - c) Evaluation — a detailed explanation of what and how the learner will be evaluated. This needs to be developed with input from the learner **before** s/he is given the demonstration activity so that the facilitator can add it to the handout. (For help in developing this, s/he can use a resource such as the Assessment Builder section of the Demonstration Builder in the Demonstrations Ontario Web Page <http://demonstrations.alphaplus.ca>)
3. The facilitator must format the handout appropriately, using white space, plain language, and the other things facilitators know for making textual material clearer and more usable.
4. Finally, the facilitator might need to make some changes to the actual activity, adding or deleting instructions to make it match learning or demonstration goals. For example, many activities simply require the learner to create a list for his/her own use when doing a presentation. It could be expanded to have the learner demonstrate a more complete set of writing



skills by having him/her write a paragraph, essay, or report to accompany the presentation. Similarly, other adaptations to change the task, skill, level, etc. could be made.

Important Points

1. **Don't assume LBS level reflects thinking skills.** For example, creating a list might only be LBS level 2 or 3, but the process of developing the **content** of the list might involve much higher thinking skills than those associated with LBS level 2 or 3. This happens frequently in these courses. This cannot be overemphasized. The level of listening or interacting skills for these is frequently level 4 according to the Levels Description Manual. However, the complexity of the subject matter of what is being said or the topic for interaction is well beyond what would normally be associated with LBS level 4, possibly even beyond LBS levels entirely. A practitioner cannot just assume that because the skill level required for listening (or whatever) is LBS 4, any learner with level 4 skills would be able to understand the content.
2. Where the instructions to facilitators are to "present the content", the facilitator decides the best method for presenting the content. It could be presented in lecture format (in which case it would involve listening skills) or it could be presented in handout format (in which case it would involve reading skills). An LBS instructor could use it in either way, but both might not be listed in the index.
3. Some of the activities refer to material that is not contained in the package and therefore, the LBS level will not have been evaluated. For example, the course guide might refer to material to be handed out to be read or a form to be filled out, but neither appear in the document.

For those who know how to adapt, modify, and deliver LBS learning materials and evaluate demonstration of skill mastery but who don't have familiarity with specific Entrepreneurship and CED principles, this will prove an excellent resource.

The following tables, list the activities for each module in the two courses — Introduction to Community Economic Development and Team Entrepreneurship. The LBS levels for each activity are given in the Key below.

LBS Levels for Each Activity - KEY									
Module	Activity No.	General Description — kind of activity and topic	LBS domain (skill) levels						
			A	B	C	D	E	F	G
3	4	lecture, small groups; team buildings	3	4	5	4	3	4	5
A.....Reading			↑						
B.....Writing				↑					
C.....Presenting					↑				
D.....Listening						↑			
E.....Interacting							↑		
F.. Base Number Operations								↑	
G.....Data/Statistics									↑

Table 2: Community Economic Development Course

Module	Activity No.	General Description kind of activity topic of activity	Reading	Writing	Presenting	Listening	Base Number Operations	Reading	Data/Statistics
			A	B	C	D	E	F	G
1	1	small groups, report; community challenges		3	4		4		
	2	lecture, small groups; case study of community economic problem	5			4	4		
	3	small groups; applying CED principles		3	4		4		
1	4	group evaluation of module				4	4		
2	1	individual, large and small groups, lecture, report; mobilizing community groups			4	4	4		
	2	lecture, large groups; creating a strategic plan				4	4		
	3	lecture, small groups, visits; looking at entrepreneurial programs				4			
	4	lecture, large groups; loan and investment funds				4	4		
	5	large and small groups; training and employability initiatives	4		4		4		4
	6	group evaluation of module				4	4		
3	1	lecture, large group; human resources capacity	4				4		
	2	individual, large groups; organizational capacity			4		4		
	3	large groups; natural and community resources	3	3			4		
	4	large groups (game); technological resources				4	4		
3	5	individual, large groups (role playing); capital resources	3			4	4		
	6	lecture, large and small groups; community challenges and opportunities	4			4	4		
	7	group evaluation of module				4	4		

Table 2: Community Economic Development Course

Module	Activity No.	General Description kind of activity topic of activity	Reading	Writing	Presenting	Listening	Base Number Operations	Reading	Data/Statistics
			A	B	C	D	E	F	G
4	1	lecture; local control/involvement in community economic development			4				
	2	lecture, large groups, interviews, reports; local enterprises			4	4	4		
	3	group evaluation of module				4	4		
5	1	lecture, large groups; role of governments in CED				4	4		
	2	lecture, large and small groups; government structures			4	4	4		
	3	lecture, large groups; getting government support				4	4		
	4	lecture, large and small groups; writing a proposal	5	4	4	4	4		
	5	group evaluation of module				4	4		

LBS Levels for Each Activity - KEY

Module	Activity No.	General Description — kind of activity and topic	LBS domain (skill) levels						
			A	B	C	D	E	F	G
3	4	lecture, small groups; team buildings	3	4	5	4	3	4	5

A.....	Reading	↑
B.....	Writing	↑
C.....	Presenting	↑
D.....	Listening	↑
E.....	Interacting	↑
F..	Base Number Operations	↑
G.....	Data/Statistics	↑

Table 3: Team Entrepreneurship Course

Module	Activity No.	General Description kind of activity topic of activity	Reading	Writing	Presenting	Listening	Base Number Operations	Reading	Data/Statistics
			A	B	C	D	E	F	G
1	1	small groups, report; intro. to terminology		4	3	3			
	2	small and large groups; specific terms	4			3	3		
	3	lecture, large group; local and national trends	4		3	3	3		4
	4	group evaluation of module				4	4		
2	1	small and large groups, reports; types of business structures		3	4	4	4		
2	2	lecture, small and large groups; team enterprise				4	4		
	3	lecture, small groups; benefits of team enterprise		3	4	4	4		
	4	small groups, report; characteristics of successful alliances			4	4	4		
	5	lecture, small groups; incorporation				4	4		
	6	lecture, large groups; governance				4	4		
	7	group evaluation of module				4	4		
3	1	small groups, report; intro. to business plan development			4	4	4		
	2	small groups, report; examines examples of business plan documents				4	4		
	3	small groups, report; investigates risk				4	4		4
	4	small groups, report; types of businesses			3	4	4		
	5	small groups, report; brainstorming business ideas		3		4	4		
	6	small groups; research into business ideas; develop plan of action form	3	3		4	4		

Table 3: Team Entrepreneurship Course

Module	Activity No.	General Description kind of activity topic of activity	<div> Reading Writing Presenting Listening Base Number Operations Reading Data/Statistics </div>						
			A	B	C	D	E	F	G
3	7	large and small groups;		3		4	4		
	8	small groups and individual work; identifying skills of team members		3	3	4	4		
	9	large groups; mid-module evaluation				4	4		
	10	lecture, large and small groups; intro. to feasibility analysis				4	4		
	11	lecture, mall groups; drafting a business plan		3	4	4	4		
	12	large group evaluates entire module				4	4		
4	1	large or small groups, report; intro. to customer service				4	4		
	2	lecture, demonstration, large group, individual work, report;				4	4		
	3	individual, large group discussion; sales and marketing roles		2		4			
	4	lecture, large group; sales budgets				4	4		
	5	demonstration, small groups; evaluating marketing results					4		
	6	lecture, small groups, report; evaluating marketing strategy				4	4		
4	7	group evaluation of module				4	4		
5	1	small groups; record-keeping			4	4	4		
	2	lecture, small groups; managing cash flow			4	4	4		
	3	Lecture			4				
	4	demonstration, small groups; assessing computer resources				4	4		
	5	lecture, small groups, report; dealing with a critical incident			4	4	4		
	6	group evaluation of module				4	4		

7. Instructional Methods

This list contains a brief description of several methods that could be used for presenting content from the package. The methods listed provide a variety of ways to generate discussion and participation. You need to match methods with factors such as LBS levels of participants, time of day, classroom setting, teaching style, amount of time available, desired outcome of the activity. The following descriptions are adapted from Peter Renner's book entitled 'The Instructor's Survival Kit: A Handbook for Teachers of Adults'.

1. Buzz Groups

Break into small groups; discuss a question; report back after a few minutes, using a recorder and a reporter. Good for a quick assessment of an issue.

2. Lecture

Reading to participants of a number of main points, with illustrations as necessary. Used mainly for giving information not available elsewhere. Good for introducing a subject.

3. Circle Response

Participants in a circle get to respond without interruption to an idea or issue. Ideal for twenty participants or less.

4. Brainstorming

Subgroups are given the same problem. Designate recorders and reporters in each group. Reporter reports to group. Results collated on flip charts or blackboards.

5. Speedy Memo

Give an issue or topic. Each participant writes down a very short response. Collect all sheets and read them aloud. Discuss.

6. Class Discussion

Set a topic; provide starter questions; ensure even participation; avoid domination by individuals or opting out by others.

7. Critical Incident

Describe an incident presenting a problem. Go around the group for ideas to deal with the incident. Make notes on flip chart. Use role-plays if appropriate. Try to find a solution.

8. Structured Role-Play

Provide a good topic or problem for the role-play. Assign roles, draw lots or ask for volunteers. Then set the scene; role-play; debrief.

9. Unstructured Role-Play

As in structured role-play, but no formal roles or issues are set. Used to share personal styles and to try out unfamiliar behaviours.

10. Assigned Reading and Research

Define an area for reading. Provide questions or points to guide participants' reading. Set firm completion dates. Use buzz groups. Do a final report as a presentation to the group. Ask for critical comments about the reading.

11. Panel Debate

Set up tables for some participants to form a panel. Assign participants to panel roles. The rest become the audience. Help panelists review the information so they can become a panel of experts. Moderate the panel's comments. Draw questions from the floor.

12. Field Trip

Make arrangements to visit a site related to the topic of instruction. Take into account the logistics, such as time for travel, food, cost, etc. Have a meeting about the proposed trip before the visit. Give participants points around which to make field notes. Upon return, discuss the experience.

13. Field Project

Discuss general guidelines for essential part of the project. Assist participants to find resources and places to work on the project. Have participants do presentations on their projects. Evaluate the project.

14. Participant Journals

Introduce the idea of and reasons for keeping a diary or journal. Be clear about what you would like participants to reflect on, how often to make entries, etc. Discuss who would eventually see the contents. Give examples of journal entries. Have participants share content, if only with the instructor.

8. Team Building

Purpose

The ability to work well together is an essential criteria of effective team businesses. There are three main purposes to the team-building aspect of this package.

- ▶ To provide participants with some basic theory on group dynamics and team-building.
- ▶ To provide activities that encourage participants to reflect on their current team skills and attributes — both strengths and weaknesses — in order to help them identify what they want to develop.
- ▶ To give participants the opportunity to apply the team-building skills and knowledge within the 'classroom' in order to create as effective and comfortable an environment as possible for learning.



It is critical that the team-building components be as active as possible. Participants can easily apply the team skills and knowledge being learned to the businesses they are developing. This will allow for individual as well as team growth. The team-building activities included in the package will help to instill a spirit of team-oriented entrepreneurship where participants are motivated to accept responsibility for, and ownership of the success or failure of their venture.

A major element of the team-building portion is that it encourages collaboration. Participants take an active team approach to both the learning process as well as the development of their own ventures. A team enterprise requires a group of people who take ownership of the successes and

failures that occur. Commitment is the foundation of an effective group or team. If a group's members lack commitment, then the group lacks the strength it needs to survive. The team-building activities encourage a commitment to learning and ultimately to the team enterprise.

Setting Group Guidelines and Goals

Clear, co-operative team goals can help build team commitment and motivation. Always provide a clear outline of what needs to be done during the instructional time. Help participants to set the roles and responsibilities for tasks that need to be accomplished within their groups. Take time throughout the training to allow the whole group to set classroom and personal goals. Set times to monitor progress towards goals and make changes if necessary.

Suggestions for Activities



Activity ①

Set Training Expectations

- ▶ Have each participant create two or three things that they expect to learn from the training.
- ▶ Ask participants to share one item from their list with the rest of the group. Record the items on flip chart and post around the room.
- ▶ Refer back to these lists regularly to see whether expectations are being met. This could be accomplished through a group discussion, or by asking participants to write down their opinions.



Activity ②

Set Training Guidelines

All participants spend time working together to create guidelines, rights/responsibilities and goals to ensure that training expectations are met. This allows participants to be actively involved in planning their learning process. It also begins to build relationships.

- ▶ Randomly divide the participants into groups of two, three, or four.
- ▶ Have each group create a list of the rights/responsibilities they and the instructor need for the training. For each right they must try and think of an accompanying responsibility.

For example, if the right is “to be treated with respect”, then the responsibility might be “to treat others with respect”.

- Each group reports back and a list of rights/responsibilities is created.



- Explain the concept of goal setting. Choose a formula for writing goals from the abundance of research and literature on this topic. Check out the following websites:

www.mindtools.com/pggoaldef.html

<http://scs.aed.org/rsw/activity.html>

www.topachievement.com/goalsetting.html

Select a couple of the rights/responsibilities from the group's list and show how to write them out as goal statements.

- Have each group write out goal statements for a few of the rights/responsibilities.
- Explain the concept of action steps as things the groups need to do to achieve their list of goals. Using one of the goal statements, work with the class to create action steps that outline in a specific and measurable way, how the goal can be reached.
- Ask each group to record out at least two actions steps for each of their goal statements on flip chart paper.
- Post the flip charts around the room and have each group explain its goal statements and accompanying action steps. Encourage discussion and editing of actions steps so they become as specific and measurable as possible.



Activity ③

Evaluation of Goals and Action Steps

An important aspect of setting goals is to periodically evaluate progress. An entire goal or some of its action steps may need some adjustments to be made along the way.

- Hold a large group brainstorming session to come up with as many ways to evaluate progress as possible. Record the ideas on flip chart paper.
- From the list of ideas, decide on a few.
- Outline and record specific details that would be required for each method of evaluation chosen.
- Set the first date for the whole group to evaluate the training goals and their action steps. This evaluation could be done in a relaxed coffee and donuts atmosphere or at a pot luck lunch.



Activity ④

Venture Group Goals — Team Entrepreneurship Course Only

Have each venture group brainstorm, discuss, and set three goals and appropriate action steps for its business development process. Provide ample time for this activity and circulate among groups to provide assistance. Provide each group with a Business Development Folder. A copy of the venture team's list of goals is placed in the folder. Set specific times for ongoing evaluation of the training session goals.

Team-Building Topics

The following is a list of some topics essential to team-building. Ample literature and research is available on each topic. The topics can be scheduled throughout the course in a fixed manner, or they can be inserted when needed. For example, a group may be experiencing difficulty with making decisions and so you could take some time to introduce some decision-making information. Look for assessment tools for the participants to complete so that they can learn more about their personal strengths and weaknesses in terms of team-building. Most importantly, make the segments on team-building practical and light-hearted. Show and discuss the importance of effective group skills. Allow ample time for groups to discuss and reflect on the topics or write entries in their journals.



1. Past Experience with Groups

You might ask participants to think of positive and negative examples they have had while working in groups. Participants could write out specific scenarios, what happened, what seemed to work, what didn't work and why. The scenarios could then be handed in anonymously and discussed by the whole group throughout the training. Discussions could be done on a random basis, or they can be linked to the team-building topic or to any current situations that arise within the group.

2. Celebrating Relationships

Other people play a big role in helping motivate us to reach our goals. It is often the relationships we have with team members that give meaning to our work. Healthy relationships can be the key to resolving problems. Any team venture needs to include time to build relationships. It is always better to have some relationship building before conflicts arise. It serves to increase the level of co-operation and trust. Time and effort is needed for team members to

give support and develop acceptance, openness and sharing.

Near the beginning of the course, the instructor can lead a discussion around this very important aspect of team-building. The topic lends itself quite well to a format that encourages discussion by the whole group. Participants can brainstorm ideas for how to spend time getting to know one another, and having some fun. It might take the form of having coffee and donuts at a certain time each week, or it might involve having groups plan a social event. Another effective way to encourage trust and foster relationships is to assign groups to run an icebreaker at the beginning of a class. Various team-building topics could be randomly assigned to groups and they would then be responsible for presenting a warm-up activity relevant to their topic.



Check out the following website for examples.
www.eslflow.com/ICEBREAKERSreal.html

3. Holding Meetings

Participants need to learn how to organize meetings so that they are both effective and enjoyable. Meetings provide a forum for making decisions, planning events, solving problems and creating a sense of commitment, motivation and community. Work with your group to decide how, when and why meetings need to occur with the classroom setting. You can also try out various methods for conducting meetings — from informal to formal. Allow participants time to reflect on their feelings about meetings. Team Entrepreneurship participants can incorporate well-planned and organized meetings within their venture team.

4. Communicating in Groups

Participants will learn to become more sensitive to their interpersonal communication patterns and also learn more effective interpersonal communication techniques. Communication (both verbal and non-verbal) can be broken down into sending and receiving messages. Good communication allows team members to let others know when they are irritated, as well as when they approve of something. Effective communication is the foundation for a team's problem solving, decision-making and conflict management.



5. Problem-solving

Every team will have its share of problems — perhaps on a daily basis. Focus on providing participants with steps for improving group problem-solving. Establish a variety of processes for solving problems. This will not only increase a group's productivity, but also improve satisfaction with and commitment to the team. Participants will discover that problems don't have to feel overwhelming but that they can, in fact, often lead to healthy change. This component lends itself very well to reflection and journal entries.

6. Making Decisions

There are many effective decision-making models. Decisions can often be made more effectively when groups rather than individuals are responsible for them. When a team is faced with making a decision — whether routine or critical, the strengths of all team members need to be considered in order to make the most effective decision. There are many decision-making alternatives. The best decision-making method depends on the available time, the nature of the decision, and, perhaps, the history of the group. There may be people in a team considered experts in certain areas, so they may be entrusted with certain types of decisions. Decisions may require a majority vote. Consensus is another method — one that requires sufficient time. The various decision-making methods have pros and cons. Learning about and practicing each type helps to provide the venture team with options.

7. Managing Conflict

Just as problems are inevitable in a team, so is conflict. People have different needs, values and goals. Conflict doesn't have to be viewed negatively. Venture teams need to learn to manage conflict in a constructive manner. In fact, avoiding conflict can have disastrous results within a team. Decisions might be made or information accepted without appropriate thought. The participants need to be able to experience a variety of strategies for handling conflict within their groups, and perhaps more importantly, analyze the strategies each team member tends to use and how other team members tend to react.

8. Analyzing Leadership

Leadership is very much dependent on the situation. Participants need to become aware of their own leadership strengths and the venture group needs to recognize each person's unique leadership skills and how best to use them.

Suggested Methods for Learning Team-Building Topics

Team-building topics could be chosen by the participants, with help from the facilitator. Three possible ways of accomplishing this are outlined below.

- | | |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Method 1 | Divide the team-building topics among the groups. Each group then researches its topic and presents its findings. |
| Method 2 | This method can be used if there is only one venture group or if the instructor thinks this method suits the group better. Divide the team-building topics among the participants. Each member will research and present his/her findings to his/her group. |
| Method 3 | Facilitator takes full responsibility for presenting team-building information at appropriate times. |

Suggested Guidelines for Presenting Team-Building Information by Participants

Participants will work closely with the facilitator who will assist with the research and approve the information for presentation.

Participants will:

- ▶ find an inventory or questionnaire that is used to assess the skill level of individuals
- ▶ find and present key information found on the team-building topic
- ▶ distribute a handout summarizing the information and providing a list of resources on the subject
- ▶ provide a warm-up activity or ice-breaker to get the group thinking about the topic. This may be omitted if time is limited; however, these are often received well and can increase the energy level and the level of trust of the group. They need to be a non-threatening way to involve participants in thinking about the topic at hand.
- ▶ develop an activity designed to apply the concepts of the team-building topic
- ▶ develop a couple of questions about the concepts for classmates to reflect on in their journals

9. Glossary of Terms

Have participants keep an ongoing dictionary of CED terms.

Definitions of many common CED terms have been provided. It is important that participants gain an increased understanding of the terms and how they relate to CED. Definitions need to be developed by participants using language and examples that are readily understood.

Advertising

The concerted effort to get your product or service more widely known. This often involves the purchase of space in publications or air time on broadcast media.

Agent

The active unit, the key actor or body in a given situation. The agent can be a person, a group of people or an institution, depending on what level decisions and actions take place. In a co-op, the individual members are the agents; in a world war, nations states are the agents.

Assets

The “hard” or physical components of a business, such as equipment, real-estate and cash on hand.

Board of Governors

A volunteer body drawn together to make executive decisions regarding the direction and management of an incorporated enterprise or organization.

Branch Plants

Industrial locations in a community or region other than the home region of that company. These are set up to take advantage of the particular conditions in those regions (e.g. cheaper labour, proximity to markets.)

Business Alliances

Occasions where two or more businesses participate in the same activity for mutual benefit.

Business Plan

A comprehensive document outlining all of the important aspects of a proposed business. This is generally used to “make the case” for people to invest in the business.

Capacity

The ability of a person or group to accomplish and sustain a given goal or activity. It can include physical, human, financial or organizational resources.

Capital Intensive

Economic activities that require large amounts of money to engage in and comparatively few people (e.g. investment banking, agro-industrial grain farming).

Centre	One part of the split that tends to happen between regions in terms of development. The centre, in contrast to the hinterland, is often the region with the greater level of development, which draws resources from the hinterland, produces products from those resources and sells them back to the hinterland. The more profitable activities take place in the centre and the less profitable ones are left to the hinterlands, reinforcing the inequality. This split happens globally, between “First World” and “Third World” nations; nationally, between have and have not regions; and within communities between different parts of a region. The centre is often referred to as the heartland.
Chamber of Commerce	Generally, a not-for-profit organization designed to facilitate communication and interaction among business people within a community.
Collateral	Hard assets or belongings that could be used to secure a loan from a bank or a lending institution. A collateral item is something of approximate value of the loan that would be collected should the debtor fail to make payments on the loan
Commodity	Goods, services, materials and products that can be given a value and traded, bought and sold.
Community	<p>“A body of people living near one another and in social relationship; a body of people with a faith, profession or way of life in common; common ownership of goods; a community of interest.” (Webster)</p> <p>A valuable intangible or incalculable presence, providing “greater security and the reduction of uncertainty.... Reducing information costs and transaction costs ... [providing] security, stable expectations, trust familiarity, of surrounding, etc” (Polèse 101).</p>
Community Consultation	The organized process of addressing a broad spectrum of a community regarding a specific topic in order to get direction and input on that topic.
Community Development	The building of the capacity of a community to meet the physical, social and spiritual needs of the members individually and as a group.
Community Development Corporation (CDC)	A community-based agency dedicated to implementing CED activities.” They operate in areas where the existing economy is inadequate to meet the employment needs of the community.”

Community Economic Development (CED)	A philosophy as well as a strategy concerning the preservation and improvement of quality of life within a community, through economic planning and broad-based participation. It “involves local, geographically defined communities taking control of their own development.” (Quarter, p. 98). “Combining social and economic elements... an alternative to single focus models of intervention for addressing poverty and powerlessness in communities that are socially and economically underdeveloped” (Nutter and McKnight 92).
Community Enterprise	An enterprise that is established primarily for a community's benefit. Revenue or profit is a secondary goal.
Comparative Advantage	The perceived advantage that one region has over others in terms of a certain economic activity. For example, areas where logging takes place have a comparative advantage in terms of the milling of paper because of cheaper shipping costs.
Competition	The existence of other groups or individuals who strive to secure the same share of the market as you.
Constituent	A member of a group who is represented by some official or service provider. Ideally, the representative is selected by members of the group.
Core Values	The ideas and things that are most important to an individual or group, that guide their actions and decisions. For example, equality and freedom are core values in many communities; in other communities, it might be prosperity and good quality of life for as many people as possible.
Customer Service	The ability and thoroughness with which a service provider meets the needs and desires of a customer. This is primarily an attitude of responsibility and integrity, taking pride in the work you do.
Delivery	The way in which a program or service is carried.
Demographics	The trends in characteristics of a given group, including age, income, and spending habits.
Development	A measurable change for the better across a period of time.
Diversity	The existence of many different forms of economic activity (for example, manufacturing, retail, service, tourism, culture) within

	a given community, ensuring the ability of that community to adjust to changes or downturns in any particular sector.
Downsizing	The act of reducing the cost of operating a business by reducing (laying off) a number of people employed by it.
Economy	“Part of a system that deals with man’s material needs; a system of producing and distributing the material needs of society”. (Merriam-Webster 93)
Economic Development	The increase in prosperity within the community and the ability to sustain that prosperity.
Efficiency	The quality of practice where objectives are met with as little input or waste as possible. In economic terms, efficiency involves producing the same product at the lowest possible cost. As the costs of an activity are lowered, the profits from that activity are increased.
Employment	The percentage of people who are able and willing to work who currently have jobs. (Unemployment refers to the above who don’t have jobs. Underemployment refers to people who often have jobs but they are not steady, reliable or high paying enough to support them.
Entrepreneurship	The process of venturing into business. Investment and assuming responsibility for the success or failure of the business are components of entrepreneurship.
Equity	Part ownership of a business through investing in its operations.
Field	The scope or subject area that a given ministry or organization operates in.
Financing	The provision of money so a business can build its capacity to produce and sell its goods or services.
Globalization	The transformation of the nature of an activity from a regional to a global scale. For example, in agriculture farmers used to produce their goods for people in their region or nearby cities. Now most agricultural products are grown for the global market, shipped around the world, and influenced by global prices and international trade agreements. Due to globalization, the effects of decisions, actions, and events are felt around the world as economies become more and more interconnected.

Governance	The way in which decisions for a business or organization are made.
Government Programs	What the government provides in return for the taxes paid by its citizens.
Grassroots	Activities or movements that often come from a local non-institutional gathering of people. These contrast with more formal levels of organization, like government or big business.
Gross National Product (GNP)	The entire volume of trade (sales of goods and services) that occurs within a nation's economy.
Growth	The increase or expansion of the volume of activity of a business or sector. Investors essentially bet on growth by buying shares in a company expecting it to grow and their share of it to grow as well. Note: Growth does not necessarily mean an increase in profit.
Growth Opportunities	Occasions where the demand for a given service is greater than its current supply or where that demand can be encouraged. Opportunities can also be found in new areas, sometimes creating a need or demand for an entirely new product.
Hinterland	The less developed region in a centre-hinterland split. See "Centre".
Human Resources	The available staff of a business or organization and their collective skills and abilities.
Import, Export	The movement of goods into or out of a geographic region.
Import Substitution	A policy of reducing the number of goods or services purchased from outside the community to avoid the outward flow of money.
Indicators	A system or scale by which to measure success, failure, progress or stagnation. One looks to indicators to make a judgment about the whole. Economic indicators can be volume of trade, average income, Gross National Product, etc. CED indicators include quality of life, sustainability, environmental health, etc.
Infrastructure	The structures that are in place to support communities and economic activities within the communities, such as roads, public utilities, schools, social services.

Information-based Economy	A move away from an economy based on the manufacture of goods to one where the generation and ownership of information, knowledge and ideas are the most important activities.
Intervention/Interference	The act of a body of people, often government, who set out to sway economic activity through policies of encouragement or discouragement. Examples include trade tariffs that create an advantage for domestic producers, marketing boards that co-ordinate price and distribution of a product or high taxes on or laws against dangerous products like tobacco. Some also believe that government support for the arts, for medical care and education constitutes unfair interference.
Investment	The contributing of money or other resources required to operate a business in order to share in its future growth and profit.
The Invisible Hand	The belief that the market, when left unimpeded, will guide society to what it really needs. If everyone involved is free to pursue his/her own interests, the results will be a general increase in efficiency and prosperity.
Job Security	Holding a job you expect to hold indefinitely. A more recent meaning of job security refers to a confidence that you will always be able to find decent work, that your skills are marketable and that you have control over you employment situation.
Labour Intensive	Economic activities that are limited in the amount they can automate and require the participation of many people (for example, fruit picking, education.)
Laissez-faire	Its literal meaning is "leave it be". It describes an ideal of non-interference of government in the economy, based on the belief that regulation of the economy will upset the delicate balance of market forces.
Mainstream	The most common and accepted way of thinking or acting. In economic terms, the mainstream favours a free market where people can buy, sell and trade with as little restriction as possible.
Mandate	The goals or mission of an organization, what it hopes to achieve through all its activities.

Manufacturing	The act of physically producing goods (for example, cars, steel, clothing). The manufacturing sector used to be considered the heart of an economy.
The Market	The formal and informal structures of trade. Often the market seems to have rules, tendencies and patterns by which people operate.
Ownership	In addition to meaning the owning of property, ownership is a feeling that people have when they control or share in control of a business or activity. It is also the belief that one shares in the success or failure of the activity.
Participation	“To be active or have a share in some activity, enterprise, etc.” (Webster’s). In a CED context, participation refers to a broad range of people who take part in planning and decision-making for the social and economic improvement of their community.
Policy	“A selected, planned line of conduct in the light of which decisions are made and co-ordination achieved.” (Webster’s)
Pro-active	Identification of an opportunity and acting upon it rather than simply responding to external events.
Profit	The monies remaining or surplus gained by a seller after a trade is completed. When a person sells a product for more money than they put in to produce it, the difference is the profit. Profit is the reward a producer or seller gains by venturing into the activity in the first place.
Quality of Life	A measurement of the conditions under which a community lives. This can be determined by assessing a particular group of “hard” factors such as life expectancy, literacy levels, average income, as well as “soft” factors such as sense of belonging, job security, meaningful work, control over one’s life.
Reinvestment	The redirection of the profit of the business back into that business in order to help it grow and expand.
Resources	The building blocks of economic activity; the money, materials, time, skill and effort required to produce a product or service.
Social	The realm of issues concerning the well-being and quality of life of the community at large and the individuals in it. Different belief systems will lead people to include different things in the

	category of social issues (For example, violence against women, sex education, abortion, minimum wage, dignity)
School of Thought	A group of people who share a similar perspective in a given subject area. They share similar views, beliefs and values.
Self Interest	A way an individual acts and thinks that focuses directly on benefiting only that individual.
Smokestack Chasing	A traditional approach to regional economic development where large manufacturing companies are given incentives to locate within a region, assuming that the companies will provide jobs and prosperity to the community.
Social/Environmental Standards and Laws	Regulations set out by governments and other bodies to maintain a certain level of conduct on the part of businesses and other groups in relation to the community and the environment. Social regulations include minimum wage laws, labour laws. Environmental standards limit the amount of pollutants a company can produce, the amount of natural resources they can extract and the proper means of that extraction.
Standard of Living	This is much like the quality of life. The level of goods and services, pay and privileges that the members of a community are accustomed to receiving.
Supply and Demand	Supply refers to the availability of a given product or service, demand refers to the number of consumers wanting to purchase these products. The balance between supply of a product and the demand for it helps to establish its value.
Transfer Payments	Payments of money made from a central government to regional levels of government or to individuals. In Canada, for example, monies for health are transferred from the federal to the provincial government, employment insurance payments from the federal government to individuals.

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BUILDING *Dreams* with TEAMS



Introduction to Community Economic Development

1

MODULE

1

Introduction

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PART A: Content



1. Definition of Community Economic Development

Community Economic Development (CED) is exactly what it sounds like, the development of a community's economy. Nothing, however, is that simple. Here is another definition. CED involves:



“communities taking control of their future. It is a process that develops economic sustainability by involving people in making decisions about their communities.” www.communitywise.wa.gov.au/

What is certain is that CED is many things. CED is ways of doing things as well as a set of values. It's a way of looking at the world as well as a strategy for changing it. It is a set of goals and some practical ways of reaching them. It is important to keep in mind that the term CED is a relatively young and flexible one and it can be interpreted differently in different communities.

This module, Introduction to CED, will describe the challenges we face as individuals and communities. We will look briefly at our current economic system and how it creates these challenges, as well as how people have tried to solve them in the past. Finally, we will look at how CED differs from traditional or mainstream beliefs and ways of trying to improve our lives. Hopefully by the end of this module you will understand where CED comes from, what it is trying to respond to and some of its core values. In later modules we explore CED in action, the nuts and bolts of CED work.

2. Global Trends

Change In Our Lives

It seems that for most of us, change is becoming the only thing we can count on. We are facing rapid changes in our standard of living, in the type of work we do, in what it means to have a job, even in how we identify ourselves. Manufacturing seems to be dropping off as the important part of our economy. New technologies result in workers losing their jobs much faster than our system can find new places for them. Social services and the

role of government are diminishing as taxes continue to rise (Lockheart 117-9). Well paying and meaningful jobs have become scarce. Some people find they work too much and other people can't seem to find any work at all. Most of the changes we face seem to threaten our standard of living and our quality of life. At the same time, the institutions and people making these changes, seem to get further away from us both economically and geographically. Our ability to influence our lives seems to be disappearing altogether.

The Challenges We Face

The patterns of change in our lives today cause significant challenges for us. There used to be patterns that we could see and therefore predict the changes that would take place. We could prepare for the changes. These patterns are now breaking down, leaving us at a loss to prepare for the future. For instance, in the twentieth century, as technologies improve, and less work is required to produce the necessities of life. We might expect that the workday would get shorter. In reality we have seen the opposite. Now those who work are working longer and longer hours.

As new technologies are developed, they result in drastic and unforeseen change. For example, when the personal computer was introduced into the workplace, we didn't predict that it would wipe out an entire profession, namely stenographers.

... we are constantly faced with the fact that economies can continue to grow and there still is a growing unemployed population.

By following the idea of patterns, if there was a strong economy within a country we would expect that unemployment would go down. However, we are constantly faced with the fact that economies can continue to grow and there still is a growing unemployed population. The logic we used to count on seems to be failing us more and more.

The pace of change we are facing today is so fast that it creates its own challenges. We are in increasing danger of getting bowled over by change, or worse — left behind. Just think for a moment how rapidly and drastically the global political map changed between 1989 and 1994 with the fall of the Soviet Union. Every time leaders tried to adjust to the new situation, the borders would change and new countries would form or dissolve. The human suffering that has followed has been enormous.

Another clear example of such rapid change is how dependent most workplaces are on computers and the Internet, both of which were largely unheard of ten years ago. Now, business grinds to a halt when the computers are down. It is also clear that if you do not have a level of computer skills and cannot continually improve those skills, your chances of finding work are slim.

The computer industry itself is probably the best example of the rapid pace of change. It takes a maximum of three years before a computer is considered hopelessly out of date. There is now a value placed on change for change's sake, and even if the product or system was at its best three years ago, there is a constant drive to change it to give the appearance of "new and improved".

Forced with all of this rapid and unpredictable change, our lives are full of uncertainty and instability.

Forced with all of this rapid and unpredictable change, our lives are full of uncertainty and instability. We are told to expect at least five major career changes over the course of our lives. More and more people hold temporary or contract positions. Investors change strategies by the minute and can dump millions of dollars into a country in the morning and then pull it out again in the afternoon. To survive this, we tend to accept the uncertainty, to call it normal and just try to get by. We ignore the negative impact this has on our quality of life and our well-being.

3. Mainstream Economic Thinking

When we say the word economy we tend to think of some sort of system that runs independently, that exists without us and has set rules that we must follow. It is easy to forget that we create our economy and that we can choose what form it takes. It is easy to assume that it is bigger than any of us, that it has a true nature and that we must abide by this nature. This assumption is what is behind what we will refer to as "mainstream economic thinking." In this section, we will look at some of the values and beliefs behind mainstream economic thinking and how it seems to have worked out in practice. In this way, we may understand more clearly how some of the challenges we face have come to be and the way that Community Economic Development differs from mainstream economic thinking.

Core Values and Assumptions of Mainstream Economic Thinking

The market — supply and demand. Mainstream economic development thinking sees the market as the key agent in an economy. Although the market once was a physical place where vendors gathered to sell goods, the term now refers to any way in which people buy and sell things, whether it is in the stock market, over the Internet, at a strip-mall or a giant box-store. The market is believed to be the space or time where all-important human activity begins and ends.

The market is also used to describe the perceived forces behind the supply of and demand for products. This is based on the belief that if something is valuable, people will want to buy it. If nobody wants to buy the product, it must have little value. When there is a great demand for a product and a limited supply, the value of that product goes up. When there is a great supply but not so much demand, the value goes down.

There are many products that have a high market value yet serve humans very little. Take tobacco for instance. It is clearly harmful to individuals and costly to society. Yet it is given a huge value in the market because people continue to buy it.

On the other hand, we would think that investing in research to cure a rare childhood disease would have a high human value, but because it is rare, there is little demand for it so the market gives it a low value.

International peace agencies and environmental groups are other examples. Both of these offer little in the way of a product that is in demand, therefore the market gives them little value. These examples should make us wonder if indeed the market is the best way of assessing the “true value” of human activity.

The invisible hand. Producers make decisions that will result in higher profits. This is normally achieved through cheaper materials, cheaper labour, increased efficiency, and higher sales. The consumer, in turn, will make decisions that make most sense for them, namely, which product best fulfills their needs at the lowest price. Self-interest here is supposed to result in the most logical economic decisions. As a result, the economy will be continually improving in efficiency, profit, value and savings, the benefits of which will be felt by everyone. Development will come to communities as the overall economy grows and its benefits spread. When all of this is said to be operating smoothly, with no interference from government and little or no restriction on people's property or gain, then the economy is thought to be guided by an “invisible hand.”

When a company outgrows the local demand for their product, they must search out or create new markets. In this mainstream approach, the local communities in which we each live become irrelevant and even an obstacle to trade and growth.

A free market. Important to this type of thinking is the idea that any interference by government in the operating of the market will ultimately “mess-up” its functioning and bring ruin to everyone. A free market is one where people are left to make the soundest decisions for their own needs. Products and services that have a high value will grow and those that do not will simply fade away. According to mainstream thinking, if a government steps in to try to influence the value of something, by investing in it, protecting it with trade barriers, or offering incentives to produce it, it will be false, unhealthy and unfair.

A clear example of government interference is the Canadian Content regulations in Canadian broadcasting laws. These laws state that a certain percentage of everything broadcast in Canada (TV, shows, music on the radio) must be created in Canada. People who believe in a free market think that this is a bad decision for three reasons:

1. The (Canadian) products will be of lower quality because they don't depend on a popular demand for them. The demand is created by law and is therefore artificial. If a product is actually valuable, there will be a market for it. Competition results in improved products.
2. The law gives an unfair advantage to Canadian producers at the cost of people who don't qualify as Canadian.
3. The laws interfere with the ability of the public to make the choices that are right for them.

Success is in the numbers. All things in mainstream thinking become a product. If something cannot be bought or sold, it has no value. A society is successful when there is a high volume of trade (things bought and sold) and when people are free to make the highest profit possible.

4. The Mainstream in Practice — A Critique

Globalization

When you put the above mainstream values together with modern technology you end up with a market driven economy. Over time, this has resulted in the globalization we have today. For centuries people used the members of their community to meet their basic needs of food, shelter, clothing, entertainment, education, and employment, etc. It is only in the modern era,

(the last 100 years or so) that people started trading on such a large scale with those beyond the walls of their towns, villages or cities. Now, when people talk about economics, the words global market and globalization are almost all that we hear. As production technology, mass marketing, communications and transportation systems improve, business no longer is driven by meeting our needs, rather, it is about sustaining growth. When a company outgrows the local demand for their product, they must search out or create new markets. In this mainstream approach, the local communities in which we each live become irrelevant and even an obstacle to trade and growth. This belief has many dangers for communities and the people who live in them.

“Haves” and “Have Nots”

One of the main problems of the free-market system is that it divides people into two groups. Some refer to these groups as the “haves” and “have-nots”. Others talk in terms of upper and lower class, owners and workers, or when we talk in terms of communities — center and hinterland communities. Because this program focuses on Community Economic Development, we will look at this split at the community level.

What usually happens is that some communities across a country or around the world, become “have not” communities.

What usually happens is that some communities across a country or around the world, become “have not” communities. These are usually one-industry hinterlands such as mining or lumber towns in Canada. The main economic activity is to produce simple goods to send to a more developed center for processing. Infrastructure (roads, services, housing, schools, etc.) is set up to serve that one primary industry. There is usually a lot of money to be earned in this type of industry in the short-term, but no sustainability. The town will flourish so long as its main product is valuable on the market. However, little is invested in the community in case that value drops. People import most of what they need, often shopping at a large discount store instead of supporting a local business. When the demand for their one product goes down or the price drops, these communities have little to fall back on. This community itself, then, has little value and should just fade away. But what about the people in this community?

Because there are normally few locally owned businesses and economic activities in hinterland communities, almost all of the money earned there follows the same path as their resources — back to the more developed center. For example, a miner may get paid a decent wage to take the minerals from the ground.

The miner then spends the money earned on food sent in from a central food distributor, buys a truck from a company located in the center, gets a mortgage for a house and pays the interest back to a bank headquartered in the center, deposits a pay-check in that same bank and finally, invests in a central pension plan and buys mutual funds, none of which are located or re-invested in the local community. Virtually all of the benefits of work, the profits, leave the local community one way or another never to return. Chances are good that children from the local community will stay in the center where the higher paying, white-collar jobs are located. Everything flows one-way until the hinterland community is drained dry.

The same thing happens internationally where there is often a one-way flow from under-developed, resource-based countries to more developed countries. Poorer countries sell their relatively cheap resources to developed countries and in turn, buy expensive products. The majority of the profit tends to stay in the developed countries and the poorer countries stay poor.

The Supply and Demand of People

Perhaps the most disturbing outcome of mainstream thinking is the value it places on people, their lives and their happiness. In mainstream thinking, all things become a product. The value of any product rises and falls with the balance of supply and demand. In other words, when there is suddenly less of one particular thing but the demand for it remains the same, the price goes up. On the other hand, if suddenly there was a surplus of a particular thing without a rise in the need for it, the value goes down.

The market thinks of people in the same way. They are simply considered a product called labour. When there is growth in an economy and the growing industries require a lot of labour, the demand for labour is high. This may result in higher wages and incentives to attract employees like further training, benefits and pensions. This results in a general improvement in the standard of living and we are happy to consider it “progress”. Employees however, tend to be a very expensive part of the production process, and the trend in all industry is towards decreasing the amount of labour required.

Many companies, therefore, try to reduce employment. Automation is one way. A very expensive machine may cost two years of salary of the worker it replaced, but it will last for ten or more. Companies also reduce their labour costs by locating in

Keeping the level of unemployment high pushes the cost of labour down.

countries or regions where the standard of living is low and unemployment is high. The effect of supply and demand means that companies can hire employees at a much cheaper rate. Following the logic of mainstream thinking, it is in the interest of producers to keep the level of unemployment high so that the cost of labour goes down as more people compete for fewer jobs. This works so long as you view people as a product.

The problem with this narrow view of people is that it fails even within mainstream thinking. It ends up working against the long-term interests of the companies and employers. Producers and investors want maximum profit now, not steady profit ten years from now. To get this they often attack the very means of their long-term survival. Decisions are made that cut their ability to continue to produce their product. They do this by recklessly using-up natural resources and laying people off thoughtlessly which reduces the market for their product.

The process of down-sizing (reducing the workforce within a company) is very popular with investors. Whenever a big lay-off is announced, the stock price of the company usually rises. This doesn't mean, however, that it was a sound business move. The company is left with fewer and fewer people to do more and more work. This inevitably leads to a time when those remaining burn out and are no longer productive at all. This is especially a concern as we move to a more information-based economy, where creativity and dedication are required from all of a company's employees. People don't feel creative if they feel their job is not secure or are expected to do more than is humanly possible.

On the other side of the equation is what this approach does to the market, that is, the people who buy the products. When Henry Ford started to mass-produce cars, he recognized that in order for him to sell these cars, his employees (and those of other companies) needed to make enough money to buy them. There has been a move away from this approach in recent years. Producers don't pay their own workers enough to afford their products because they assume there will always be a market somewhere else in the world. When all mass-producers in the world take this attitude, there will not be enough people left to buy their products.

As for those who are laid-off, they are told they need to adjust to the global marketplace, keep up or get left out. For most people this means learning to accept job-insecurity, lower wages and a lower standard of living. This is one of the main contradictions of mainstream thinking. Producers rely on growth to stay alive

and this growth relies on people to buy their ever-growing stream of products. However, as more people lose their jobs or have their wages cut for the sake of short-term profit, they become less able to buy these products. By treating labour as a product in a mass economy, companies attack the very means by which they are to survive.

5. Mainstream Approaches to Development

There is great resistance from mainstream thinkers to any attempts at correcting some of the inequalities and contradictions the market creates. They have a hard time accepting any interference in the market, even if it is meant to help people. They believe that if you step in and meddle with any part of the economy, it will upset the balance of the entire thing.

Others are not as sure. Many people see that there are problems arising from the economy and are interested in fixing these problems in order to improve the quality of life for more people. These people can see that no system is perfect and believe that some type of limited assistance is required to smooth out the wrinkles in our economy. This moderate approach is actually the most popular in practice. People may say that the government has no place in business, but they are happy to see that their food is inspected, that health and employment insurance exist and that laws around fair business practices are in place.

Development work is the organized attempt to include more people in economic growth.

Defining Development

It is this more moderate group of people who create programs aimed at development. Internationally, development work focuses on underdeveloped countries. Within national boundaries, development often works towards improving certain have-not regions. Locally, focus is given to individuals left out of the economy. Because our focus is on community, we will restrict our discussion to regional or community development.

The Mainstream View of Development

There are several common strategies within mainstream thinking towards regional development. The usual approach is to try to attract global industries to the community. This can involve incentives like loans, reduced taxes for businesses, infrastructure development promises (e.g.: roads to their plant, etc.) Becoming attractive to big business can also involve reducing restrictions like labour laws, minimum wages, environmental standards, or corporate property and income taxes.

The problems with this kind of “smokestack chasing” become obvious very quickly. Incentive packages are paid for by tax-payers and when they are coupled with reduced regulations and corporate tax, the citizens of the community end up paying more and getting less. Bringing free, or lower cost utilities to businesses like electricity or water usually comes out of regular revenues. The cost is transferred to private users of the same services. Road construction, sewers, maintenance and other infrastructure incentives are paid for through the property taxes levied on the residents. In turn, as governments relax regulations, employees end up in poorer working conditions, getting less pay, with less environmental protection. It is important to calculate the real and permanent cost of attracting industry as a development strategy.

Financial incentives may bring companies to your location but they do little to keep them there. When these incentives run out or are used up, the company often has little loyalty to the community. As soon as a downturn in the market hits, these branch-plants are quite likely to pack up and leave. They have no particular attachment to the community or responsibility for its well-being.

It is important to understand why these branch-plants are wanted in the first place. We assume that industry brings jobs and that jobs equal development. This assumption, as we have already seen, is somewhat out of date. Many industries have developed their production methods to reduce the number of employees needed. To attract companies still producing labour-intensive products (products that require a lot of hands-on work) means that you are competing with underdeveloped countries for insecure, dollar-a-day jobs.

With this in mind, governments may decide to compete for high-tech companies that need a highly skilled workforce by investing in education. The result of this approach is often that

these well-educated people leave the community to find decent work in the home location of the high-tech industries.

Another traditional approach to development is to simply compensate have-not regions through transfer payments for communities that the free-market left out. This often reaches the residents through programs like retraining, extended unemployment insurance, and welfare. This approach does not have a good track record. It is very difficult to defend this flow of money when the economy slows down, and when the economy is strong, mainstream thinkers start yelling for tax and spending cuts. Either way, the have-not regions tend to get cut out altogether.

... traditional development strategies tend to act as band-aid solutions.

At best, traditional development strategies tend to act as band-aid solutions. They either try to cater to the market and create an advantage for outside companies to locate in a community or simply try to soften the blow as communities are permanently cut-off from the outside world.

6. Community Economic Development

Background

... Community Economic Development. It began when people noticed that the market was not taking care of everything, that groups of people were continually left out.

Many people looked at mainstream thinking and its views about health, the environment, social justice, and poverty. They were concerned with the effect it was having on communities and the people living in them. Eventually, a school of thought arose called Community Economic Development. It began when people noticed that the market was not taking care of everything, that groups of people were continually left out, slipping through the fingers of the invisible hand. They noticed greater hunger, drought, urban decay, poverty and environmental damage. CED grew as a fresh approach, a different way to understand and try to correct the problems with the economy. For this reason, CED can be seen as largely practical (focused on practice as much as intent) and can best be understood by its actions. The following section of this module will only briefly outline some of the values and beliefs of CED in terms of how they compare to mainstream economic thinking.

CED Core Values and Assumptions

The following is a list of some of the core values and beliefs behind a CED approach.

- ▶ Holistic — Factors such as culture and economics, quality of life, the environment, cannot be separated and should not be treated in isolation.
- ▶ The community is the natural or ideal human state and is the most appropriate place for social and economic change.
- ▶ Individual health and well being stem from a healthy community.
- ▶ A healthy community results only through the broadest level of member ownership and participation in all aspects of life.

*A useful way to understand the values behind CED is by dividing them into two main areas: **connectedness** and **participation**.*

CED thinkers believe that most things in society are connected. Such things as education, health, culture, pride, friendship, the government, the environment, employment (the list goes on and on...) influence each other in very subtle and complex ways. What is more, these influences are changing on a daily basis. This level of **connectedness** means that in order to make changes in one area, we have to consider that our work may have an effect on all of the others.

This is a big job. In order to try to take all of the possible impacts of our plans and actions into account, CED suggests that we involve the **participation** of as many people as possible.

CED work always involves the participation of the people who will be affected. For example, a co-operative housing project will have a board of directors made up of residents of the project to make important decisions. The residents know what is in their own best interest and each has a unique point-of-view, bringing real and meaningful knowledge to the discussion. This kind of participation has two main benefits: First, it increases the chances of coming up with good ideas (or catching bad ideas), and second, the people involved will be more committed to their work and do a better job. They are responsible for the decisions that were made and will be driven to follow them through, because they know that the results will directly improve their own lives.

Defining the Community

When we are talking about Community Economic Development, it is important to look at what we mean by

community. Douglas outlines Christenson and Robinson's definition of community as having the following four main characteristics:

1. people
2. within a geographically bounded area
3. involved in social interaction, and
4. with one or more psychological ties with each other and with the place they live (Douglas 3).

This definition of community is true but quite technical. It misses some of the less tangible aspects and benefits of community. Communities can provide greater security. They can be buffers or "intermediaries between individuals in the community and their local organizations and "mass society" (Douglas 4).

When the rest of the world throws rapid changes at us in terms of work, culture, even nationhood, changes that are beyond our control, we can feel safe in the familiarity, consistency and control that belonging to a community can provide.

The community is seen to be the best agent of change. How people organize themselves, we will refer to as the "agent" in our discussion. CED is based on the belief that the community is where effective, deliberate change can take place. This belief is held for the following reasons.

- ▶ A community is often a manageable group of people. The interests of everyone can be considered and still work can get done.
- ▶ On the other hand, a community can be large enough to have enough collective knowledge, skill and resources necessary to accomplish its goals.
- ▶ Communities are unique. Communities will often have different and conflicting needs from each other. When efforts are made or programs are developed for more than one community, the results are watered down, and not really helpful to anyone.
- ▶ Involving the entire community in development work provides a better chance at getting it right the first time. It considers the needs of everyone, and recognizes how things are connected.
- ▶ When more people participate it serves to motivate the community, making the bonds between each member and the community that much stronger.

CED Approach to Development

Community Economic Development may best be understood as a set of goals and a collection of activities to achieve those goals. Starting from the most general goal, CED looks toward improving the quality of life for as many people as possible. Quality of life can be defined broadly, starting from the basics like good nutrition, shelter and health and moving on to include such things as literacy, arts and culture, rewarding work, self-esteem, a sense of belonging and dignity. CED suggests that the best way to create a high quality of life is by having a strong and healthy community.

The starting point to a healthy community is economic prosperity and sustainability. CED works to create this prosperity and sustainability using the resources, talents and skills found within the community itself.

CED focuses on such things as increasing employment within a community, creating wealth that stays in the community and making communities more self-sufficient and less open to the effects of change.

CED is an attempt to work at the local level within the global economy in ways that make more sense for the members of that community.

A good example of a CED project would be to set up a trading network, where members of a community agree to do business with each other where possible, to support each other. When your neighbours get your business, they can afford to give you theirs. Another example would be for a group of artists to form a co-operative where they would pool their money, rent some studio space, buy some advertising and reach a larger clientele than any one of them could have done alone.

A larger scale CED project would be for the community to come together to create a strategic plan, outlining community-wide goals and ways of achieving them. This process could be started by a either municipal government, a business group, or a non-profit group, but ideally it would include all of the above. They could decide to promote the exploration of new industries and create variety within their own economy. They would identify what role there would be for each member and all would agree to do their part.

CED is intended to correct some of the difficulties that arise when our economy is becoming more and more global.

Things that local or national governments used to have control over seem to now be in the hands of multinational business and trade agreements. International organizations and agreements like the World Trade Organization and the Free-Trade Agreement now influence our policies on education, healthcare, culture and the social safety net within member countries.



While government and business turn towards globalization, populations turn towards their region or community. More and more, people are coming to identify once again with their communities. The modern nation as we know it, is really only a few centuries old. The global village is really only a few decades old. Coming together in communities for survival, on the other hand, is the way we have organized ourselves for all of recorded history (Lockhart p. 117).

It is in our best interest to work towards the best interest of our community. Coming to see that we own our community as well as belong to it, that we need to support it and it will support us, is an important objective of CED. Once the members of a community begin to realize this, positive change can then begin.

Nutter and McNight describe how CED differs from traditional development strategy.

“CED does not seek to make the existing conditions in the community more bearable. Instead, CED seeks to change the structure of the community and build permanent institutions within a community. As a result, the community begins to play a more active role [in relation to] the institutions outside the community and the residents of the community become more active in the control of the community’s resources” (Nutter and McKnight 95).

In other words, CED does not merely react to and repair the damage caused by the mainstream economy. It is more a process of getting people to recognize that an economy is built on the choices they each make and to get them to start making those choices.

With this in mind several rules emerge. CED work must always be:

- ▶ Participatory in its practices and methods;
- ▶ Pro-active, not reactive or isolated repair;
- ▶ Locally-owned — finding the resources for development within its own capacity;
- ▶ Directed at building local capacity for long-term sustainability.



Success in CED is not judged solely on market terms (an increase in production and consumption) but in terms of the improved quality of life of the community and its members.

Development judged in market terms relies on numbers — indicators that you can count and compare. On the other hand, quality of life indicators, for example, meaningful work, job security, literacy levels, and nutrition standards, do not fit so nicely into mathematical formulas.

Community Economic Development consists of both the desired outcome (a healthy, sustainable community) and also a set of tools to achieve that outcome. The methods of CED differ from traditional development. Since the objective is to include as many people in receiving the benefits of the economy as possible, it makes sense to include as many people in the process of community economic development as possible. A core value behind CED is the importance of broad based participation.

PART B: Activities



Activity 1: Economic Challenges In Our Own Communities



1 to 2 hours

- Purpose:** For participants to be able to:
- ▶ list the employment and economic problems that the participants and their communities have faced.
 - ▶ examine the employment and economic problems listed above in terms of the possible causes, results and responses.
 - ▶ link the core values and assumptions of mainstream economic thinking with the responses made to the employment and economic problems.
 - ▶ become more comfortable with using the terminology from this module.

Activity Type: Small group exercise followed by report back and discussion

Relevant Content: Section 1, 2, 3, 4, 5

- Steps:**
- ☐ Participants are divided into small groups.
 - ☐ Small group members discuss and list the impact of economic and employment changes they and their communities have faced.
 - ☐ One group member records the changes, the impacts of the changes, and the responses to the changes.
 - ☐ Each small group reports its findings to the large group and a class flip chart is created.
 - ☐ Large group analyses whether the responses for dealing with the economic and employment changes were effective or not, listing possible reasons why or why not. Instructor encourages discussion of the possible reasons for the ineffectiveness of mainstream economic approaches to economic and employment problems.

Activity 2: Case Study



2 to 3 hours

- Purpose:** For participants to be able to:
- ▶ examine a case study of community problems in terms of the mainstream economic assumptions and practices.
 - ▶ solve the community problem using a Community Economic Development perspective.

Activity Type: Presentation of content; case study game

Relevant Content: Section 1, 2, 3, 4, 5, 6

Steps: Preparation required by the instructor:

The level of difficulty of the case study needs to be matched to the level of your group. The case study includes a description of a distinct community (fictional or real) including its current cultural and economic profile. This may be as simple as, for example, stating its population, its location, a high unemployment rate and exodus of young people.

Specific problems faced by the community need to be listed. Each small group is then given one of the specific problems to work on.

For example, if you have 3 groups, you could say that

1. the paper mill or assembly plant closed, laying off 1000 people
2. the average educational level is grade 10 with little experience in other industries and businesses
3. the downtown retailers are losing what is left of their business to a new box store on the edge of town.

Three sets of cue cards need to be written out. Each set is written on different colours of cards. Set one includes points taken from the content section 4 that outline reasons why the community is faced with the specific problem. Set two includes points taken from content section 5 that outline mainstream approaches to development. Set three includes points taken from content section 6 that outline the principles of Community Economic Development (for example, connectedness and participation, descriptions of a healthy community).

Steps for the game:

- ☐ Participants remain in the same groups they were in for Activity 1.
- ☐ Each small group reads the case study and then is assigned one of the specific community problems from it.
- ☐ Cue cards from Set #1 are distributed randomly to the groups.
- ☐ Each small group must find a cue card that could explain why its specific community problem occurred.
- ☐ Cue cards from Set #2 are then distributed randomly to the groups.
- ☐ Each group must find a cue card that contains information that could help to solve its problem. The cue cards can be bought or sold amongst small groups.
- ☐ Once a group has agreed on a cue card, it must then explain to the instructor why its response to the community problem will work. The instructor, at this point in the game, simply states that this approach is not acceptable and that the group needs to go back to the drawing board.
- ☐ Once each group has been “turned down” by the instructor the third set of cue cards is distributed randomly amongst the groups.
- ☐ Each group must then use as many of the cue cards as possible in an effort to explain why its original solution to the problem would NOT be in the long-term interest of the community. Note: At this point, groups are encouraged or even required to share their cue cards to solve their problems.
- ☐ For every CED cue card a group can effectively link to its community problem, it is given “bonus tips” such as examples of similar CED projects, sources of funding and other resources. By this time the groups should be working together in true CED spirit to help solve each other’s problems.
- ☐ Debrief the “game” by having participants evaluate the effectiveness of the game in helping them to learn about CED strategies.
- ☐ The instructor briefly summarizes the two approaches to community development compared in this module.
- ☐ A question/answer/discussion session follows.
- ☐ Ask each participant to record in his or her personal journal any thoughts related to their own experience of mainstream economic development.



Activity 3: Applying What We've Learned



2 to 3 hours

- Purpose:** For participants to be able to:
- ▶ use the concepts of Community Economic Development to create guidelines to govern the learning environment of the course.
 - ▶ participate in and take ownership of the learning process.

Activity Type: Practical application of content

Relevant Content: Sections 1–6 and Support Materials Section 1.5

- Steps:**
- ☐ Participants remain in same groups.
 - ☐ Each group list the challenges they feel they might face while taking this course.
 - ☐ Each group reports back to the class.
 - ☐ The class decides which of the challenges to address as a class.
 - ☐ Assign each group an equal number of the challenges listed.
 - ☐ Each group lists suggestions for guidelines or processes to deal with the challenges it was assigned.
 - ☐ Each group also creates a list of the strengths individual participants can contribute to meet the challenges it has been assigned.
- Team Decision-Making*
- ☐ Each group presents its ideas to the class and other suggestions are sought to fine-tune the guidelines or processes.
 - ☐ Methods for evaluating the guidelines and processes are discussed and agreed on by all of the participants.
 - ☐ The instructor facilitates group consensus building for decisions about the guidelines, processes and evaluation methods.
 - ☐ A copy of the final guidelines and processes is given to each participant.

Activity 4: Evaluation



Purpose: Evaluation of the module

Activity Type: Large or small group assessment, individual reflection, venture group assessment.

- Steps:**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions.
In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

PART C: Support Materials



1. The Continuum of Participation in Development

It would be too simplistic to present development policy as being either black or white, Mainstream or CED. In fact, there have been many different policies in use over time, all reflecting the different values, understandings and goals of those who make them. When we judge a policy on how inclusive, integrative and participatory it is as well as how long-term and pro-active and comprehensive it is, CED sits at one end of a continuum (Douglas, 22-7). The following continuum runs from the least participatory at one end to CED on the other.

Crisis driven \longleftrightarrow Sectoral \longleftrightarrow Area \longleftrightarrow Industrial \longleftrightarrow Program \longleftrightarrow CED

Crisis Driven Development.

This policy is one where development work only happens when faced with a crisis, (for example, a plant closure, drop in natural resource price, etc.) The focus is on solving the direct problem at hand or at least lessening its damage. Although this can prompt some discussion toward broader development, the process is usually one of a top-down rescue plan and is anything but pro-active.

Sectoral Development.

Sectoral development policies pertain to specific sectors of the economy. (for example, heavy industry, tourism, retail, hospitality, etc.) This can be pro-active but its view is limited to the future of that specific sector. It can even include the members of the sector, but often it is executives meeting and making decisions. Within a sector, there is often friction between union and management. Therefore, these stakeholders seldom come together to share perspectives and mutual interests. Most importantly, this type of development policy ignores the interconnectedness of the sectors within a

community. Drafting policy as if your sector isn't connected to others, means that you are ignoring vital information.

Industrial Development.

Industrial development is a somewhat outdated policy. It is based on the idea that the engine of any economy is large industry. This leads to the age-old practice of “smokestack chasing” assuming that the only way to bring economic development to a community is to entice more industries to locate there. This scores low on the participation scale. Seldom would there be any local or widespread decision making ability at a branch plant. Nor would there be any local ownership, control or loyalty. This approach, although aimed at the entire community, again ignores the nature of a healthy community and fosters dependence on people beyond the community. Industrial development is also not very long-term in its thinking. Industry — the processing and manufacturing of goods — goes to where the labour is cheap and things such as environmental standards are low. Considering how low wages and standards are in some underdeveloped countries, this is not a very attractive form of development.

Program Responsive Development.

Much of what goes on in development policy is simply designed to fulfill the requirements of government funding programs. Instead of consulting the members of the community as to what their needs are and the best way to include the most people in fulfilling those needs, often organizations will simply determine what the government funder wants to hear. This is negative in a number of ways. It reflects the ideals of the party currently in power. Central governments often know little about what is needed to create meaningful development at the community level, and so long as development agencies continue to tell them what they want to hear, they will never know.

Community Economic Development.

By now we have come to understand how and why Community Economic Development strives for greater participation, local ownership, commitment and broad policies. For people starting development work, CED as a guiding policy can act as a checklist when evaluating their work. A helpful checklist was provided by Richard Nutter and Michael McKnight (96). They suggest that work in CED should:

1. pursue economic development in ways that increase community self-reliance;
2. pursue economic development in ways that empower people;
3. pursue economic development that is sustainable;
4. pursue economic development that is diversified;
5. seek to enhance local capacity to plan, design, control, manage, and evaluate initiatives aimed at vitalizing the community;
6. include economic, social, ecological, and cultural development as part of a comprehensive holistic development strategy for the community;
7. organize inclusively, not exclusively, to enable disadvantaged and disempowered groups in the community to create partnerships, coalitions, alliances, and joint ventures with others interested in a sustainable future for the community;
8. ensure that benefits [go] directly to the community at large rather than to individuals within the community;
9. arise from underdevelopment and marginalization; and
10. favour medium and longer-term approaches over short-term quick fixes.

Works Cited

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BUILDING *Dreams* with TEAMS



Introduction to Community Economic Development 2

Community Economic Development In Action

MODULE

2

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PART A: Content



1. Introduction

A Community Economic Development (CED) approach assumes that your community is a rich source of local skills and resources that can be used to create opportunities such as new businesses and jobs for your local economy. **CED encourages a broad range of community members and organizations to come together and develop strategies to:**

- ▶ Identify your community's strengths,
- ▶ Accept your community's unique challenges,
- ▶ Take responsibility for your community's economic and social well being.



www.commerce.wa.gov.au/pdfs/cwguide.pdf

The Government of Western Australia's Department of Commerce and Trade suggests that Community Economic Development Projects or Initiatives can:

- ▶ Create employment and develop new training opportunities,
- ▶ Support the creation of new businesses and strengthen the existing ones,
- ▶ Encourage people and organizations to share in the responsibility for making decisions about the community they live in and,
- ▶ Foster community pride.

The guide goes on to say that the keys to the success of Community Economic Development are:

Planning

Planning is a way to organize. A plan will help you identify the steps you need to take to get to your goal. In the case of CED, it would be a plan for projects decided upon by the community.

Community Involvement

As its name indicates, community economic development needs to originate from and be driven by the community. This is sometimes referred to as a bottom-up or grass-roots process.

Partnerships

The cornerstone of CED is partnerships. Solving problems and creating solutions for community economic development is complex. When you have many groups with different views, resources, and skills applying their intelligence and strength to solve a problem together, everyone benefits (Government of Western Australia Commerce and Trade 5-7).

2. Community Strategic Planning

The information in sections 2 and 3 has been adapted from Westcoast Development Group's "Entrepreneurial Communities: A Handbook for Local Action" (7-26).

Five Essential Ingredients

According to Westcoast Development Group, there are five essential ingredients needed to develop a local economy. They are:

1. Equity: Money to invest in local businesses.
2. Loan funds: Money to loan to local businesses.
3. Human development: [Training].
4. Infrastructure: Roads, water, electricity, telephones, and related services.
5. Planning and research: Regional economic analysis, defining goals and objectives, research specific to the mission (7-9).

Developing a strategy for community economic development involves addressing issues in one, some, or all of the above areas with community participation and the proper technical support.

What are the key CED agencies in your community?

There are organizations in your community with special expertise that can support (or in most cases, initiate) working with groups throughout the community economic development planning process. These key agencies might include a local community economic development corporation, a social

planning council, a chamber of commerce, or the economic development department of your city or town.

A General Outline

A general outline of the steps that these key organizations might take to complete a community economic development strategy follows.

a) Recruit community members

- Be inclusive. For a community strategy to have any weight, it needs to **make sure that everyone who is affected is somehow involved and that they have the desire to work together CO-OPERATIVELY**. Key groups (or stakeholders) to contact might be representatives for small business such as your local chamber of commerce, local government, women's organizations, unemployed people, youth, people who are involved with or participate in employment programs for the disabled, environmental groups, cultural groups, etc.

b) Get Together

To ensure you build a solid foundation for community co-operation, here are some things to keep in mind when setting up community meetings, consultations, or when working with funding partners:

- **Get to know each other.** For groups of people and organizations to work effectively together, everyone needs know **what they expect to get out of the process and what they can contribute**. For example, small businesses may expect a focus on easy access to financing while unemployed persons may be looking for new training opportunities that will lead to jobs.
- **Build good relationships.** Naturally, there will be conflicting views. Those with experience in community planning know that building good relationships requires building trust. Building trust is a process that takes time. There is an increased chance at success when:
 1. Organizations and people can **openly discuss** what they hope to accomplish;
 2. **Ground rules** are established for such things as making decisions, sharing information, and choosing representatives;

3. Everyone can put aside his or her own concerns long enough to **listen to others**.
4. **Common areas of agreement** are noted and built upon.
5. **Success is celebrated**. When progress is made, make sure time is set aside to acknowledge it. For example, a community organization may plan to have a potluck supper at the end of a long meeting

c) Have a first meeting

Once people and organizations have been identified, a first meeting should be planned. The purpose of this meeting should be to:

- ▶ See how much interest there is in developing a strategy,
- ▶ Find out who might be missing and,
- ▶ If there is interest, coordinate (or organize) the completion of a strategy for community economic development. A community steering committee may be set up to coordinate this process. This will include:
 - Completing or presenting a community profile;
 - Organizing community consultations;
 - Keeping everyone informed;
 - Helping to implement the strategy, once it is completed.

d) Develop a community profile

A **community profile** is a document which describes your community strengths and challenges in a variety of areas such as health, education, social services, population size and characteristics, unemployment rates, business activity, etc. The profile may also provide an inventory of the resources in your community (for example, natural resources like forests and mineral deposits, human resources such as universities and colleges, financial resources like banks and investors, and physical resources like office buildings and industrial parks). Check out the Statistics Canada website for samples of community profiles.



ww2.statcan.ca/english/profil

e) Hold community consultation(s)

A community consultation is a public meeting where people can share their opinions and ideas about their community. It is one of the most important steps undertaken in the community economic development process. It is valuable because it can result in a lot of information in a small amount of time.

Sometimes more than one consultation is required to get all the information and input needed to create the strategy.

Generally the outcome of the consultations should include:

- ▶ A list of ideas and opportunities that people have identified for their community
- ▶ Some examples of ideas or opportunities
- ▶ Work with the schools to promote entrepreneurship by helping to develop a course on entrepreneurship
- ▶ Set up a community loan fund to support small businesses that need small amounts of money to get started
- ▶ Fill employment gaps in the community with trained people
- ▶ Work together to promote tourism in the area

A series of tasks for the steering committee forces the strategic planning process forward; explore and develop these ideas and opportunities.

f) Write the community strategic plan

The plan should clearly describe the steps that took place leading up to its creation. It serves as a guide for the community's future and **should be distributed to the community, especially to all those who have been or are involved in the process.** It should also be easy to read and understand.

g) Implement the strategy (Do it!)

The community economic development strategy will no doubt consist of a lot of "to do" lists. Some of these items can be scratched off the list with the help of volunteers and community organizations. However, other items on the list will require working with organizations that have financial resources and support. Funding for community economic development projects can come from a variety of sources. The following are some of the most common:



Government A number of funding programs to support training, new business development, rural development issues and other areas that may indirectly connect with economic development such as environment, housing, and childcare initiatives have been developed by government. See module 5 for a more detailed discussion of government programs as they relate to community economic development.

Trusts and Foundations There are number of private and corporate trusts and foundations that have been established to support various areas of interest. There is a directory that provides a detailed list for Canada published by the Canadian Centre for Philanthropy, outlining the various charitable foundations, what they support and how to go about applying. This directory is available at most public libraries.

Corporations Charities and other community projects often receive some funding from businesses. Businesses support projects in order to enhance their image and to give back to the community in which they are located. Support can be in the form of money, staff volunteers, or unused office space or equipment.

h) Monitor and evaluate

A community strategic plan outlines goals, objectives and activities that usually span three to five years. Once it is completed, it should not collect dust on the shelves of the stakeholders who helped to create it. A community strategic plan should be referred to regularly so that a community can track how it is doing (For example, are activities being completed on time?).

And once a project or piece of the plan is completed, there should be some time set aside for evaluating the results of the community's efforts. For example, might there have been a better way to complete this project?

The community strategic plan is a living document that should be monitored, evaluated and modified as time goes on. Once a community has accomplished its first goals, it can build on that success and be even more ambitious with its next plan.

If your community begins to have a reputation for success, it will not be as difficult to attract community partners, people and funders. "Nothing succeeds like success."

3. Entrepreneurial Programs

We often consider **entrepreneurship** in terms of business development, but in fact it is a **mind-set, a way of thinking that emphasizes creativity, innovation, and taking calculated risks.** Anyone can be an entrepreneur. Community volunteers have been responsible for innovative fund-raising programs.

One of the key areas for community economic development is to develop programs that promote and support "entrepreneurship" in business. A healthy economy needs enterprise development.

Employees have contributed to creating better products. Medical researchers have discovered new cures. Groups of individuals have created businesses that sell products and services all over the world.

The reason for this is simple: where there are successful businesses, there are jobs. Successful businesses and employees pay taxes that can then go toward supporting and developing local services such as health, education, and social services - things that most people consider important to the quality of life in a community.

Sources of Information

Starting a successful business requires research and planning. A variety of organizations exist in your community that can provide you with this information and sometimes support:

- ▶ Local library
- ▶ City or town hall
- ▶ Small business centres
- ▶ Statistics Canada
- ▶ Local community economic development organization
- ▶ Social Planning Councils

Training and Business Support Services

Business workshops, counseling and more in-depth courses are sometimes available for individuals and groups who want to start or expand a business, or just to see if business development is something they are ready to do.

The types of services provided include things such as self-assessment, business plan development, mentor support, and how to get financing. Places to look for such services include:



- ▶ Community Economic Development Organizations (see for example www.canadiancednetwork.org)
- ▶ Women's entrepreneurship programs;
- ▶ Self-employment development initiatives;
- ▶ Community Futures Development Corporations;
- ▶ Local colleges or technical institutes;

- ▶ Youth entrepreneurship training;
- ▶ Self-employment assistance for equity groups, displaced workers and people with disabilities;
- ▶ Team based entrepreneurship programs;
- ▶ Co-operative development training;
- ▶ Small business offices;
- ▶ Bank sponsored initiatives.

Alternative Financing

Starting a new business requires money. Traditional lending sources such as banks are often reluctant to loan money for new businesses because of the risk or because entrepreneurs do not have enough money to secure the debt.

There are other sources that are willing to risk and/or have a stronger commitment to local business creation. These can include:

- ▶ Business Development Bank of Canada
- ▶ Canadian Youth Business Foundation
- ▶ Credit unions or other co-operative associations
- ▶ Community futures development corporations
- ▶ Community economic development organizations
- ▶ City and/or town economic development and planning departments
- ▶ Women's enterprise centres
- ▶ Labour-sponsored funds
- ▶ Community investment corporations
- ▶ Loan guarantee funds
- ▶ Equity or venture funds

The final three sources listed above are discussed in detail in the next section (section 4) of this module.

Partner Organizations

Community economic development is a collective effort. Many of the entrepreneurial programs described are sponsored by public and private sector agencies that have an interest and the

ability to promote entrepreneurship in your community. These include:

- ▶ Human Resources Development Canada, Industry Canada
- ▶ Federal and provincial departments of education, training, social services and economic development
- ▶ Local municipal employment and social services
- ▶ Local banks
- ▶ Private businesses and foundations
- ▶ Not-for-profit organizations

4. Local Loan and Investment Funds

This section incorporates material from Calmeadow Foundation's "Mobilizing Capital: A Community Investment Manual" (17-21).

There are a variety of CED programs and services aimed at assisting groups or individuals to become entrepreneurs or business owners through training, workshops, counseling etc. Upon completion of these programs, would-be entrepreneurs quickly discover that, despite all their efforts, banks and other traditional institutions have criteria in place that prevent them from lending money to some businesses.

Being unable to get money is a barrier to local business development, especially for people with low incomes, despite the fact that the amount of money needed is, in most cases, small.

There are three types of community economic development strategies that address the need for other ways of getting money for new businesses: (1) Revolving Loan Funds, (2) Loan Guarantee Funds, and (3) Equity or Venture Funds. These alternative financing projects are unique because they:

- ▶ Are created, financially supported and run by your community (for example: local banks, government, foundations, churches, not-for profit organizations, and private citizens)
- ▶ Have charges (for example: fees, interest rates, profit sharing) attached to their services, which are used to reinvest in new community ventures. In contrast, traditional lending institutions are free to use the money they charge to invest in ventures or projects anywhere (for example: another town, province, or country)
- ▶ Specialize in financing higher risk ventures and have broader lending criteria. Higher risk ventures are usually those that

cannot get credit from a bank and/or they are new or untested business ideas. Other lending criteria may include: making sure the business will not harm the environment; employing people from the community, or targeting a specific group of people such as women, youth, or visible minorities

- ▶ Require that people getting the financing agree to work with advisors or mentors with business experience. This is to ensure that they are getting the proper support needed to help the business and to pay back the loan
- ▶ Can help to increase an entrepreneur's chance to get financing from more traditional sources in the future

Revolving Loan Funds

This type of financing works a lot like a bank or traditional lending institution and the organizations that run them are sometimes called near-banks. The money is received and paid back over a period of time, with interest. When the money is paid back, it goes toward a loan for another enterprise. This is why they are called revolving loan funds.

Loan Guarantee Funds

One of the criteria that a traditional lender uses to make a final decision about lending money is the need to know that the loan can be repaid. Banks need to know:

- ▶ That you can put up collateral: something else, such as a car, house, equipment, savings, etc. that is equal in value to the loan. In the event that the loan is not paid, the bank can take the collateral.
- ▶ That someone else has the collateral and is willing to use it to secure the loan (help pay the loan back).

The Loan Guarantee Fund can put up the collateral needed and guarantee that the loan will be repaid should the business fail to do so. In some communities, loan guarantee funds will provide the actual loan themselves if the bank is still unwilling to lend the money requested.

Equity or Venture Funds

Revolving loan funds and loan guarantee funds are primarily concerned with helping entrepreneurs get money that has to be paid back. This is called debt financing.

Rather than loaning money to a business, an equity or venture fund seeks to invest in new businesses in your community. In exchange for the funds provided, ownership is shared between the entrepreneurs and the equity or venture fund. These funds may eventually have to be paid back, but it is considered more “patient” money.

This fund is a preferred form of financial assistance for some businesses for the following reasons:

- ▶ Entrepreneurs need to have a certain amount of cash on hand during the first year of business. Being able to concentrate on marketing and getting new customers is considered, by some, more beneficial than trying to keep up with a loan repayment schedule.
- ▶ It is a more patient form of financial assistance. By investing in the company, the equity or venture fund organization has an interest in seeing that the business succeeds because it will get a share of the profits. Those profits will then be used to invest in other new businesses. As a result, they tend to provide more support to entrepreneurs than other types of fund models.

5. Training and Employability Initiatives

The material in this section has been adapted from Jean-Marc Fontan and Eric Shragge’s study “Employability Approaches in CED Practice: Case Studies and Issues” (144-52).

Communities have learned that unemployment is connected to labour market conditions. A community’s labour market can be defined by the varying needs that businesses have for employees (demand) and characteristics of the people in a community who are available for employment (supply).

It is often a community’s desire to do something about poverty and unemployment that begins community economic development. Supporting and developing new local businesses and providing financing alternatives represents one strategy, however, it cannot be expected to solve all of the issues related to joblessness. Community based training and employability initiatives are other ways that communities use to create employment.

The following represents some reasons why people are unemployed and some of the community economic development approaches to these issues:

(Note to instructor: the characteristics are not always the same for every unemployment situation. These are generalized points and are not meant to stereotype)



Why People are Unemployed and Some CED Solutions

Unemployment Reason	Characteristics of People and Job	Approach
<ul style="list-style-type: none"> ▶ Company closure or restructuring. (E.g.: workers at a large auto manufacturer) 	<ul style="list-style-type: none"> ▶ These people are usually skilled or semi-skilled and, ▶ have worked for a long period of time without any interruption 	Initiatives that: <ul style="list-style-type: none"> ▶ help to develop a resume and apply for jobs, ▶ career exploration and, retraining
<ul style="list-style-type: none"> ▶ Seasonal or short term work. Between jobs or frequent unemployment (E.g.: Workers in the service industry such as waiters and dishwashers during the tourist season) 	<ul style="list-style-type: none"> ▶ These people may or may not have completed high school or a formal training program. ▶ Their jobs are low paying and provide very little security or satisfaction 	Initiatives that: <ul style="list-style-type: none"> ▶ combine opportunities for in-class and on the job training ▶ apprenticeship training ▶ internships
<ul style="list-style-type: none"> ▶ Very little or no work experience, or have not worked for a long period of time. (E.g.: Youth, workers who are disabled, visible minorities, psychiatric survivors, sole support parents, people who are receiving social assistance) 	<ul style="list-style-type: none"> ▶ Those with skill levels that range from very low to very high. ▶ Employers are unable or unwilling to hire or accommodate them. ▶ Have issues or barriers that prevent them from finding and/or keeping employment (e.g.: child care, transportation) 	Initiatives that: <ul style="list-style-type: none"> ▶ encourage employers to hire equity groups (such as wage subsidies and employee job coaching services) ▶ provide basic skills training in areas such as upgrading, adult literacy, and training on how to find and keep a job. ▶ provide work experience and/or training that includes added support such as money to cover childcare costs.

The approaches to unemployment have some common CED features:

- ▶ Most are a result of community consultation or involvement.
- ▶ They are aimed at increasing a person's chances of getting employment and creating a skilled work force based on the belief that it will enhance the quality of life of a community.
- ▶ There is a link between the training provided and local employment opportunities (supply and demand). The training is based on:
 1. Well researched information on the skill gaps experienced by local employers and
 2. Employment trends in the local labour market.
- ▶ Training is usually delivered by community based agencies and/or receives direction from a board or committee of representatives from business, training institutions, government sponsors, the unemployed, and other service agencies that work with the unemployed.

These programs are designed to take into account the whole person and provide a much more comprehensive training than traditional trainers. For example, a person is helped in a training or employability program with additional support in searching for and keeping their new jobs, money for childcare, transportation and other expenses.

PART B: Activities



3-4 hours

Activity 1: Identification and Mobilizing of Community Groups

- Purpose:**
1. For participants to be able to:
 - ▶ identify the major groups in the community who may have an interest in CED
 - ▶ learn ways to bring the groups together for discussion about their level of support for CED.

Activity Type: Individual reflection and report-back / discussion, Small group brainstorming / report back

Relevant Text: Section 1, 2.

- Method:**
2. Instructor asks: "From a CED perspective, do you think that a community (or community members) should assist in the development of businesses and individual employment? Why or why not?"
 3. Instructor writes on flipchart a list of the types of community groups which have been found to be interested in CED. (This may be drawn from the list of organizations in the content section). Instructor then leads a brainstorming session in which the participants list actual groups in their community and how those groups could help with CED activities.
 4. Participants break into groups and are given specific community groups from the list and asked to think of how to get in touch with these community groups to inform them about CED initiatives. They record why a particular method would be used. For instance, if there are farms in the area, they might make presentations to a 4-H or a farmers' cooperative.

Youth might be best contacted by talking with groups who gather at school or in community centres.

5. Each team reports back to the large group, and receives suggestions from others.
6. Instructor makes notes on the discussion of each set of methods for contacting the groups.
7. Large group discussion about what might be the greatest challenges in convincing various community groups, and what might be done to overcome these challenges.

Activity 2: Writing and Implementing a Strategic Plan



3-5 hours

Purpose: To introduce the basics of writing a strategic plan for CED, putting the CED plan into action and monitoring the progress of the plan.

Activity Type: Lecture, guest speaker, examination of examples.

Relevant Text: Sections 1, 2, 3, 4.

Method:

1. Guest speaker presents outline of the five essential ingredients (Section 2) of a strategic plan. (Guest from an economic development agency or someone who has worked through the entire strategic planning process.)
2. The plan developed from this process, the actions to date and the means of evaluating the actions are discussed in an informal question and answer setting.
3. Participants use the following chart to direct their questioning around the outcomes of the strategic planning process.

The Strategic Planning Process

Strategic Direction	How much has been achieved thus far?	What is making it work well?	What is getting in the way of implementing it?
Direction No. 1			
Direction No. 2			
Direction No. ...etc.			

4. The group brainstorms around a given issue in their community, (e.g.: youth unemployment, substance abuse, literacy, etc.)
5. The group outlines the 5 essential ingredients of strategic planning (section 2) that could take place. Particular focus is given to the various sectors of governments, trusts and foundations, and corporations that might be of assistance in addressing this issue.

The above steps will provide a basic framework and understanding for a strategic planning process that may take place in the future.

Activity 3: Entrepreneurial Programs



6-19 hours



A wide range of time has been allowed for this activity since it is based on availability of local resources and guest speakers. It also needs to be adapted to the needs and abilities of the participants to carry out the tasks. Put some thought into the degree of detail the participants require from the information sources.

Purpose:

1. To learn about the types of resources and programs available to support entrepreneurial activities
2. To identify the support structures and resources already at work in the community.

Activity Type:

Visits to organizations, guest speakers

Relevant Text:

Sections 3, 4.

Method:



Note: There are three categories of supporting organizations in this section: Information Sources, Business Support Services, and Alternative Financing/Partnership Organizations. Each of the activities listed below could focus on any of the three categories, depending on the numbers of organizations. The activities and the subject matter are interchangeable. If, for instance, there is only one or two information sources, they might make up the guest speaker activities. If there are many

support service organizations, the small group appointment method might be best.

1. Instructor describes sources of information which may give support to entrepreneurial programs. These include:
 - ▶ Local library
 - ▶ City or town hall
 - ▶ Small business centres
 - ▶ Statistics Canada
 - ▶ Local community economic development organizations
 - ▶ Social planning councils

2. Instructor and participants make a list of the resources that exist in their community

3. Divide the group into teams by the number of sites.

4. Each team makes an appointment to speak with a staff member on sites where there is information about entrepreneurship activities.

At this point, develop a series of guidelines for conducting the community interviews. Make sure participants feel confident about the activity and what they are expected to do. They need to be well-prepared prior to meeting with their community resource people.

5. Each group writes a short evaluation of its site, assessing the usefulness of the information for CED activities.
6. The number and quality of business support services, such as college courses, etc. will vary from one place to another. The instructor should arrange for a representative from each source to speak to the participants. Organizations may include:

- ▶ Women's entrepreneurship programs
- ▶ Self-employment development initiatives
- ▶ Community Futures development corporations
- ▶ Local colleges or technical institutes
- ▶ Youth entrepreneurship training
- ▶ Self-employment assistance for equity groups, displaced workers and people with disabilities
- ▶ Team based entrepreneurship programs
- ▶ Co-operative development training
- ▶ Small business offices
- ▶ Bank sponsored initiatives.

7. To explore alternative financing, repeat steps above, or use the following list:
 - ▶ Business Development Bank of Canada
 - ▶ Canadian Youth Business Foundation
 - ▶ Credit unions or other cooperative associations
 - ▶ Community Futures development corporations
 - ▶ Community economic development organizations
 - ▶ City and/or town economic development and planning departments
 - ▶ Women's enterprise centres
 - ▶ Labour sponsored funds
 - ▶ Community investment corporations
 - ▶ Loan guarantee funds
 - ▶ Equity or venture funds.
8. To explore potential partnership organizations, use the list below.
 - ▶ Human Resources Development Canada
 - ▶ Federal and provincial departments of education, training and economic development
 - ▶ Local municipal employment and social services
 - ▶ Local banks
 - ▶ Private businesses and foundations
 - ▶ not-for-profit organizations.
9. Wrap-up. Activities above involved a large number of outside resources. The instructor discusses with the participants how they may follow up on sources. This provides participants with a comprehensive list of contact information they can use when the course is over.

Activity 4: Local Loan and Investment Funds



3 hours

Purpose: To understand the three general types of CED financing, their key characteristics, and their impact on CED strategies.

Activity Type: Lecture / discussion

Relevant Text: Section 4

Method:

1. Instructor introduces a general discussion around financing, covering the key terms: financing, credit, collateral, guarantees, investing, equity, shares.
2. Instructor gives a mini-lecture outlining the three CED financing strategies and their shared five characteristics.
3. For each of the five characteristics, the instructor encourages a discussion in the class to think of where each characteristic may be useful. For instance, characteristic three — financing higher-risk ventures — the participants are asked to think of examples of ventures that would be considered high-risk.
4. Instructor draws a grid. Participants are invited to compare and contrast the three types of CED financing strategies, (e.g. sources for new capital, who assumes the risk, etc.)
5. Working with the types of organizations treated in this activity can be very challenging. The instructor leads a discussion about the problems they might meet with such groups. For instance, how would a business deal with the collateral issue if it has very little to begin with?

Activity 5: Training and/or Employability Initiatives



3-8 hours

Purpose: To understand the origins of unemployment and to learn why employability initiatives are an integral part of CED.

Activity Type: Large group analysis of table. Large group discussion of local statistics summary. Large group brainstorming

Relevant Text: Section 5.

- Method:**
1. Instructor photocopies and distributes the table.
 2. A brief discussion takes place to ensure that all participants understand content.
 3. Instructor copies the table onto a flip chart and the group fills it in using their own community context, adding rows or columns where necessary.
 4. Instructor compiles the material and hands out the new version of the table at a later class.
 5. This step involves local employment statistics. There are two alternative ways to present this step.

Method 1

The instructor compiles several years of unemployment statistics for the area. The information should be broken down by types of work such as industrial and professional, retail or service, private or public. The instructor distributes the material and discusses it with the participants. For instance, the following questions could be asked:

- Are there any trends of increase or decrease in unemployment?
- Are some employee groups affected more than others?
- What might be the causes of the trends (such as major industries leaving, etc.)?
- What groups might be most in need of employment and might be helped by a CED approach?

Method 2

The instructor assigns participants the task of finding the information. Teams or individuals are assigned the task of

presenting a short report on past employment patterns. Implications for a CED initiative are discussed.

6. Instructor leads the participants in a group brainstorming session to determine the following:
 - ▶ The groups with the highest employment needs in their community;
 - ▶ The characteristics of these groups;
 - ▶ The characteristics CED initiatives would need. (including ways of utilizing the unused skills and potential to be found within these groups.)

Activity 6: Evaluation



Purpose: Evaluation of the module

Activity Type: Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps:**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

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BUILDING *Dreams* with TEAMS



Introduction to Community Economic Development 3

MODULE

3

Mapping and Building Capacity

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PART A: Content



The content for sections 1 and 2 has been adapted with permission from John Kretzmann and John McNight's book entitled "Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets."

1. Introduction

When people come together to plan for their community's economic future, they start by making an accurate summary and assessment of their community's current situation through community profiles and/or consultations. There are usually two approaches to doing this.

Completing a needs assessment

This activity focuses on analyzing the **needs or problems** of the community's economy. (The glass is half-empty). Problems can be ones such as too much youth crime, alcoholism, and violence.

Mapping your community's capacity

This type of analysis focuses on what your **community already has that can contribute to the local economy** such as its people, organizations, associations, and businesses. (The glass is half full). Capacity includes the number of community volunteers, the amount of space that can be used for community meetings and functions, as well as organizations that may be able to help to create and support new businesses.

The first approach can be a negative experience that would have a community mired down in all of its problems. The second approach does not disregard problems but takes the time to learn about what a community has to offer (capacity) that can be used to help build its economy. An inventory of possible community resources is conducted. Then together community members construct creative ways of using the resources, which can be broken down into the following types:

- ▶ Individual/human
- ▶ Organizational

- ▶ Natural and community;
- ▶ Technological
- ▶ Capital

2. Community Resource Assessment: Mapping Community Capacity

Every community is different. It is the combination of the following resources that shapes the kinds of plans, projects, businesses, jobs and other opportunities that will build a local economy.

Human Resources

One of the key steps in building a local economy is to make a clear and detailed examination of the capacity of the individuals and organizations in a community to participate in community economic development. Getting answers to the following questions will help to develop a picture of a community's human resources:

- a) How many people live in your community?
- b) What significant demographic information do you have about your community?
For example, how many people live there and what are their ages? Is the population growing?
- c) What are the occupations and pay levels of the people who work in your community and in what industry sectors can they be found? For example, government, manufacturing, service, construction etc.
- d) What are the educational levels of the population in your region or community?
For example, what percentage are university or college graduates or have some or all of the required credits for completion of their high school diploma?
- e) How many volunteers are in your community? What kinds of skills do they have?
- f) What are the other sources of income in your community?
For example, pensions, employment and social assistance?
- g) How many schools are in your community?

- h) Are there any other educational institutions in or near your community? For example, private and public colleges, and universities. What kinds of programs and services do they provide to the community?
- i) Are there any other organizations in your community that can provide training and professional development opportunities?

Organizational Resources

The ability of groups to come together and organize toward a common goal is a valuable asset to any community. There are many organizations both inside and outside of your community who have organized and trained to advocate for better housing, provide services for the unemployed, support people with disabilities. A wide range of (but not all) groups have an interest in participating in and contributing to community economic development. Tapping into these kinds of organizational resources is a key to success.

They can be found by using local directories and guides, libraries, churches, and by talking to friends and family. Here are some of the questions that would help to map the organizational capacity of your community:



- ▶ How many and what kinds of associations are in your community? For example, artistic organizations, business organizations, service clubs.
- ▶ How many voluntary and community based organizations are in your community?
- ▶ What do they do?
- ▶ How many organizations try to develop the local economy? Who are they? For example, employment services, poverty awareness groups, trainers, community and economic development groups.
- ▶ What kinds of public institutions are in your community? For example, colleges, schools, parks, hospitals, etc.
- ▶ What kinds of government organizations are based in or nearby? For example, provincial, federal and local offices.
- ▶ Are there community partnerships already in place between organizations and individuals working toward business development, job or training goals?

It is important to ensure that all sectors that have a stake in community economic development efforts be included in the inventory.

Natural and Community Resources

A community's natural resources, how they are valued and used must be considered in community economic development. Such things as forestry, mining and agriculture are considered when developing an inventory of natural resources. However, natural resources are also considered for tourism, recreation and culture.

In your community:

- ▶ What kinds of year-round outdoor recreation activities take place?
- ▶ What kinds of parks, green spaces, and waterways are there?
- ▶ What kinds of local history, traditions, cultural and ethnic resources make it unique?
- ▶ What kinds of resource-based industries are there?
- ▶ Are there untapped natural resources and features? For example, farming, fishing, mining, forestry, lakes, parks, cultural events.
- ▶ What kinds of energy and waste resources exist? (recycling, composting, community energy conservation programs)

Technological Resources

A technological resource refers to specific knowledge or expertise and it can cover a variety of subjects. A wealth of expertise can be found in our communities. Technical expertise can also come from other communities and the government in the form of training or assistance in order to increase a community's capacity to be more independent in the future. To map a community's technological resources, look for and compile a list of "know-how" in the following areas:

- ▶ Business development? (feasibility studies, business plans, operations, finances)
- ▶ Industry expertise? (knowledge of specific markets, products and competitors)
- ▶ Training? (job, upgrading, entrepreneurship)
- ▶ Legal resources? (co-operatives, agreements)
- ▶ Financial? (budgeting, bookkeeping, forecasting, managing capital resources)

- ▶ Planning? (community consultations, effective meetings, strategic plans)
- ▶ Networking? (business alliances, joint marketing)
- ▶ High technology? (Computers, software, e-commerce)
- ▶ New or emerging technology? (Solar power, refined or new manufacturing practices)

Capital Resources

Capital refers to physical or financial resources that have a monetary value. These resources are important when communities are trying to stimulate business development. Setting up a business requires paying for such things as space, employees, loan payments, and other bills. The following is a list of creative ways to reduce the financial impact of new business start-up while involving community organizations and building new partnerships:

- ▶ Many organizations and towns have vacant or unused space or land that can be used for business or job development projects in your community. Are these organizations willing to donate or contribute the space?
- ▶ What kind of space is available where there is free access to phone, fax, Internet and computer? No charge for utilities?
- ▶ Are there volunteers or community members who may be able to contribute their money, skills and labour in exchange for part-ownership in the business? (This is sometimes referred to as sweat-equity).
- ▶ What institutions or organizations can provide credit or investment money to businesses that would not normally be considered for financing by a bank? (e.g.: churches, business development centres, community associations, venture capital organization, equity funds, women's business networks, etc.)
- ▶ Are there abandoned plants or equipment that can be used?
- ▶ Which federal or provincial programs and departments provide financial and/or technical support for economic development initiatives?

The primary purpose of completing an inventory of community resources is to help stakeholders and community members decide how these resources will be combined, celebrated, and used to build the local economy.

As part of its mandate, a community economic development or social planning organization may have completed the initial research and collection of information about these resources.

When the time comes to focus on the challenges and opportunities faced by your community, the completed community inventory (or map) becomes the source for creative solutions.

3. Challenges and Opportunities Facing your Community

The content for this section has been adapted from the Centre for Community Enterprise's "Strategic Planning for the Community Economic Development Practitioner."

Analyzing the information that is collected in the resource inventory helps a community to decide what challenges and opportunities require the most attention. A healthy local economy needs to have sufficient resources to provide:

- ▶ Money to lend to local businesses (debt)
- ▶ Money to invest in local businesses (equity)
- ▶ The necessary infrastructure (roads, water, sewer, electricity and related services) to help a community grow and support new business;
- ▶ Training and other services that support employees, employers, and community members (human development)
- ▶ Planning and research to identify community strengths, challenges and opportunities

Communities tend to organize their community economic development efforts around four strategic options that address the above areas. They may choose to do all of them or work on one or two. See the chart on page 101 for an outline of the four strategic options.

Comparison of 4 Strategic Options for Community Economic Development

Topic	Growth/Equity	Loan/Technical Assistance	Employment Development	Planning & Advisory Services
Mission	Build an economic base for the community	Development finance and business support to new and existing businesses	Human resource development and job creation	Support of businesses and development organizations
Central Role	Owner/Partner	Financier	Trainer/coordinator	Advice and technical assistance
Key Goals	1. profits 2. management 3. jobs	Creating viable businesses at community level Becoming self-sufficient	Increased literacy, personal management skills, increased employment	Depends on constituency and priorities, e.g., a community development group that helps businesses to plan and get financing
Functions	Planning and research investment (sometimes training)	Assessing business plans Making loans Providing business counselling	Needs assessment Program development and management Organizing and financing Outreach and job placement Self employment training	Advice to entrepreneurs Training of boards Research services Information, referral and networking services Assistance to access financing
Leadership Skills	Investors and deal makers who understand community economic development	Experienced lenders	Experienced community organization executives	Usually an economic development officer

PART B: Activities



1 ½ hours

Activity 1: Mapping Human Resources

Purpose: For participants to be able to:
► assess the human resources in the community.

Activity Type: Case study

Relevant Content: Section 2: Human Resources

Steps:



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- ☐ Instructor quickly goes around the group and asks if talk in their community has been more about the “glass half-empty” or the “glass half-full”, that is, are people negative or positive?
- ☐ Instructor uses a particular case — information from the community profile of Peterborough produced by the Peterborough Social Planning Council. It describes the kinds of people living in and around Peterborough and outlines their skills.
- ☐ Participants are to find the information to answer as many of the questions that need to be answered when mapping community human resources. These questions are listed in content section 2.1. Participants are asked to point out the answers they find to the questions.
- ☐ Instructor leads a discussion to answer the following questions:
 - How would you get this kind of information about your OWN community?
 - If you do not know where to go, how would you find out where to go?
- ☐ Instructor lists the suggestions on the flipchart.
- ☐ Instructor leads a discussion of the challenges in creating this part of the community profile.

Activity 2: Mapping Organizational Resources



4-6 hours

Purpose: For participants to be able to:

- find, bring back and share information about organizational resources in the community. discuss what they have learned about how to get such information.

Activity Type: Individual assignment.

Relevant Content: Section 2: Organizational Resources

Steps: Instructor asks:

- ☐ What organizations exist in your community?
- ☐ Instructor lists these in rough form on a flip chart.
- ☐ Instructor distributes the list of seven questions on organizational resources taken from content section 2.2.
- ☐ Conduct a short discussion to ensure that all participants understand the meaning of the questions from the content.
- ☐ Instructor gives one question to each participant.
- ☐ Each individual goes into the community to find the information necessary to answer his or her the question. This is done outside of class time, between two classes. The instructor and participants decide how much detail will be expected and the amount of time to spend on this activity.
- ☐ Participants report back what they have found. The instructor records this material on flip charts.
- ☐ Instructor asks participants what the easy and the difficult parts were in trying to find their information.
- ☐ Participants can offer each other advice on how to overcome the difficult parts.

Activity 3: Mapping Natural and Community Resources



1-2 hours

Purpose: For participants to be able to:

- develop a list of the natural and community resources that could assist CED in their community.

Activity Type: Brainstorming

Relevant Content: Section 2: Natural and Community Resources

- Steps:**
- ☐ Instructor asks participants if they take part in any local outdoor activities. Examples could include tree planting, skiing, camping or others.
 - ☐ There is a short discussion to draw attention to the economic aspects of the activities; for instance, do they pay to do something? Do they get paid to do something?
 - ☐ Instructor distributes the list of questions about natural and community resources, taken from content section 2.3. There is a flip chart paper for each of the questions in the list.
 - ☐ Instructor asks each participant to lead the discussion around one of the questions. The participants can volunteer or be selected for their particular questions.
 - ☐ The process is kept simple but provides participants with an opportunity to lead a group. The pace should be kept “up-tempo” with participants shouting out ideas in answer to each question.
 - ☐ The participant leader writes down phrases on the sheet as quickly as possible.
 - ☐ Another participant steps up to lead the next brainstorming.
 - ☐ When all of the question sheets have been filled out, participants copy the information into their notebooks, or hold a discussion to summarize the answers.

Activity 4: Mapping Technological Resources



2-3 hour

Purpose: For participants to be able to:

- find the technological resources available in their community. They will share information and help each other solve problems about using these resources in CED.

Activity Type: Game

Relevant Content: Section 2: Technological Resources

Steps: **Helping Circle Game.** The instructor brings out the game material and participants help to set it up. This involves laying out the game board and sorting and giving a coloured marker to each player. The purpose of the game is explained.

The purpose is to create an interesting way for participants to think about technological resources in CED, and to do so by working with each other in a structured way. There is no winner in the game.

- ☐ The playing board lists the nine areas of resources from text section 2.4. Each resource area is to be discussed in terms of
 - a possible problem which can arise in using the resource;
 - a possible ally, that is, another individual or organization which can help with the problem, and
 - a possible solution to the problem found by working with that ally.
- ☐ There is also a set of thirty-six cards, each with a number from one to thirty six — corresponding to the numbers on the board.
- ☐ (In the actual production of the game, you could have the entire content of each box on the card.)
- ☐ Players are also given coloured markers to represent them on the board boxes as the game proceeds.

The following table is a drawing of the game board.

Note to instructor:



Ideally, the layout of this would be a circle with 36 segments, in the order indicated, if you want it to fit the notion of a Helping Circle.

The Helping Circle Game © AIA 1999 excluding CED content

1 RESOURCE: Business Development Name One	2 Possible Problem	3 Possible Ally	4 Possible Solution	5 RESOURCE: Industry Expertise Name One	6 Possible Problem
7 Possible Ally	8 Possible Solution	9 RESOURCE: Training Name One	10 Possible Problem	11 Possible Ally	12 Possible Solution
13 RESOURCE: Legal Resources Name One	14 Possible Problem	15 Possible Ally	16 Possible Solution	17 RESOURCE: Financial Name One	18 Possible Problem
19 Possible Ally	20 Possible Solution	21 RESOURCE: Planning Name One	22 Possible Problem	23 Possible Ally	24 Possible Solution
25 RESOURCE: Networking Name One	26 Possible Problem	27 Possible Ally	28 Possible Solution	29 RESOURCE: High Technology Name One	30 Possible Problem
31 Possible Ally	32 Possible Solution	33 RESOURCE: New or Emerging Technological Industries Name One	34 Possible Problem	35 Possible Ally	36 Possible Solution

Activity 5: Mapping Capital Resources



2-3 hours

Purpose: For participants to be able to:

- ▶ have fun acting out situations that require co-operation to put physical and financial resources in the community to work for CED.

Activity Type: Role play

Relevant Content: Section 2: Capital Resources

- Steps:**
- ☐ Instructor asks participants to think of a time when they had a job or some sort of position where they had to play a role. Perhaps it was as a volunteer at a recreation centre; or a lifeguard; or a babysitter; or serving the public in a business. Participants are then asked to think about the following questions:
 - How did you cope with the rules you had to follow?
 - How did you feel about the expectations other people had for you?
 - ☐ Instructor distributes the list of six questions regarding capital resources, section 2.5.
 - ☐ For each of the questions, participants volunteer to take on certain roles. For example:
 - What institutions or organizations can provide credit or investment money to businesses that might not be able to get financing from a bank? (e.g.: churches, business development centres, community associations, etc.)
 - ☐ Each participant represents an organization. One participant takes the part of someone seeking to get resources from them or involve them in some CED initiative.
 - ☐ Each participant takes a few minutes to quickly think up a few main points of interest and concern which his or her role may have. This becomes the rough script for each person in the role-play.
 - ☐ For each question, there is a discussion. The CED person attempts to find out in what way each of the people can be convinced to contribute resources to the CED effort.

- ☐ The group does the role play for ten minutes, with the instructor taking notes on flip chart paper that the participants cannot see.
- ☐ If not all of the participants are involved in the role-play, they could also make notes for later discussion.
- ☐ After the role-play, the instructor reads her observations including where mistakes might have been made.
- ☐ Participants are encouraged to contribute comments. The instructor leads a discussion about the learning that took place during the role plays as well as what the participants might “do” differently next time.
- ☐ Role-playing participants briefly describe their feelings during the role play.



Activity 6: Challenges and Opportunities Facing Your Community



3 hours

Purpose: For participants to be able to:

Work with a tool for analyzing the capacity of their communities in order to make strategic decisions around CED.

Activity Type: “SWOT” analysis, CED Strategic options chart

Relevant Content: 2, 3
More information on SWOT analysis can be found in the Team Entrepreneurship course module 4, ‘Sales and Marketing’, page 239.

Steps:

SWOT CHART FOR CED ACTIVITIES

A healthy local economy needs to have sufficient resources to provide:	What we see as our community’s		... and what we know about what our community must face	
SWOT > > >	Strengths	Weaknesses	Opportunities	Threats
1. Money to lend to local businesses (debt)				
2. Money to invest in local businesses (equity)				
3. The necessary infrastructure (roads, water, sewer, electricity and related services) to help a community grow and support new business				
4. Training and other services that support employees, employers, and community members (human development)				

- ☐ Instructor distributes the SWOT chart, explaining the meaning of the sections.
- ☐ Group breaks into pairs. Pairs spend one-half hour trying to fill in the sections of the chart. Instructor offers advice as needed.
- ☐ Instructor goes through each section of the table, asking each pair to briefly report what they filled in. They also discuss the problems they had filling in the information.
- ☐ Participants think of one organization or informal group to which they belong or have belonged.
- ☐ Instructor asks:
 - Was there a time that this organization or group had to rethink what its purposes or function were?
 - How did they decide what they should do?
- ☐ Some examples could be provided by the instructor to get the discussion started.
- ☐ The Instructor distributes the options table (Content, section 3).
- ☐ Instructor clearly explains what the four possible areas of focus of a CED organization are (The items in the first row at the top.)
- ☐ Instructor also explains that there are five key aspects to any CED organization (The items in the first column).
- ☐ Instructor emphasizes that a CED organization has to be careful about what it can promise to deliver, especially in its early stages. A CED organization can attempt to provide all four types of services, or maybe just specialize in one if its resources are limited.
- ☐ Instructor answers any questions and leads a discussion. Participants try to decide how ambitious their CED organization could / should be, given what they know about their community.
- ☐ These conclusions are kept in their notes for any CED work they may undertake.

Activity 7: Evaluation



Purpose: Evaluation of the module

Activity Type: Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps:**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions.
In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - WHICH ACTIVITIES WERE MOST HELPFUL FOR LEARNING THESE SKILLS AND CONTENT?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

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Kretzman, John P, and John L. McKnight. *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*. Chicago: ACTA, 1993.

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BUILDING *Dreams* with TEAMS



Introduction to Community Economic Development

4

Organizational Options for CED Sponsored Enterprise

MODULE

4

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PART A: Content



1. Introduction

Community Economic Development is an approach to building a local economy that is built upon community pride and sustainability.

People often equate a community's health with its ability to provide good jobs, thriving businesses and quality social programs such as affordable housing, education and health services.

All members of the community (including those who are unemployed, disabled, equity groups, etc.) have an opportunity to participate and benefit from any efforts that take place.

Creating and supporting local business development and entrepreneurship is considered one of the keys to building a local economy. After all, when a business fails, the whole community loses out in a number of ways, including lost tax revenues and lost jobs.

There are several organizational options designed to address a variety of issues faced when developing businesses and entrepreneurship programs. The following represents some of the more common community issues that entrepreneurs face.

► **Business Survival Rates**

It is estimated that new businesses where there is one owner, have a 20 to 30 percent chance of surviving the first three years.

► **Available Financing For Start-up Costs**

Banks are reluctant to lend money to new businesses because of the failure rates. They are also reluctant to lend to people on low incomes.

► **Business and Entrepreneurial Experience.**

Not all of us have had the benefit of being exposed to business practices or have had a chance to demonstrate that we are entrepreneurial.

► **Participation of Equity Groups, Aboriginal, Women and Youth in Entrepreneurship Programs.**

Community Economic Development benefits from the variety of social and cultural perspectives that promote innovative uses of financial resources.

This module will discuss a range of organizational tools and options for Community Economic Development enterprise that can be found (or perhaps developed) in your community and that promote local control and ownership of community resources.

The range of organizational options for CED enterprise noted here are rooted in the belief that teaming up is the best approach to:

- Increase the chance of new business surviving the critical early stages of growth
- Promote broad community involvement
- Reduce the financial restrictions that are normally found in traditional approaches to business development
- Encourage people with a variety of skills and expertise to become entrepreneurs

2. Micro-Enterprise

As its name suggests, micro-enterprise is an approach to business development on a small scale. Programs that fit this category are usually designed for entrepreneurial persons who want to be self-employed. Micro-enterprises can be home-based, seasonal or part-time and do not require a lot of money to get up and running. It is an option for people who want to make a living or a little extra money to enhance their quality of life. These programs can sometimes have small loan funds, training and technical assistance services attached to them.

Low-income communities and other groups who experience barriers to traditional opportunities make use of these services because of the smallness of scale and the perceived low risk.

Examples: Self-employment programs, loan circles, programs focussed on certain groups within a community such as Women and Rural Economic Development (WRED).

www.wred.org/



3. Community Economic Development Organizations

Usually not for profit, CED organizations play a role in promoting and supporting **local** solutions for economic development. They can be involved in the following:

- ▶ building community capacity
- ▶ community strategic planning
- ▶ delivering a wide variety of job training
- ▶ entrepreneurship programs
- ▶ lending to and investing in new businesses.

All of these activities take place with the goal of ensuring broad community participation. This approach brings business, government, community based organizations, and other groups together to promote control over community resources.

Examples: West End Community Ventures, CODA, LEE, COIN



For a partial list of Community Economic Development organizations in Canada, visit www.canadiancednetwork.org

4. Co-operatives

Co-operatives are a type of business organized to share decision-making amongst the owners, workers and customers. Cooperatives can be for-profit or not-for-profit.

For example, a worker co-operative is a business that is owned by the workers. Business and employment decisions are made by the workers.

Example: Technical assistance, information and examples can be provided by the Canadian Cooperative Association, or the Canadian Worker Co-op Federation.



www.coopca.com
www.workercoop.ca

The rules governing co-operatives are based on building the local economy. Members of the co-op have to live in the community in which the business is located and the profits (what co-ops call a surplus) are distributed to the members. Money stays in the community and does not go to outside owners or investors. Also, co-operatives are governed democratically: every member gets one vote. In a traditional corporation, the number of votes an owner has is equal to his/her percentage of ownership. Workers and customers never have a say in how the business should be run.

Shared ownership also means shared risk. Not everyone has all of the financial resources or skills needed to get a business up and running. For example, a group of crafts people may create a product in a co-operative but not have much knowledge of accounting and marketing. They could recruit somebody with that knowledge to join the co-operative.

5. Corporations

A corporation is another type of business in which entrepreneurs can share ownership. As with a co-operative, shared ownership can mean shared expertise, money and decisions. While micro-enterprise is a small-scale approach, corporations (and co-operatives) can be developed and supported on a larger scale. For example, they have an ability to attract more investors and financing alternatives. The main difference between a corporation and a cooperative is the decision-making power of the owners, which is directly connected to the percentage that each person owns. However, owners can set up rules that make it difficult for majority shareholders to control the company.

Co-operatives and corporations are also appealing to people with limited financial resources. These types of businesses provide a limited amount of financial and legal protection not available to a micro-enterprise owner or some one who is self-employed.

6. Sole Proprietorships

A proprietorship is the legal name for a business that has one owner. Micro-enterprise owners and individually owned businesses are examples. It is not as complex a structure as a cooperative or corporation but there is less financial and legal protection for the proprietor should anything go wrong with the business.

7. Partnerships

A partnership, like a sole proprietorship, has similar legal and financial organization and restrictions. However, like a corporation or a co-operative, it represents the teaming up of two or more individuals or companies to share ownership of a business for the purpose of earning a profit. A micro-enterprise or self-employed person may find the notion of partnering very appealing if their business is succeeding and growing steadily. For example, two massage therapists may end up with more business than they can handle. They decide to join forces and operate under one roof and share customers and support staff.

8. Joint Ventures

A joint venture is another ideal way to share ownership and resources. It can be a corporation, co-operative, or partnership. A joint venture is characterized by the coming together of businesses for one purpose or one activity. The participating businesses still continue on with their existing work and maintain their independence except on the project they are sharing. For example, a group of home-based craft producers may decide to form a company solely for the purpose of marketing their products to Europe and the United States.

Another larger scale example might involve a design engineer, a factory and a marketing firm. They decide to design, manufacture and sell a new product and share the profits from the sale of that product. This type of joint venture is sometimes referred to as a flexible manufacturing network

9. Social Enterprises

... there are social organizations that have found innovative solutions for individuals who have been traditionally excluded from employment and entrepreneurship opportunities:

Two underlying principles of CED are inclusiveness and community participation. With this in mind, there are social organizations that have found innovative solutions for individuals who have been traditionally excluded from employment and entrepreneurship opportunities. (Some of the reasons may include mental health problems, varying degrees of disability, or being out of the workforce for long periods of time.)

For example, Community Living Associations are involved in a variety of activities to promote meaningful participation in the community for people with developmental challenges. One of their activities is the creation of businesses that train and employ their clients. These businesses provide a variety of products and services to the community such as catering and furniture repair. Employees get the skills training needed to work in the business while receiving job support and work hours tailored to their individual needs.

These businesses receive revenue from sales but are not able to survive without funding support from government. They are usually non-profit. They are publicly supported because their value goes beyond the traditional notion of profitability. Value is measured by increased skills, confidence, less incidence of illness and increased participation in the community. Other benefits can be a reduced reliance on social assistance and the personal satisfaction of obtaining income from work.

PART B: Activities



Activity 1: Common Community Issues When Developing a Business



2-3 hours

- Purpose** For participants to be able to:
- ▶ discuss common community issues people face when developing a business.
- Activity Type** Guest speaker(s) with discussion, question and answer.
- Relevant Content** 1–9 depending on the guest speaker.
- Steps**
- ☐ Arrange for a guest speaker(s) to share business and entrepreneurial experience, business survival rates, availability of traditional financing for start-up costs, and participation of equity groups in entrepreneurship programs.
- Suggestions for guest speakers include:
- ☐ representatives from a chamber of commerce
 - ☐ local business people
 - ☐ enterprise developers (from a CED or CDC organization)
 - ☐ municipal development workers
 - ☐ members of a co-op
 - ☐ small business loans officer from a bank
 - ☐ Allow time for a question and answer period after the guest speaker(s)
 - ☐ Allow time for group discussion after speaker has left.

Activity 2: Types of CED Business Options



18 hours

Purpose	For participants to be able to learn about the various types of CED business options by conducting interviews with local business owners.
Activity Type	Group discussion/group project, community interviews.
Relevant Content	2–9
Steps	<ul style="list-style-type: none"> <input type="checkbox"/> Present participants with information on and examples of the various organizational options for CED sponsored business — micro-enterprise, CED corporations, co-operatives, corporations, sole proprietorships, partnerships, joint ventures, social enterprises. <input type="checkbox"/> Create a list of local businesses for the types of enterprise options. <input type="checkbox"/> There may not be local examples of all enterprise options. If this is the case, provide examples from other communities. <input type="checkbox"/> Create a list of questions to be used when interviewing the business owners. For example, participants may wish to determine why a certain enterprise option was used; how decisions are made; the pros and cons or strengths and weaknesses of the enterprise option. <input type="checkbox"/> Develop guidelines for conducting effective, respectful interviews. <input type="checkbox"/> One way of assisting in this process is to stage interviews as a role-play activity. <input type="checkbox"/> You might set up scripts where an interviewer asks inappropriate questions, and receives extreme reactions. This could be a humorous way to begin developing appropriate interviewing behaviour and guidelines. <input type="checkbox"/> Assign local businesses for each group to contact and interview. <input type="checkbox"/> Create guidelines for how to present findings to the rest of the class.



- ☐ Each group will complete a Plan of Action for conducting its interview including assigning tasks to group members, preparing interview questions, developing a schedule, and developing evaluation criteria.
- ☐ Instructor MUST approve the Plan of Action before participants begin their research and interviews.
- ☐ Each group presents its findings.
- ☐ Instructor summarizes the key points from the presentations, highlighting the strengths of a team approach to business development.

Activity 3: Evaluation



LBS 3



½ hour

Purpose: Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions.
In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.



BUILDING *Dreams* with TEAMS



Introduction to Community Economic Development 5

MODULE

5

Government Programs and Community Economic Development

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PART A: Content



1. Introduction

We have learned about the basic principles and objectives of CED and some of the ways in which these principles are put to work. CED work **must be organized and led by the members of the community** in order for it to be successful and productive in the long run. Top-down programs, where governments try to bring solutions into a community usually miss in terms of a clear understanding of the needs, challenges and preferences of the people within that community.

Many people within governments and ministries recognize that change within a community has to be led by that community. So what place does the government have in CED? This module is set up to show that there is a role for governments to play in the social and economic health and well-being of our communities. Government, after all, is a group of people that we elect to act in our best interest, and it is in our best interest to put them to good use.

2. The Role of Government in CED

Central governments cannot lead community economic development, only community members can. But government plays an important supporting role. People in government are starting to understand this. For instance, the Ontario Ministry of Agriculture and Food (OMAF) talks about its role as supporting, not leading community development work.

This is the approach most governments are taking. They recognize that real and lasting improvement for a community has to come from that community itself. They are there to simply assist where they can.

Governments can help community economic development activities in any number of ways. Some government programs will fund the creation and operation of entire community projects. Others will help with particular activities. There are programs, for instance, designed to help with planning your project, researching it or making the right connections within



Government is a CED resource.

your community. Other programs may be able to help with some income for some of the people working on the project. Others will help lead a community enterprise to some venture capital that was not available to them.

The important thing to remember is that the different levels of government are there to assist us as individuals and communities as we try to make improvements in our lives.

To discover exactly how government can be a resource and a support for CED, let's first look at what we mean by government. Let's forget about elected politicians, party platforms and ideas of left versus right for a moment. Government is all of that, but there is another side of government that we might call public service. This is the working part of government, the professional people who create and deliver programs. They are experts in their own areas and come up with plans to meet the needs of the people they serve, namely us.

3. The Structure of Government Programs



www.gov.on.ca/OMAFRA/index.html

In Canada, as in many other countries, the federal and provincial government is made up of many ministries. In Ontario, for instance, there is a Ministry of Education, a Ministry of Agriculture, a Ministry of Community and Social Services, and many more. Each ministry has its area or **field** of concern, usually described in the title. The Ministry of Agriculture and Food for instance, deals with issues around farming. Its field however, is wider than that. Because there is more to rural life and communities than farming — the direct production of food. This ministry focuses on other parts of rural life as well. They try to promote rural economic development, education and opportunities for young people to keep them living in these areas and keep our agricultural sector vital.

Within each ministry the employees are experts in their field. These are people with specific training and knowledge. Although at the head of each ministry there is an elected minister, he or she is simply a representative, someone who acts as a link between the experts in the ministry and the elected government. The minister is not necessarily an expert in the field.



Note: The names and fields of ministries shift around as elected governments try to do a better job. It is important to realize that

any examples given here can become out-of-date quickly. Although the actual structures can change, fields don't disappear, nor do the people to be served within that field.

Often the field of a ministry can be very wide indeed and sometimes it appears that the different issues they have to deal with have little to do with each other. Therefore, the work that a ministry does tends to be broken down into a set of more sensible programs. Often the field of a ministry is quite broad and no single program can do everything in the ministry's field (for instance, the Ministry of Citizenship, Culture and Recreation will have separate programs for citizenship than for culture or recreation).

The list of objectives of any program — what they actually are created to accomplish — is called its **mandate**. When the field of a ministry is fairly narrow there will be a mandate for the entire ministry. We can assume, for instance, that the mandate of the Ministry of Education is to encourage high quality education, to see more people becoming more educated with higher skill levels. Likewise, we can assume that the Ministry of the Environment has the mandate of protecting our natural environment and minimizing the damage to it. However, most often mandates exist for specific programs within a ministry.

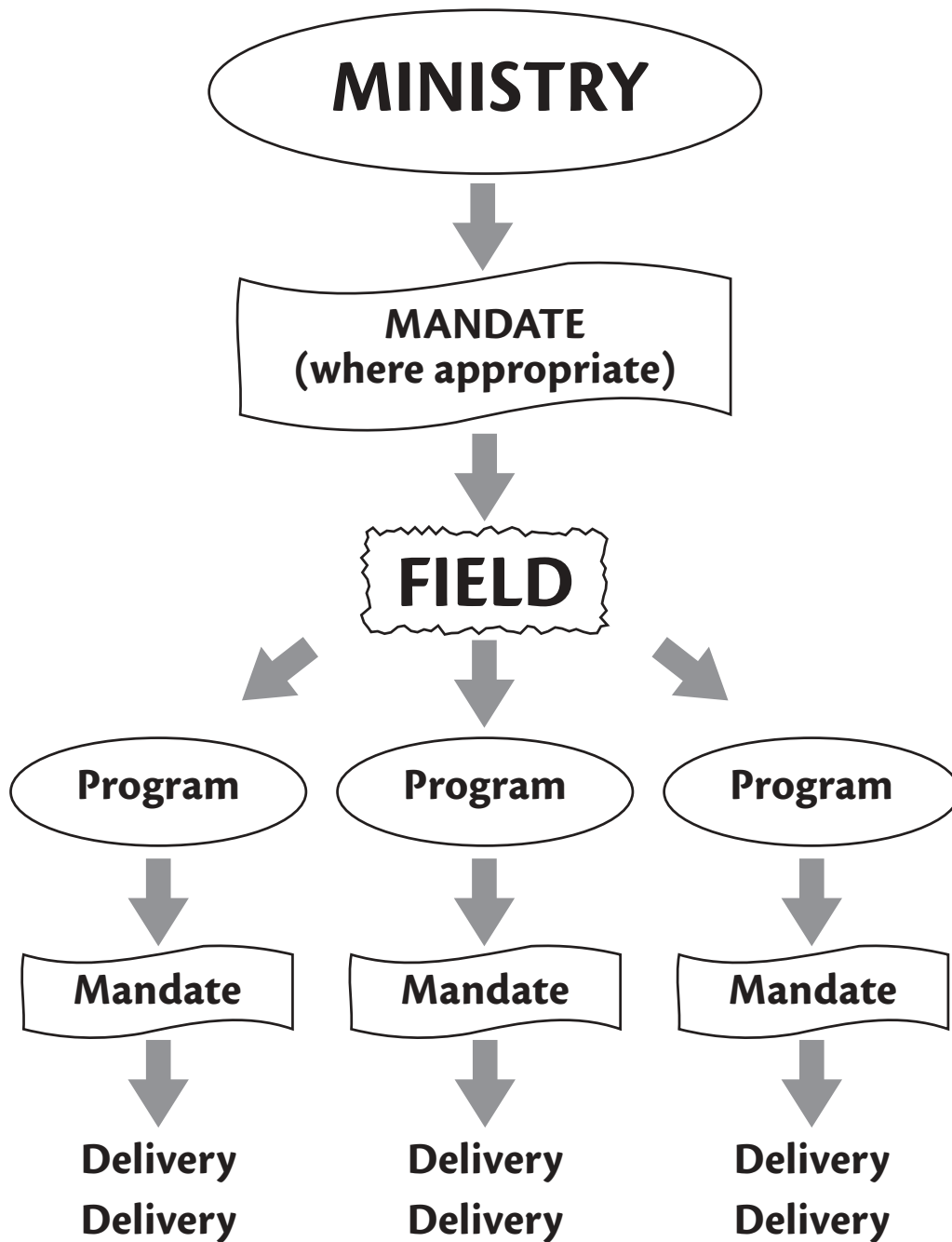
Each program can be broken down into the different ways it is delivered. Once the ministry has created its program, it must actually make it happen. The way a program is delivered depends a lot on the nature of the program itself.

Some ministries hire their own employees to deliver their programs. For instance, the Ministry of Natural Resources hires its own conservation officers to work in the field (or the woods as the case may be) whereas, the Ministry of Transportation of Ontario hires the local chambers of commerce or other agents to deliver its licensing program.



Another method for governments to deliver their programs is to fund people or groups within the community who are doing work that follows the mandate of the ministry. This is the type of delivery that concerns people working in CED.

Ministry Flow Chart



4. Shopping for Support

It is absolutely necessary to include government programs in this list of community services.

In order to do successful work in community economic development, we have tried to stress the importance of coming to understand or mapping your community's capacity. This is a process of gathering together and listing all of the resources (physical, human, financial) available within your community that could support CED work.

Government programs can provide the financial support that is so important to CED work yet so difficult to find.

Government support of CED, however, is a two way street. CED work is good for governments. Many government programs can be best delivered in the same ways that CED work takes place. The community-specific knowledge and the ability to be inclusive and participatory that stem from a CED approach are exactly what many government programs need in order to meet their goals. Governments are coming to learn that CED methods work well. They are starting to recognize that their objectives are often the same as those of CED.

We hire governments and pay them with our taxes in order to improve our lives. It is right that we take part in directing this improvement where it is most felt: in the community. Federal and provincial governments are community resources and they should always be included in any map of community capacity.

CED works well for government, but the most important thing is seeing that government can and should work for CED. Government is, after all, hired to meet the needs we all have.

The next thing to do is to figure out how to get this support. This might seem difficult. There are so many levels of government and so many programs. On top of the sheer size and confusion of government, there is the fact that it is constantly changing. Keep in mind, though, that these programs were designed to be available to everyone and it is possible to access them.

Obtaining support for the work you want to do is based on finding a good match with a ministry or program. If, for instance, you are starting a housing co-operative, you could look into getting support from the Ministry of Municipal Affairs and Housing, because your project falls within their field. If you were trying to start a community garden, you might approach the Ministry of Health for support because bringing decent food to the tables of your community would help fulfill that ministry's overall mandate to improve the general health and well-being of the population. If you were trying to start a small business, you could look for support from the Ministry of Economic Development, Trade and Tourism, and try to tap into their business support programs. If you wanted to train your participants for their roles in their businesses, you could apply

for funding through the Ministry of Training, Colleges and Universities or Human Resources Development Canada. You could propose to actually deliver the ministry's program for them by training people for the workplace.



Finding a match between the work you want to do and the appropriate government body requires a bit of following your nose. This is made easier however as information becomes more widely available. A good place to start is the government listings (blue pages) in the phone book. These will list most of the ministries and departments at each level of government. When you find a ministry whose field you seem to fall under or which has programs that seem appropriate, it is then time to find out more. The Internet, the library and most government offices will have this kind of information. Most ministries will try to have branch offices in or near most communities. These offices will have some walk-in information services, where you can find out general information about them and other branches of government. Most ministries and programs within ministries have their own web sites with an overview of what they do as well as links to other program sites and to other government services. Some sites will even list the most recent projects they have supported and what that support was.

Another good way of getting the program that is right for your project is to approach your Member of Parliament (MP) or Member of Provincial Parliament (MPP). Their job is to make sure that the people they represent can access what their government has to offer.

Requesting Support

Once you have researched and come up with a list of possible government funders, you need to narrow down your selection. Although there could be a match between your project and many different programs, it is only really worth pursuing those options where the match is the strongest. You may fall within the field of a certain ministry but if they don't have any programs that match the work you want to do, or if your project does little to fulfill their mandate, your chances of getting their support will be slim.



Warning: When researching government programs, you may discover a program that seems to be giving out a lot of money, and although there is no clear match, you are tempted to twist your project to the point where you can get at that money. This type of funding-led project development does not help anyone in the long run.

CED principles mean that you come up with your project through a thoughtful process of consultation and participation, establish the true needs of your community and develop some sound, practical ways of meeting those needs. It is at this point that you search around to find support for your project. If you start with the funding and try to build a project to match it, your project seldom reflects any real understanding of the community and although you may get the money, very little lasting gain will come of it.

The Proposal

Once you have narrowed down your search for funders, there is a set of steps to follow in order to request this support. The steps will be spelled out in the ministry's program information. These steps will usually require you to submit a proposal. This is no small task.

A proposal is much like a business plan. It involves research, time and the co-operation of many people.

It is important to be sure there is a good match and that your chances of getting approval are very good before you start in on writing the proposal writing. (Some ministries even charge a non-refundable processing fee for each proposal they receive. They see this as an effective way of reducing the number of weak proposals they have to review.) Often there will be different stages of developing your proposal, where you can present an idea for approval before you begin working on the larger, more formal version.

What a proposal is designed to do is to build a solid argument for why your project is a worthy and appropriate one for the funder to support.

There are many good resources available to help with proposal writing, not the least of which are members in your community working for not-for-profit and charitable agencies.

We will not go into the nitty-gritty of proposal writing here, but we will point out a few basic principles:

One way to remember some helpful proposal writing basics is to remember the BRIGHTS Model.

“ B R I G H T S ”

Brief

Research

Instructions

Gain

Help

Together

Snow job!

Brief Proposals should be brief and to the point. People who review proposals do it all day long. There is nothing more refreshing than a quick clean request.

Research Proposals should reflect good research. You should demonstrate in your proposal that what you are suggesting is based on something more than a good idea. You should try to prove that it is sound, feasible, and will have the desired results. It is also important to show that you understand the ministry's purposes and reasons for calling for proposals.

Instructions Follow instructions carefully. It is important to make your proposal as easy to process as possible. Government funders create steps to take in making a proposal so that they can go through them quickly and efficiently. If the call for proposals says to fill in a form, then do so, even if it seems like you are repeating yourself. Restrict yourself to those steps. There is nothing worse for a review committee to see than background information they did not ask for.

Gain Show long-term gain. Wherever possible, try to demonstrate that your project will result in lasting improvement to your economy. Governments and other funders are no longer interested in supporting black holes — projects whose benefits disappear as soon as the funding stops.

Help Use help when it is offered. Often, government workers involved with certain programs will offer to assist you in putting your proposal together. It is in their interest to see good projects funded and they are there to help along the way. You would be amazed at how much assistance and advice around proposal writing is available if you only ask.

Together Show partnerships. Funders are like investors — they want to see that they are not way out on a limb. You should show that you and others from your community are firmly behind the project — working together — and that they are not the only ones to invest in it. When there are more people and groups with a stake in a project, its chances of survival and success are greater. Appropriate partners for a project depend on the nature of that project but it is always good to include as many as possible of the following: non-profit groups, individuals, private sector business, different branches of government, and other funders.

Snow job Don't try to snow-job anyone. Don't try to bluff the funders by pretending that your project is something it is not, that you will do things that you have no intention of doing, or that your project will require more money than it actually will. Aside from issues of honesty and integrity, this will usually not work. Reviewers of proposals will have read enough to know what is sound information. What is more, going in asking for huge amounts of money, hoping to at least get some of it, just says that your information is faulty. These government projects want to support worthwhile efforts.

Examples of Programs

The following are three examples of government programs that were in existence at the time this course was drafted. They each demonstrate well how government programs can support work in CED. More information on the three government programs is provided in Section C of this module — Support Materials.

a) Trillium Foundation



Ministry Trillium Foundation, a Schedule III (arm's length) division of the Ministry of Citizenship, Culture & Recreation.

Field Social and cultural issues and programming.

Mandate To ensure that a portion of the proceeds of the Ontario Lottery Corporation is directed toward social issues in Ontario.

Program Community and Province-Wide Grants

Delivery Provide funding for existing or new projects created by charitable or not-for-profit organizations that contribute to the following goals:

- ▶ Community vitality
- ▶ Increase access
- ▶ Make better use of existing community facilities
- ▶ Encourage community harmony
- ▶ Prevent community problems
- ▶ Create economic opportunities
- ▶ Increase the effectiveness of organizations.

Significance to CED

The Trillium Foundation Community Grants program is a very broad-based and flexible funding program that can put its support behind many different things. The key Trillium objective for those doing Community Economic Development to focus on is to “create economic opportunities”. This, after all, is what CED is all about. CED workers could put together a proposal for any number of projects, from a barter network or a business development center, to a marketing co-operative, all of which create economic opportunities.

CED projects are a good match for Trillium, but CED in its participatory and holistic approach to economic development will also tend to fulfill many of Trillium's other objectives like contributing to community vitality by increasing access, and encouraging community harmony.

b) Youth Employment Strategy (YES)



Ministry Human Resources Development Canada

Field Employment and issues around the labour force and the nature of work in Canada.

Mandate Program Specific

Program Youth Employment Strategy

Program mandate To boost employability among young Canadians.

Delivery This program brings together in a coordinated way all of the Government of Canada initiatives toward helping youth enter the workplace. As well, it supports, through funding, the creation of new programs for youth through partnerships with business, labour, industry, not-for-profit groups, communities and other levels of government.

Significance for CED

The Youth Employment Strategy can benefit CED initiatives in many ways.

It can function as a clearing-house of existing services. If you approach a representative of the program with your ideas and the type of support you believe is needed, this person may be able to point you to a program that already exists. There might already be a project available to your community ready to do what you are proposing or that you may be able to tap into. Sometimes you have a project that just needs some specific help with meeting salaries of your employees, for instance. Here Y.E.S. might be able to line up a wage-subsidy as a way of supporting your project. If you wanted to start a community youth enterprise, Y.E.S. may be able to sponsor some specific training you need or even help provide some much needed capital and support through their Entrepreneurship Program.

Y.E.S. will provide funding for new projects that would help bring economic opportunities for youth. As stated above, Y.E.S. supports partnerships where many members of a community get involved with the planning and running of projects for that community, which is exactly the way CED work is done.

c) Adjustment Advisory Program (AAP)



Ministry Ministry of Training, Colleges and Universities

Field Education, training, skills development, employability.

Mandate Program Specific

Program Adjustment Advisory Program

Program Mandate To assist organizations, communities or sectors to understand and adapt to dramatic changes in the labour market.

Delivery Adjustment can take place on the level of a specific company, group of workers, a sector, an industry, or a

community. The program provides funds and expertise to establish an adjustment committee drawn from the affected groups to identify the common issues, needs and objectives as well as other groups and stakeholders that should be included. The AAP will support the coming together of groups and forming of new partnerships for the purpose of planning and creating strategy.

Significance for CED

AAP is Community Strategic Planning — the key starting point for CED. Building a sense of community and trust in order to come up with creative, forward-thinking solutions to community economic problems takes time and support. The AAP is designed to provide that support.

PART B: Activities



Activity 1: The Role of Government in CED

3 hours

Purpose For participants to be able to:

- begin to understand how government programs and support can be part of CED efforts.

Activity Type Presentation of content, large group discussion and small group mapping exercise.

Relevant Content 1,2,3.

- Steps**
- ☐ Instructor gives examples of roles which government can play in CED. The instructor can choose to use the Ontario examples in the text or substitute ones from the local area.
 - ☐ Instructor gives a lecture about the types of roles which government can play, followed by answering questions.
 - ☐ Instructor encourages participants to give examples of the roles of government from their own community.
 - ☐ Large group discussion, mapping out on flip-chart paper both the existing areas where government agencies are contributing to CED in the community and where they might contribute in the future. This should focus on the scope of activities the group is embarking upon, if relevant. By this point in the program the participants have done a good deal of field-work and investigation into CED as it occurs in their community.
 - ☐ This activity should build on this accumulated knowledge.
 - ☐ If possible, have participants investigate various government programs on the Internet.

Activity 2: The Structure of Government. (optional)



2 hours

Purpose For participants to be able to:
► better understand the structure of government.

Activity Type presentation of content, small group exercise.

Relevant Content 3

- Steps**
- ☐ Instructor must decide whether participants are likely to be involved with government. If it does not apply to the situation, or the group is not appropriate for this type of abstract work, feel free to move to activity 3.
 - ☐ This activity is designed to give participants a general understanding of government.
 - ☐ The instructor explains the Ministry Organization Chart included in text, Section 3, providing everyone with a copy of this chart.
 - ☐ Instructor may use the examples provided or choose ones that are more appropriate to the community.
 - ☐ Each small group picks a level of government and finds from points of local contact such as health clinics, a licensing bureau, a school.
 - ☐ The small group fills in the categories in the chart for their examples.
 - ☐ The completed examples are recorded on flip chart paper.
 - ☐ Each group presents their example to the large group.
 - ☐ Compare and contrast the ministries as they fit into the flow chart. Discuss why ministries differ (nature of the field, mandate, delivery).


Activity 3: Shopping for and Requesting Support



- Purpose** For participants to be able to:
- ▶ learn about what governments pay attention to in making funding decisions
 - ▶ prepare to make their CED case in the most effective way possible.
- Activity Type** brief, general discussion
- Relevant Content** 4
- Steps**
- ☐ Instructor goes over the content in a short general discussion.
 - ☐ Participants need to understand that they must look for support for CED, and discuss potential sources to get such support.

Activity 4: Writing the Proposal



- Purpose** For participants to be able to:
- ▶ work through a proposal for government funding.
- Activity Type** Presentation of content, case study
- Relevant Content** 4
- Steps**
-  **Note:** The time required to do this exercise will vary depending on the desired level of complexity. A thoroughly written proposal in the real world can take weeks of work with much consultation and rewriting.
- ☐ Distribute copies of the “BRIGHTS” list of principles for proposal writing. Explain and discuss.
 - ☐ Divide the large group into three teams. Assign each team a hypothetical project they need to find funding for from the three project scenarios included in the support materials. You may use your own examples.

- ☐ Each team reviews the description of the government programs in Section 4 (page 133-136) and decides which one is most appropriate for funding their project.
- ☐ Each group fills out the application form or drafts a proposal following the instructions given by the funder. Be sure to keep the BRIGHTS principles in mind.



Note: You may wish to use a Plan of Action Form to help guide this assignment.

- ☐ The teams select a representative to present the proposal to the large group.
- ☐ Large group reviews and makes recommendations as if they were the government funder.
- ☐ The group reviews the recommendations made to each team to see if there were any common concerns or if some other basic principles of proposal writing have emerged.

Activity 5: Evaluation



LBS 3



½ hour

Purpose Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

PART C: Support Materials



1. Scenario One

You work for an economic development agency in a medium-sized city (population, 79,000) where there has been mostly manufacturing and heavy industry. One by one these industries have closed down, until just recently the two largest remaining industries have announced that they are going to leave your community. This will result in a lay-off of 3,000 people over the next 2 years.

These employees have each belonged to well-established, yet competitive unions with a good deal of clout with their respective companies and some cash reserves.

These employees have the skills specific to their industries. One was a plastics plant making parts for the auto industry; the other manufactured food products. Each had begun to introduce computers into their workplaces.

The companies are both still quite profitable and because they have been in your community for a long time, the local management have an interest in leaving on good terms.

You would like to be able to take advantage of this good will and the existing skills and money left in the community to try to prepare for the changes but no efforts to communicate between these companies, unions, employees and community representatives have taken place. You don't even know where to begin to make any plans in response to this big change just around the corner.

2. Scenario Two

You work for an agency that provides services to at-risk youth. You find them housing, jobs, a way back into school and basically advocate for them in whatever way they need it.

You meet with some fellow employees after work and discuss the fact that the young people you work with have two main problems:

1. There is not enough low-cost housing in your community to meet the needs of these youth.
2. It is very difficult to help these young people make the transition into the workforce when they have no job experience and face other serious difficulties in their lives.

One friend points out that there are many houses in the downtown core that are vacant, run down and have been taken over by the city for back taxes. These would make great low-cost apartments if they were fixed up. The city might be willing to donate these buildings if they were fixed up and it also helped to get youth off the streets.

You realize that the youth who are having a difficult time getting into the workforce would probably benefit from an opportunity to work as a team and fix up some of these buildings.

To do this, you need to train the youths, purchase materials and provide supervision on site. You wonder if there are any government programs that would fund projects to bring all of these things together.

3. Scenario Three

You operate an incorporated, charitable food co-operative within your community to try to offset rising costs of food for low-income families. This works well except that administering it is a time consuming and continually growing task. You are always finding yourself struggling to pay the staff who run the program and there is an ever increasing demand for membership.

Other people have approached you with new ways for providing your services. One group interested in the preservation of parkland has suggested community gardens as a way to produce food inexpensively while bringing members of the community together in new, useful ways. Another group feels that some of the farmers outside of the city could be involved.

You realize all of these are great ideas but you are having a hard time keeping up with your regular duties. You need some steady resources to run your organization more effectively so that you could explore all of the potential your organization has for improving your community.

4. Adjustment Advisory Program

Ministry of Training, Colleges and Universities: Adjustment Advisory Program



www.edu.gov.on.ca/eng/training/aapeng.html

Ontario workplaces are experiencing economic and organizational changes. Employers, employee organizations, communities and whole industrial fields are being forced to look at new ways of dealing with these changes. The Adjustment Advisory Program (AAP) of the Ministry of Training, Colleges and Universities helps groups affected most, to better understand and manage these changes. AAP helps groups deal with the immediate effects of plant closures and downsizing. It also helps groups to anticipate changes in the labour market.

How AAP Works

AAP supplies advice and finances to help clients in the workplace adjust to the impact of job loss, or threatened job loss. The services are aimed at helping displaced employees find and keep work. The committee plans and implements any programs and services the staff need including job search assistance, vocational and educational counselling, information on training, personal support in dealing with the stress of job loss, financial counselling and information on starting a small business. Clients include: individual businesses, employees, communities and sectors. Adjustment committees are designed for full employer and employee participation. Committees include representatives from all the affected employee groups, as well as management and the union of the company.

The cost of operating a committee is usually shared by AAP and the groups involved. In many cases, the federal adjustment service of the Human Resources Development Canada is a partner in the program. Allowable expenses include honoraria for committee members and an independent chairperson, the cost of consultants, and other costs agreed to by the committee.

AAP has advisors across the province. Advisors may help develop potential labour adjustment projects. When a committee is formed, the AAP advisor acts as a resource, providing both technical support and guidance and acts as a broker of other government programs and services.

a) Community Assistance

The AAP helps communities to anticipate and manage the labour market changes affecting them. Community adjustment committees are made up of the various affected community groups. They may bring together services for laid off workers (especially when many companies have been downsizing), or they could engage in community wide strategic planning, or start specific labour adjustment projects with other local groups.

b) Assistance to Organizations

Examples of labour adjustment committee activities include organizational reviews, strategic planning, human resource planning and productivity, and quality-improvement initiatives.

c) Assistance to Industries

Through partnerships of industry associations, employee associations, employers and unions, these committees identify common needs and goals. The changes are made by co-ordinating resources and by looking at sector wide strategic and human resource planning.

Whether AAP is used to help laid off workers or to bring together a community to deal with changes in the local labour market, the key elements of the program — collaboration among all affected groups to identify their needs and to create solutions together — remain the same.

5. The Ontario Trillium Foundation

The Ontario Trillium Foundation's mission is "to work with others to make strategic investments to build healthy, sustainable and caring communities in Ontario. [Their] part in that work is to support ideas that bring about lasting change and ensure that many different people can take part in every aspect of life." For complete and up-to-date information, contact a Trillium regional office or visit their web site at:

www.trilliumfoundation.org.



6. Youth Employment Strategy



http://jeunesse.gc.ca/yesinfo_e.shtml

The Youth Employment Strategy is the Government of Canada's action plan to boost the employability of young Canadians. It is designed to help young people acquire the knowledge, skills, work experience and career information they need to enter and participate fully in the labour market. The Strategy brings together a number of existing Government of Canada services and programs for youth. It also creates new youth programs and services through partnerships with business, labour, industry, non-profit groups, communities and other levels of government.

The age requirements vary depending on the program. However, youth are usually between the ages of 15 and 30 years of age. Canadian citizens and permanent residents regardless of their age, may be eligible for the financial assistance to return to school and to help repay student loans. For the eligibility requirements for the program that interests you, see 'How Does It Work' on HRDC web site.

To support such an initiative, Human Resources Development Canada builds on the success of programs and services already in place. Take a look at the HRDC Youth Programs web page if you want more details.

The Strategy includes several great programs for youth:

- ▶ Youth Internship Canada
- ▶ Youth Services Canada
- ▶ Internships in science and technology, international trade and development and for Aboriginal and Inuit youth.
- ▶ Science Horizons in agriculture and agri-food
- ▶ A guide to careers in agriculture and agri-food
- ▶ Agriculture and agri-food scholarship program
- ▶ Entrepreneurship and opportunities for rural youth: A pathfinder
- ▶ Youth resources community access program
- ▶ Eco action 2000

- ▶ Student summer job action
- ▶ Youth resource network of Canada
- ▶ Youth info fair

Youth Service Canada (YSC)



<http://youth.hrdc-drhc.gc.ca/programs/ysc.shtml>

Youth Service Canada develops work opportunities for youth who face greater barriers to entering the labour market through participation in community service projects. YSC projects challenge young people to invest their time, energy and expertise in their own communities. Through meaningful service projects designed and carried out by experienced community-based groups, young people acquire valuable job and life skills while strengthening their sense of accomplishment and their attachment to the community.

Who can participate?

Young people (normally under 30 years) who are unemployed, out of school and legally entitled to work in Canada.

Who can be a sponsor?

Businesses, organizations (including non-profit, employer, professional and labour associations), public health and educational institutions, band/tribal councils and municipal governments.

How are projects selected?

Selection of projects is based on key elements such as local community needs, targeted group selection, relevant skills and experience, possibilities of long-term employment, contributions of sponsors/partners and funding availability.

How to Apply

Interested sponsors and participants should contact their local Human Resources Development Canada office.

Mock Youth Services Canada Proposal Submission Form

Section 1: Your Organization
1.1 Name and contact information of sponsoring organization
1.2 Give a brief history and organizational structure of your organization
1.3 Name of primary contact person
1.4 Project partners
Section 2: Your Project
Title of Project:
Purpose of Project:
List and explain the expected outcomes of this project.
Project Start and Finish Dates
Start: Finish:
Location(s) of Activities
Number of youth involved:
Describe the main activities of the participants
Recruiting methods
How does your project reflect the needs of your community?
How does your project contribute to the development and employability of the participants?
Please attach any supporting material appropriate for your project.

Team Entrepreneurship

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BUILDING *Dreams* with TEAMS



Team Entrepreneurship

1

MODULE

1

Introduction

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PART A: Content



1. Local Versus Global Trends

Economies all over the world have changed rapidly. Large companies are looking for cheaper ways to produce their products and are lured to other countries that offer lower wages and other incentives. This type of “global” competition has contributed to changes in our economy today.

Local economies are not immune to these changes. At one time, two of the largest employers in the city of Peterborough, Ontario, were General Electric and Outboard Marine — both being companies in the manufacturing sector. Today, the manufacturing sector is responsible for only a very small percent of jobs. The economy is much more diverse, with employers in the public and service sectors providing many jobs. As well, government transfers (for example, Canada Pension, Social Assistance) are now playing a more significant role in Peterborough’s economy.

What Do These Changes Mean to Our Local Economy?

- ▶ Big business can no longer be relied upon to supply the bulk of good paying jobs in most communities.
- ▶ The new jobs that are available do not offer the same kind of security and wages that were expected in the past.
- ▶ Youth and older workers are finding it harder to get jobs.
- ▶ Others feel they have to move their families to “where the jobs are”.
- ▶ There has been a change in the kinds of economic opportunities available.

What Can Be Done About It?

- ▶ Try to lure a large manufacturer (for example, Honda) to set up shop in a community. In return for job opportunities, tax breaks are offered, a well-trained workforce, and other incentives.
- ▶ Encourage our local and provincial and federal governments to invest their resources in supporting new programs and new training opportunities.
- ▶ Support and nurture small businesses since they represent a large percent of new jobs in a community.

As most local economies have become more diverse, our approaches to creating jobs and wealth in communities need to be diverse as well.

Community Economic Development (CED) views a community as a rich source of "homegrown" opportunities that can be tapped into and developed right alongside the traditional efforts to attract new investment.

CED does not limit who should be involved in identifying opportunities and in fact, requires the participation of a number of individuals and groups to work co-operatively to find the opportunities.

2. Potential Growth Opportunities for Communities

Import Substitution

Communities spend a lot of money on goods produced somewhere else. It's impossible to find a locally made product for every product we buy. For example, we do not have the natural resources to produce and refine gasoline.

Think of items that are produced or purchased outside your community. Are there items that people could be encouraged to purchase locally? Are there items that could be produced within the community?

Export Potential

Often communities are too small to support a growing business. So whenever possible, try to think of businesses whose products have some export potential. For example, there are probably

only a limited number of families in your community who might want to buy willow furniture for their yards.

Trends and Megatrends

Pay attention to what is going on around you. There are often trends or patterns to be recognized in terms of what is important to people, what they buy, what they need, what they sell. Megatrends are larger scale, global patterns that move at a slower pace but have a stronger impact. An example of this is the shift away from a heavy manufacturing to a high-tech, information-based economy.



www.statcan.ca/

Collect information from business magazines, your local small business office, community and economic development corporations, federal and provincial organizations whose role it is to have this kind of current information (for example, Statistics Canada). This information will allow you to better understand the impact of trends and megatrends on your community.

Resource Availability

What kinds of resources are available that can support the development of new opportunities? These community resources can be in the form of space, money, technology and people with specialized skills and knowledge.

3. What is Team Enterprise?



Just as there are traditional approaches to creating economic opportunity for communities, there are traditional approaches to business development. Often, to be a traditional entrepreneur a person must have the financial resources, the skill and self-esteem required to “make it” on his/her own. While there are certainly people for whom this is possible, there are many for whom it is not. **Only 20% of new businesses** started by people on their own **survive their first three years** of operation. However, 60% to 75% of new businesses run by teams of five or more survive the first three years!

Team enterprise is a partnership among private businesses, community groups, and individuals to create a new business in the community.

These enterprises are different from other businesses because they take a team approach to entrepreneurship. Employees and owners pool their skills and entrepreneurial spirit to establish and run their own business. These businesses are developed by and for the community, using local resources. These enterprises can be set up as co-operatives, non-profit enterprises, and corporations.

Team enterprise is a Community Economic Development approach to business development.

PART B: Activities



Activity 1: Warm-Up (Optional)

Purpose For participants to be able to:

- Be introduced to the business development process as a complex, but “learnable” process.

Activity Type Small group discussion, report back.

- Steps**
- ☐ Break the large group into small groups of four to six participants.
 - ☐ Present each group with a set of instructions for something difficult to understand; for example, a recipe for a very difficult, exotic dish or a series of complicated instructions. The instructions need to include terms not commonly known.
 - ☐ Each group must determine what they would need to learn in order to understand or carry out the instructions.
 - ☐ Each group makes a list of resources they would need and the roles each member would take in carrying out the instructions.
 - ☐ Each group presents its findings to the class.
 - ☐ Discuss how this activity was intended to get participants thinking about complicated processes. This would also be a good time to briefly describe the business development process — as a process that may seem unfamiliar or complicated at first but that will be learned in a series of manageable steps.

Activity 2: Terms and Strategies for Finding Business Opportunities



LBS 3



2.5 hours

- Purpose** For participants to be able to:
- consider economic, local, global, technical and personal influences when searching for team-based opportunities
- Activity Type** Small group discussion, large group discussion
- Relevant Content** 1 and 2.
- Steps**
- ☐ Provide participants with a general description of a team-based business that includes all the characteristics and terms to be learned in the module. This description could take the form of a job ad looking for people interested in finding local team-based business opportunities.
 - ☐ Participants are divided into small groups of four to six. The small groups go over the description and circle the key terms that they would need to understand in order to apply for the job.
 - ☐ Each group lists the terms they need to have more information about.
 - ☐ A large group list of terms is compiled.
 - ☐ Information on the terms is provided in a lecture/discussion format, allowing plenty of time for discussion and examples.

Activity 3: Developing a Community Profile



LBS 3



2-3 hours

- Purpose** For participants to be able to:
- develop an understanding of how to use community profiles as a basis for finding potential business opportunities.

Activity Type	Presentation of content, venture group project, presentation, large group discussion.
Relevant Content	1, 2, 3; samples of community profile data; local economic, demographic, social data collected by the instructor. An alternate method for collecting this community data could be to assign each group certain information to find.
Steps	<ul style="list-style-type: none"> <input type="checkbox"/> Go over the instructions for the activity with the whole group. <input type="checkbox"/> Outline the sections contained in a community or national profile. <input type="checkbox"/> Provide examples of community profiles for the venture groups to browse through. <input type="checkbox"/> Provide as much information as possible on local and national economies and trends. <input type="checkbox"/> Have the whole group discuss this information and add their own input on how to use this valuable information. Record the points made. <input type="checkbox"/> Select a few local businesses. Find information in the community profiles that would be important to setting up or maintaining such a business. <input type="checkbox"/> In venture groups have the participants brainstorm new business opportunities considering the community profile information available for their community. At the end of their brainstorming, have them select the one business idea they believe has the best potential for success, explaining their choice. <input type="checkbox"/> Each venture group puts together a small presentation about its choice of business opportunity, the reasons for choosing it, and the roles and the resources the venture would need.

Activity 4: Evaluation



LBS 3



½ hour

Purpose	Evaluation of the module
Activity Type	Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

Steps

- ☐ The instructor reviews the purpose of each activity.
- ☐ The instructor asks the participants the following questions.
In this module:
 - ☐ What were the most useful skills learned?
 - ☐ What was the most useful content learned?
 - ☐ Which activities were most helpful for learning these skills and content?
 - ☐ Which activities were least helpful?
 - ☐ What would you like to do more of in future modules?
- ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
- ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

PART C: Support Materials



1. Team Enterprises Currently Supported by COIN/FVDN



White Pine Land Stewardship Services, Inc.

www.warsawcaves.com

This eco-tourism company has been developed in partnership with the Otonabee Region Conservation Authority. It is running the Warsaw Caves Conservation Area. The partners have converted the Warsaw Caves into an eco-campground. The focus for the eco-conversion project will be to target market the facility to domestic and international eco-tourists. The company was started by four young entrepreneurs and has employed six summer students for the past four summers.



Community Software Inc. (CSI)

www.computerinstallationsplus.com

CSI was one of five youth enterprises selected to go on the Team Canada trade mission to South America with Prime Minister Chretien. This was an exciting marketing and learning opportunity for the company. On the trade mission they were marketing QLETS, their financial management software, for local currency systems (like LETS).

In 1998 the company further developed “Nerds on Wheels”, their mobile computer support service. A ‘nerd’ comes and fixes your computer on site — minimizing down time. This company has seen steady growth in sales over the past four years. The company was started by six young entrepreneurs.



reBoot North

www.rebootnorth.org

reBoot North is a non-profit enterprise started in partnership by reBoot Canada and COIN, in 2000–2001. Financial support for the start-up of reBoot North has been provided by Human Resources Development Canada. It is managed by a committee of community members and has a staff of three.



Peterborough LETS Exchange Inc.

<http://www.pipcom.com/~ptbolets/what.html>

The Peterborough LETS, led by one youth entrepreneur, is a non-profit enterprise. It is now the largest LETS system in Canada with over 800 members including businesses, individuals, and non-profit agencies. Peterborough LETS has a volunteer board of directors and a number of very active committees. The system is averaging sales in green dollars of \$8,000.00 per month, which is estimated to lever an additional \$8,000.00 per month in federal currency. The Peterborough LETS is currently leading an effort to establish a provincial LETS Association.

World 2 Go Foods



www.coin-ced.org/world2go/

World 2 Go Foods represents an innovative and unique venture under FVDN. It is being sponsored jointly by COIN and the Peterborough and District Association for Community Living (PDACL) and employs persons with development challenges. Start-up financial support came from Human Resources Development Canada. The company is operating a catering service and over the summer purchased a hot dog cart which is taken to special events. Sales have shown steady growth and they plan to bring in additional PDACL clients. World 2 Go Foods is considered to be a social enterprise.



Generation Solar Renewable Energy Systems Inc.

www.generationsolar.com

This is an alternative energy company supported by the FVDN under COIN's Youth Entrepreneurship Project in 1998/99. Three youth entrepreneurs and two private partners are involved. This company designs and installs solar, wind and micro-hydro energy generating systems primarily for farms and rural residents.

Natural Blends Cafe

Like World 2 Go Foods, Natural Blends Café is a social enterprise run in partnership between the Peterborough and District Association for Community Living and COIN. Located in the Peterborough Public Library, this café sells high-end coffees, teas and luncheon items and provides training for people with developmental disabilities.

Market Hall Performing Arts Centre Inc.

This non-profit enterprise manages Peterborough's Market Hall theatre. Three youth entrepreneurs are part of the team revitalizing Market Hall. There is a dynamic board and a number of volunteers contributing to the venture. Market Hall employs three to five contract workers, depending on the season.



BUILDING *Dreams* with TEAMS



Team Entrepreneurship 2

MODULE

2

Team Enterprise Fundamentals

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PART A: Content



1. Business Structures

Canadian businesses are legally structured in three ways as:

- ▶ proprietorships
- ▶ partnerships
- ▶ corporations

Choosing one structure over another depends on the nature of the business idea, the people involved, the kinds of resources needed (such as money, equipment and space).

Note: These definitions are brief and are meant to highlight some of the basic distinctions among business types found in Canada. The appropriate Federal (Industry Canada) and provincial (Economic Development) departments can provide you with much more detailed information regarding advantages and disadvantages and set up.

Proprietorship

A proprietorship is usually established when there is only one owner. It is the simplest legal structure and is the quickest to set up. All you need to do is make sure the name of the business is not already in use and then register it with the appropriate government department in your province.

LIABILITY!

From a legal standpoint, the proprietorship and its owner are considered the same. For example, when the owner is filing income tax returns, business earnings and deductions are submitted on the same return. This can be advantageous in the early years of the business because this allows the owner to write off losses against her/his personal income. However, the major disadvantage is that the owner will be legally responsible for debts and any damages caused by the proprietorship. For example, a bank can seize any of the owner's personal assets — an owner's car or house — to recover unpaid debts. In legal circles this situation is referred to as unlimited liability.

LIABILITY!

Partnership

A partnership is established when there are two or more owners. It is similar to a proprietorship in that the owners are jointly and personally responsible for all aspects of the business. This is another version of unlimited liability. The risks of this type of structure are complicated by the existence of more than one owner. Each partner can be held responsible for unpaid debts or damages whether or not he or she feels personally responsible. The process of registering the business and the way taxes are applied and collected are also similar to a proprietorship.



Corporation

Corporations are much more expensive to set up, subject to more regulations and are relatively more complex business structures than proprietorships or partnerships.

The services of a lawyer, an accountant or professional cooperative expert often assist in the process of creating a corporation — incorporation. Despite these issues, many feel the advantages of incorporating a business outweigh the disadvantages. A public corporation is a company with a large number of people who hold shares — shareholders — and it is listed on a stock exchange, for example, IBM. A private corporation is a company with a smaller number of shareholders (usually less than fifty) that is not listed on a stock exchange. Its board of directors must approve and can restrict the purchase of shares to a new shareholder.

2. Team-Owned Enterprises

Team enterprises, sometimes referred to as community enterprises, use the legal structure of a corporation or cooperative but differ from these traditional business structures in the way ownership is shared. It is an approach to business ownership based on the principles of Community Economic Development.

What is a Team Enterprise?

Generally, a team enterprise is one that has many owners and is developed locally. It assumes that many of the resources needed for the business can come from the community. Community resources can come from private businesses, community

groups, and individuals. Resources include money, time, space, equipment, ideas, skills, as well as other technical expertise. Potential employees and owners pool their entrepreneurial spirit to establish and run their own business. These businesses are usually structured as co-operatives or corporations.

What are the Advantages of a Team Enterprise?

The team approach to entrepreneurship helps clear a number of barriers faced by individuals who want to start a business including:

- increased access to money and other resources needed to start a business

People with few assets but a lot of skill and enthusiasm can participate in a team enterprise.

Team enterprises provide private individual and community organizations with the opportunity to invest in the new company much more easily than a proprietorship or partnership. People with few assets but a lot of skill and enthusiasm can participate in a team enterprise. Financial risks are shared by all the partners.

up-front investment in market research

Business and community development professionals conduct research to prove that a market exists for a new product or service. This means less waste of community resources while the potential for survival and growth of a new enterprise improve.

pooling of human resources

No single partner has to be an expert in all aspects of the company. This is important for people with little business experience or those who are re-entering the labour market.

As stated earlier, the success rate after three years, for team enterprise is in the 60–75% range, while it is only 20% for individual entrepreneurs.

access to mentor and community partner support

Team entrepreneurs are provided access to experienced business mentors who can guide the development and growth of the new enterprise. This is particularly important if new enterprise owners have limited business experience.

Types of Team Enterprises

The following table has been adapted from “Co-operative Development: A Case Study in Global Development (Canadaian Co-operative Association 50):

Type	Purpose	Control	Ownership	Liability	Net Earnings
Corporation (Investor owned) Can be non-profit	To make a profit for the investors	A board, elected by shareholders, which hires top-management. One vote per share, proxy votes allowed.	Shareholders	Shareholders. Limited to share subscriptions. Directors can be liable.	To the shareholders according to number of shares held.
Co-operative Member-owned May be non-profit	To provide a service to its members.	Board of Directors, elected by members, which hires top-management. One vote per member. No proxy votes.	The members.	The members limited to share subscription. Directors can be liable.	To the members according to amount of their patronage.
Non-Profit	To undertake activities for a purpose other than profit	Board of Directors elected or appointed according to organization's mandate	Not Applicable	Limited to the assets of the organization. Directors may be liable.	To the organization

Types of Co-operatives

Consumer/Supply Co-operative

This is a co-operative that is set up by its members to sell goods to its members. It has competitive rates, for example, a co-op grocery store, Mountain Equipment Co-op.

Financial

This is a co-operative that provides members with financial services such as banking and insurance, for example, credit unions, Co-operators Insurance.

Service

Utilities, non-profit housing and child-care are typical services that may be set up by community members to fill a need or to have more control over how these services are delivered.

Worker

Worker co-operatives can be any type of business that is owned by its employed members. The service it provides to its members is employment.

New Generation Co-operatives

This type of co-operative is focused on processing of commodities and the gathering, distribution and marketing of information.

Multi-stakeholder Cooperatives

This co-op allows for the blending of more traditional types of coops. In a multi-stakeholder co-op, some members could be producers, some could be consumers and other stakeholders could be workers or private partners. This is a co-operative hybrid.

3. Characteristics of Successful Teams



Check out the series of websites made available by the Canadian Management Network in conjunction with Industry Canada.

They contain practical advice for forming business partnerships and would complement the delivery of this section.

<http://strategis.ic.gc.ca/SSG/mi07403e.html>

As you can see, team enterprise requires the participation and partnership of a variety of individuals with a variety of backgrounds, interests and skills. All of the work performed by these teams will result in shared ownership of a business enterprise. This may be a complicated process!

The following are some of the ingredients needed to form a successful business team.

- ▶ A combination of people and organizations with a commitment to sharing ownership combined with a thorough assessment of personal skills and the desire to be an entrepreneur.
- ▶ A business idea that has been assessed as a good opportunity and that has been critically evaluated in terms of its contribution to the community and the skills and expertise of the team.

- ▶ Access to resources and capital. Anything that has a dollar value and is making a contribution to the start-up and running of a business can be considered, for example, a landlord willing to provide space in exchange for a small stake in the business. A person's time and labour can also be considered. Government agencies, non-profit organizations and private businesses may also have access to cash and resources (loans, grants, or technical expertise).
- ▶ A thorough understanding of the business, its development and its business plan is essential.
- ▶ Clear member expectations and responsibilities.
- ▶ Flexible expectations and responsibilities, i.e. the team is able to respond quickly to changing needs and demands
- ▶ An ownership culture. Team enterprises that “successfully foster a feeling of involvement in decisions are more likely to have employees who believe (1) that they work hard (2) that they are responsible for correcting mistakes, (Ownership Associates Inc.)

The Canadian Industrial Innovation Centre believes the following to be true of successful businesses:

- ▶ They seek mentorship support and advice from people with business experience and expertise in the same field.
- ▶ They establish a problem solving process for any conflicts that may arise. Make sure every member agrees to the process. In the beginning, it is advisable to establish a negotiated agreement (such as a letter of intent) that outlines the team's preliminary commitment and obligations to the planned business and to each other. The agreement should help establish the ground rules for doing business together while allowing for the departure of a partner from the enterprise without having any harm come to the business or the partners.



4. Incorporation

The steps involved in incorporating a business as a co-operative or as a corporation are very detailed and will take time. However, working through these details is a necessity.

The team will need to consult with experts such as lawyers, accountants and business developers. Setting a schedule to accomplish all tasks is essential.



An honest and fair spirit of negotiation is critical to the success of the incorporation process. Section 4.1 will outline some of the information required to become a corporation. Section 4.2 highlights the information needed to become a co-operative.

Becoming a Corporation

This section has been adapted from Industry Canada's website "Small Business Guide to Federal Incorporation." Check out their Corporations Directorate information at:

<http://strategis.ic.gc.ca/epic/internet/incd-dgc.nsf/vwGeneratedInterE/Home>

Ownership of a corporation is represented in shares. Everyone who has contributed to the formation of your team-based business (individuals, organizations, businesses) will be awarded shares based on their contribution to the business. Their contribution can be in the form of money, space, equipment, technical expertise, hours worked, or any other resources the team feels should be included.

To become a corporation, the shareholders of the company must submit articles of incorporation. The information you will be providing in those articles, will require you and your partners to make decisions about:

Business name

Restrictions apply to naming your company. The name cannot be the same or similar to any other corporation. The name must be submitted to a search to see if it is available. There are costs for name searches so it is often recommended that you submit five different choices.

Office location

Because you are incorporating in Canada, your office must be located in Canada. If you decide to incorporate provincially, your business can operate in other provinces but its head office must be located in the province from which it filed its articles of incorporation.

Shares

Shares represent ownership in the business. Depending on the type of shares that you hold, you have certain rights and privileges attached. The number of shares issued will equal the number of votes to which the holder is entitled. There are two types of shares:

Example: *At the time of start-up Ready Foods Inc. distributed a total of 100 common shares based on each shareholder's contribution to the business. The process for deciding on the value of each contribution was agreed upon in advance and so Bill received 51 shares, Ann 20 shares, and Percy 19. Because Bill holds 51 of the 100 shares, he holds 51 votes and 51% of the decision making power in the corporation.*

1. Common Shares

Usually issued to individuals or organizations that will be deciding, through an elected Board of Directors, how the business should be operated and organized. Common shareholders have the right to vote, the right to receive dividends and, if the company closes, the right to a share of its property.

2. Preferred Shares

Usually issued to individuals or organizations that have invested in the company but will not want to be involved in running it. They have no voting rights but have a right to receive dividends and a share of the company's property, if it closes, ahead of common shareholders.

Shareholders' Agreement

When establishing a business where ownership will be in terms of shares, a shareholder's agreement is developed. The agreement will establish the rules by which shareholders will make decisions and solve problems. The shareholder's agreement can include:

- ▶ defining how the board of directors will make decisions
- ▶ the percentage of shareholder votes required to approve decisions
- ▶ who will become a shareholder and how current shareholders can leave the company
- ▶ non-disclosure and confidentiality agreements.

Directors and Officers

Upon incorporation, shareholders are required to have their first annual meeting where they will elect the directors of the corporation. Directors can issue shares, appoint an auditor and develop by-laws governing how shareholders and the company will function. Directors will also appoint the officers of the corporation, usually a president, secretary, and treasurer. The officers will be responsible for the operation of the business.

Records

Records containing copies of the articles of incorporation, by-laws, shareholder's agreement, and meeting minutes of the directors and shareholders must be kept at the office of incorporation.

Becoming a Co-operative

The following section has been adapted from the Canadian Cooperative Association's, "Starting A Youth Co-op."

A co-operative's ownership is represented by its members. Members of the co-operative can hold shares in the co-operative but these shares are not valued in the same way that shares in a corporation are valued. Every member has one vote regardless of the number of shares he/she has. If there is a profit, what a co-operative calls a surplus, it is distributed to members based on the amount of business done by the member with or through the co-operative.



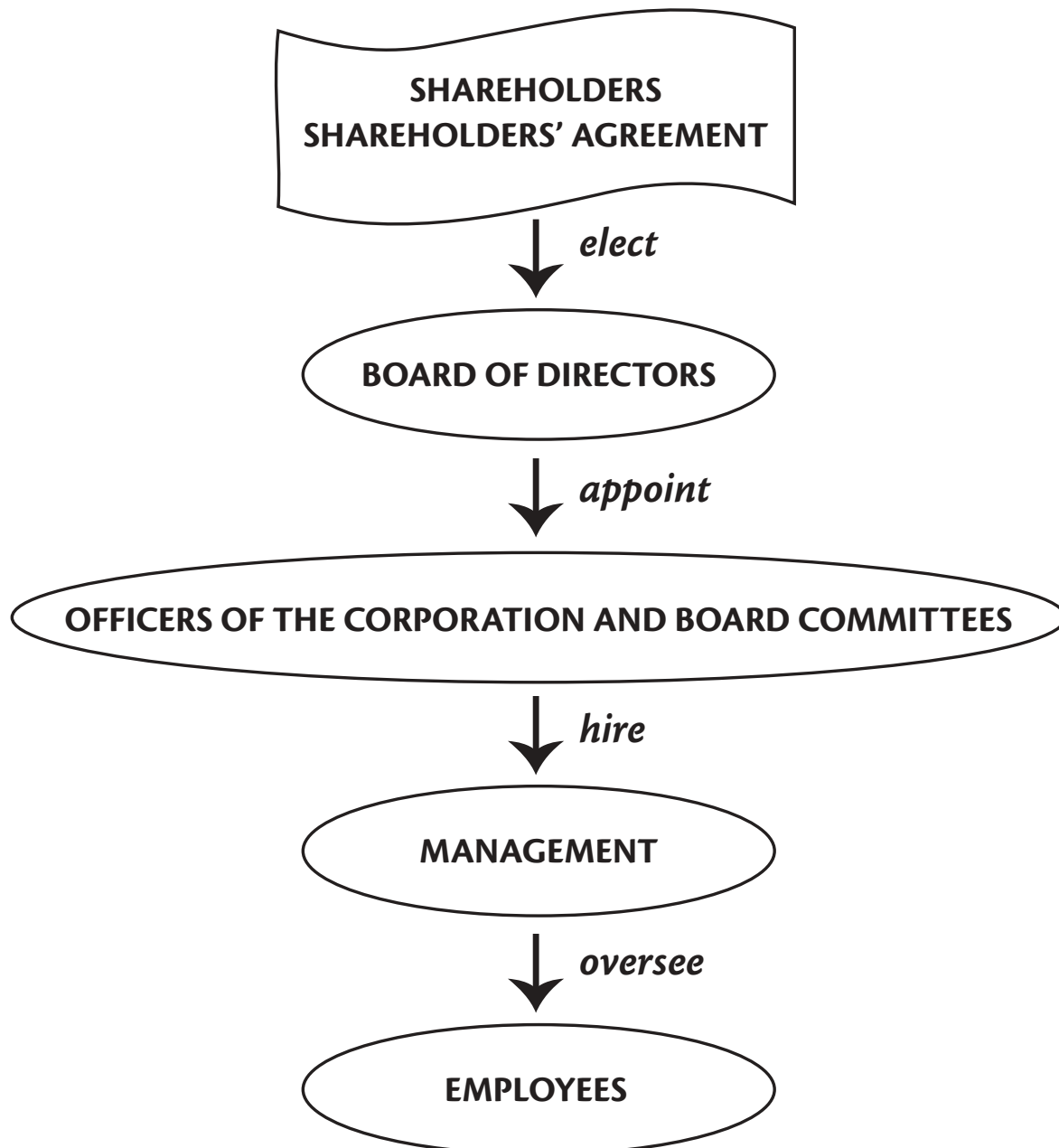
The process of incorporating a co-operative will vary from province to province. Contact the provincial registrar of co-operatives for details. These are some of the things you may need to incorporate.

- ▶ A clear statement of purpose
- ▶ A complete preliminary application of incorporation. If needed, do this early in the process
- ▶ A business plan
- ▶ An incorporation fee
- ▶ Establish proposed by-laws
 - By-laws are needed to ensure equal treatment of all members. They provide the basis for establishing an effective working relationship among members. They need to be agreed upon by all members. A sample set is generally available from the provincial registrar of co-operatives.
- ▶ Documentation to accompany by-laws
- ▶ Articles of Incorporation
 - A government form to be completed
- ▶ Affidavit of Verification.
- ▶ A commissioner of Oaths to verify the incorporation documents.
- ▶ Letter of Intent.
 - A co-operative may receive financing or in-kind donations. The agency providing the financing or donations writes a letter of intent to confirm its contributions and provides full details of the grant, donation or financing.
- ▶ Application to Registrar of Co-operatives
 - When the registrar approves the incorporation, a Certificate of Incorporation is issued.

5. Governance

The Board... are held legally personally accountable for the cooperative or corporations' actions.

The members of a cooperative and the shareholders of a corporation are required to elect a Board of Directors. The Board is responsible for ensuring the success of the business. The Board must also ensure that the business is operating in the interest of the public good, and are held legally personally accountable for the cooperative or corporations' actions.



Shareholders/Members

- ▶ meet at least annually or more often if it is felt necessary
- ▶ elect the Board of Directors, usually annually
- ▶ are entitled to adequate notice of upcoming meetings
- ▶ must decide what will constitute a quorum (that is, enough shareholders /members present to pass a motion or carry a vote)
- ▶ must decide upon other acceptable meeting requirements following the
- ▶ Shareholder's Agreement and the organization's by-laws

Board of Directors

- ▶ direct the co-operative or corporation in accordance with the goals and objectives set out by its members or shareholders
- ▶ do so in a way that adheres to provincial/federal laws concerning legal and financial matters of co-operatives and corporations.
- ▶ issue shares at an organizational meeting after the value of the shares has been paid. In the co-operative, determine if the new member has met all membership requirements.
- ▶ call a meeting of all the organization's shareholders and members at least once per year or as dictated in the by-laws.
- ▶ adhere to the by-laws and articles of incorporation. These documents are developed by the shareholders/members and allow them to restrict and define the authority of the board and carry out the business of the co-operative or corporation.
- ▶ keep corporate/co-operative records and shareholder/member information. These are needed for general records:
 - permanent records of minutes and motions made at all meetings accounting records a list of shareholders
 - a copy of the Articles of Incorporation and Shareholder's Agreements, by-laws, and any other registration
 - names and addresses of the Board of Directors and officers
 - copies of all correspondence to shareholders/members.
 - adhere to guidelines about the length of time the organization's files /records should be kept. For example, company correspondence may be kept up to two years, but audited financial reports may have to be kept permanently.

By-Laws

By-laws set out the rules by which the co-operative or corporation will function. All by-laws must be approved by shareholders. Some of these rules may be in the Shareholder's/ Member's Agreement. Others include:

- ▶ meeting place of shareholders and directors
- ▶ procedures for calling a meeting, passing motions, etc.
- ▶ financial procedures such as year end, banking arrangements
- ▶ guidelines for approval of new shareholders/members
- ▶ guidelines for issuing shares
- ▶ job descriptions and qualifications of staff and board members.

PART B: Activities



Activity 1: Types of Business Structures

30-60 min.

Purpose	<p>For participants to be able to:</p> <ul style="list-style-type: none"> ► think about the pros and cons of doing things individually as well as with others.
Activity Type	Large group discussion, presentation of content, venture group discussion.
Relevant Content	1.
Steps	<p>This activity can be adapted to suit the number of venture teams. If there is only one team, ask each person to do the activity individually and then share findings.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Participants create a list of tasks or activities that they have done either on their own or in a group. <input type="checkbox"/> For each task, include pros and cons of working individually or in a group. <input type="checkbox"/> Present the content on the three types of business structures (proprietorship, partnership, corporation) in Canada. <input type="checkbox"/> Participants go into their venture teams and list pros and cons for the three types of business structures. <input type="checkbox"/> Class discusses and creates a chart outlining the pros and cons for the three types of business structures. <input type="checkbox"/> Provide participants with information on commonly held beliefs about the pros and cons of the three business structures making sure to introduce the concepts of liability, risk, complexity, and tax issues (found in the module content) <input type="checkbox"/> Hold a final discussion that focuses on why it is important to know the three types of business structures.



- ❑ Participants record an entry in their journals reflecting upon their own preferences — working alone or with others, why they believe they have these preferences and how flexible they believe they are.

Activity 2: What is Team Enterprise?



2 hours

Purpose

For participants to be able to:

- identify the characteristics of team enterprise, find examples of corporations and co-operatives, identify differences between corporation and co-operatives.

Activity Type

presentation of content, venture group exercise, large group discussion

Relevant Content

2

Steps

- ❑ Present and discuss the characteristics of team enterprise from content section 2.
- ❑ Outline the types of corporations and co-operatives.
- ❑ Briefly compare corporations and co-operatives.
- ❑ List the 5 distinguishing characteristics of team enterprise — purpose, control, ownership, liability, net earnings. (See Table 1: Types of Team Enterprises)
- ❑ Have each venture team describe corporations and co-operatives in their own words, using the five characteristics. Another method would be to cut up the sections of the Table, distribute the pieces to the group and have them arrange the pieces under the appropriate headings, encouraging discussion of their choices.
- ❑ Circulate amongst the groups providing assistance with their descriptions.
- ❑ Conduct a discussion on how team enterprise is a way to provide opportunity to people who might not be able to pursue a business venture on their own.
- ❑ Discuss the overall learning that occurred in the activity.

Activity 3: Benefits of Team Enterprise



- Purpose** For participants to be able to:
- ▶ outline some of the benefits of working on a business with a team.
 - ▶ reflect upon these benefits in relation to their own venture team.

Activity Type Presentation of content, venture group exercise

Relevant Content 2.

- Steps**
- ☐ Present the four points from section 2 that outline how team enterprise works. Clarify the meaning of the terms and concepts.
 - ☐ Have each venture team rank the four points in order of importance and present their reasoning. The team must reach consensus on the ranking.
 - ☐ Have one member record the team's decisions along with their reasons for making the decisions.
 - ☐ The teams share their lists.
 - ☐ Discuss team differences and what the differences might reflect.
 - ☐ Discuss the process of reaching consensus.
 - ☐ Have participants record in their journals their feelings on reaching consensus.



Activity 4: Characteristics of Successful Teams



- Purpose** For participants to be able to:
- ▶ reflect on the characteristics of successful teams, decide whether they believe their team possesses these characteristics, and if not, decide what needs to be done to work toward developing the missing characteristics.

Activity Type Game

Relevant Content 3

Steps

- ☐ Present the list of characteristics needed to form a successful team enterprise from section 3.
- ☐ Divide the class into smaller “expert” groups with representatives from each venture team.
- ☐ Divide the list of 10 characteristics by number of “expert” groups you have and distribute the characteristics accordingly. For example, if you have five “expert” groups, you will assign each group two characteristics.
- ☐ Have each “expert” group discuss, define and enlarge upon the importance of the two characteristics so that they can make a brief presentation to the large group.
- ☐ Each group presents its information to the large group on flip chart paper or on overheads.
- ☐ Participants reassemble into their venture teams. Have one member list the ten characteristics of successful teams. Discuss and record how each characteristic may or may not exist within their group. Discuss and record steps that could be taken to improve the group’s effectiveness in terms of the characteristics.
- ☐ Have each group put this information into its Business Development Folder



Activity 5: Incorporation



4 hours

Purpose

For participants to be able to:

- Become acquainted with some of the steps involved in incorporating a business.

Activity Type

Presentation/discussion of content, examine samples, venture team project

Relevant Content 4

Steps

- ☐ Present the information on the process of becoming a corporation and a co-operative.
- ☐ Allow time to discuss the process. Stress the amount of detail involved and the need to consult with experts.
- ☐ Venture teams discuss, create and record first drafts for the following aspects of incorporation for their venture ideas.
 - statement of purpose
 - decision-making process
 - percentage of shareholder votes that will be required to approve decisions
 - confidentiality agreement
 - a sample set of by-laws
 - process for solving conflict
- ☐ Place the information into the Business Development Folder
- ☐ Discuss the importance of this activity as well as its limits.



Activity 6: Governance



3-4 hours

Purpose

For participants to be able to:

- Understand management structure of corporations and cooperatives.

Activity Type

Presentation/discussion of content, large group project

Relevant Content

5

Steps

- ☐ Present the information on governance. Allow time for discussion of information.
- ☐ Discuss and list reasons why effective management structure improves the success of a venture.
- ☐ Provide examples of by-laws for teams to examine. Circulate among the venture teams to answer any questions.

- ❑ Create governance and incorporation guidelines for the class. Use this as an illustration of the process and as a team-building exercise. Possible areas for consideration could include decision-making methods, evaluation systems, voting practices for how the course is conducted, when class meetings need to be held, election of class officials. Place information on flip charts and tape to walls of classroom.

Activity 7: Evaluation



Purpose Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ❑ The instructor reviews the purpose of each activity.
 - ❑ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ❑ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ❑ The information is distributed to the participants, as well as passed on to the administrator of the course.

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BUILDING *Dreams* with TEAMS



Team Entrepreneurship 3

MODULE

3

The Business Planning Process

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PART A: Content



1. Introduction

“Entrepreneurs ... are driven by opportunity. And opportunity is anchored in customers’ needs and a favorable situation, competitive advantages, and timing that add up to one conclusion: we can seize the opportunity, and now is the time” (Canadian Industrial Innovation Centre 2).

Going into business is risky! Many businesses do not succeed because they fail to ensure they have a trained workforce, underestimate the costs of getting started, misread the nature of the competition, or are poorly timed. The list is long. Whether starting from scratch or joining a venture team already in motion, business development is a very deliberate process based on identifying and understanding the risks and minimizing them at each step.

Preparing to build a new business is not unlike building a new home.

Each stage in building the house represents a series of decisions: coming up with potential business ideas; developing a blueprint for the business; moving in and getting ready to receive customers.

The following table illustrates the comparison between building a house and building a business.



Comparison Between Building a House and a Business

Building a House		Building a Business
A	Site selection	Research
	<ol style="list-style-type: none"> 1. Need to select a site. 2. Investigate different sites on the market. 3. Drive around, read the real-estate ads, enlist the help of a real estate agent. 	<ol style="list-style-type: none"> 1. Get an overview of a wide selection of potential business ideas. 2. Brainstorm, find existing research, locate more general sources of information like Statistics Canada, local Chamber of Commerce, business associations or publications.
B	Design Selection	Idea Evaluation/Feasibility
	<ol style="list-style-type: none"> 1. Owners must decide: where to build what to build if it is affordable 2. Owners sort through different available sites and make decisions based upon criteria important to them. For example, they may want site with privacy, or in a neighbourhood with other houses. 3. They make decisions about design of the house in relation to the site, for example, how the design will fit with the location of the site. 4. Building codes and zoning restrictions are considered. 5. They decide whether the house and its location are affordable. 	<ol style="list-style-type: none"> 1. Evaluate the ideas to decide which ones are feasible. 2. Evaluate in terms of: <ul style="list-style-type: none"> • community criteria • team criteria 3. It is important to only consider those businesses that will work well in the community. Consider such things as unique local and provincial by-laws, environmental policies, existing competition, lack of job potential. 4. Team criteria has to do with how right the business is for the specific members of the team. Consider members' desires and skills. 5. Members decide whether they have the time, money and commitment. 6. Conduct a thorough feasibility analysis: <ul style="list-style-type: none"> • Is there a market for the product or service? • Will it be profitable enough to be worthwhile?
C	Foundation	Confirmed Feasibility
	<ol style="list-style-type: none"> 1. The first step is laying the foundation. 2. It is upon a good foundation that the rest of the house depends. 	Plans are built upon the results of the feasibility analysis.

Comparison Between Building a House and a Business

Building a House		Building a Business
D	Framing	Business Plan
	<ol style="list-style-type: none"> 1. Framing a house involves putting the key parts of the structure in place in a logical order: floor, walls, roof. 2. At this stage they can get a true feeling for what the house will look like. 3. It is still not possible to live in it, however. 	<ol style="list-style-type: none"> 1. This is a document that presents a tight argument for why the business idea is a good one. 2. It outlines the plan for the business in the way in which it will be developed and implemented. 3. Parts of the business plan are: <ol style="list-style-type: none"> a) feasibility analysis results b) organization and production c) marketing strategy d) human resource development plan e) financial plan f) other concerns particular to the business 4. The plan will give the team and potential investors a true feeling for the business. 5. The business plan is not a business yet, but a tool for further phases of development and operation.
E	Finishing	Collecting Resources
	<ol style="list-style-type: none"> 1. The empty shell of the house is now filled with things needed so one can live in it, including lights, plumbing, flooring, cupboards, furnishings appliances. 	<ol style="list-style-type: none"> 1. Resources like time, money, people, space, equipment, materials, talent are needed to run the business. 2. The Business Plan is a useful tool for attracting the necessary resources. 3. The plan is presented to any group, organization, person who may be able to contribute to the resource needs of the business.
F	Moving In	Business Start-Up
	<ol style="list-style-type: none"> 1. The house is completed. 2. Now is the time to begin living in it. 	<ol style="list-style-type: none"> 1. The business is ready for operation. 2. This can involve registration, hiring of staff, moving into the location, buying equipment, promotion and marketing.

2. Effective Idea Development

One has only to look around the community to see a great number and variety of businesses. Try developing a list of community businesses and, as a group, or on your own, add others. Your local banker or business developer will tell you that there is no shortage of new business ideas. There is, however, a limit to the number of ideas that turn into real opportunities. Just check the information on business success and failure rates. Coming up with an effective business idea begins by selecting which opportunities have the potential for success.

Research and Development: The Market Study

The market study is a very critical part of your feasibility analysis. It forms the basis for the predictions made about expected revenues, costs, and profit margins. Whenever possible, it should be completed by those who have experience in this area. This does not exclude involvement by community and team-based partners. They will have to make informed decisions about feasibility and risk.

Real business opportunities are ones that are connected to customer demand.

You will need reliable information from local economic development organizations, small business resource offices, or other individuals in your community who have this kind of information at their fingertips.

Business and industry information can come from primary sources such as:

- ▶ people with experience
- ▶ telephone surveys
- ▶ personal interviews
- ▶ questionnaires
- ▶ test marketing
- ▶ focus groups



When the information you are seeking cannot be found, it is up to the researcher to gather it. This type of research requires the most time and money. You may use secondary sources such as:

- ▶ Statistics Canada
- ▶ trade associations (for example, the Food channel)

- ▶ business magazines and journals (for example, Business Week)
- ▶ universities (research institutes, business programs)
- ▶ local libraries
- ▶ other provincial and federal agencies (for example, agriculture, environment)
- ▶ not-for-profit organizations (for example, social planning agencies)
- ▶ franchises
- ▶ marketing and venture development firms
- ▶ potential competitors (yes!)
- ▶ world wide web

3. Idea Evaluation and Feasibility Analysis

Evaluating Business Ideas

Once information has been collected, and a list of potential businesses has been established, it is time to decide which businesses to omit. The best way to do this is to establish agreed upon criteria.

Setting Community Criteria

To establish community criteria, you will want to answer the questions below.

- ▶ Should it be environmentally friendly?
- ▶ Should it duplicate any existing businesses?
- ▶ Does it fit with your experience and interests?
- ▶ How much money are you willing to use to get it started?
- ▶ How many people do you want it to employ?
- ▶ Does our community/partner have information about this idea's potential?
- ▶ Are there resources to support the idea?

Team Decision Making

The Westcoast Development Group offers the following set of criteria for the selection of a venture (23):

- ▶ employs low-income community members
- ▶ requires low start-up costs
- ▶ located in the community
- ▶ will break even within one year
- ▶ does not compete with existing community businesses
- ▶ stops community money from leaking out of the community
- ▶ uses existing organizational assets
- ▶ uses existing organizational expertise
- ▶ provides needed community services or products.

Setting Team Criteria

Team-based enterprises succeed when their communities can support and nurture them. Also, the members of a business team share the same desire to go into business and possess specific skills and experience with the service or product you are going to bring to market.

Establishing team criteria is a significant step in determining if the team and the proposed business is a good match. Incompatible desires and skills can cause conflict and cost time and money. A good match will maximize team members' interest and potential.

It is a good idea for members/partners to have a look at their personal motivation for becoming involved.



These questions can help.

- ▶ What are your personal short and long-term goals?
- ▶ What is most appealing about going into business?
- ▶ How much time do you think is required?
- ▶ What kind of time can you put into getting the business up and running?
- ▶ Is this more appealing than working for someone else?
- ▶ How important is job security?

The Westcoast Development Group includes the following criteria (23):

- ▶ expected annual income

- ▶ need for personal development
- ▶ need for status
- ▶ importance of the type of work you want to do
- ▶ need for contact with people
- ▶ desired workload
- ▶ desired travel away from home
- ▶ location of the work
- ▶ impact your marriage may have on your business and vice versa.

A realistic assessment of your skill helps to determine what role(s) you will play and what your team will need help with. Assess your skills in these areas:

- ▶ relevant education and training
- ▶ customer service
- ▶ sales
- ▶ marketing
- ▶ distribution
- ▶ financial management
- ▶ human resources
- ▶ legal issues
- ▶ industry specific skills

Completing this assessment for each potential partner allows the business team to be able to map out its collective capacity.

Feasibility Analysis

Determining a business's potential for success requires the completion of a feasibility analysis. A feasibility analysis tries to answer two major questions.

- ▶ Is there a market for the product or service?
- ▶ Will the business make money?

If the answer found for either of these two questions is “no”, the team can move on to its next best idea. If the answer to both questions is “yes”, the team can begin to develop a business plan.

A feasibility analysis also requires a considerable investment of time and money. In an effort to save both time and money, sometimes communities assess the feasibility of an idea in two stages: pre-feasibility and detailed feasibility.

Pre-feasibility analysis

This takes less time and is less complex. It is a quick way of weeding out the less promising business opportunities. This preliminary analysis identifies and defines:

- ▶ the market for the product or service.
- ▶ who your potential customers are
- ▶ how much they might be willing to spend
- ▶ what the competition is like
- ▶ a general understanding of the strengths and weaknesses of your product or service
- ▶ how much to charge for the product or service
- ▶ how to promote it
- ▶ provides a basic revenue and cost analysis for the business
- ▶ a rough estimate of what kinds of space and equipment you'll need
- ▶ costs of labour
- ▶ how much money you need to make to cover costs

These initial results should be measured against how much risk the team is willing to take.

If the proposed venture is too risky, its development will not proceed.

If the venture looks feasible and the risk minimal, a detailed feasibility analysis will be completed.

Detailed feasibility analysis

This analysis puts the elements outlined above under closer examination. If the business has a chance to be successful, much of what is in this document will be the groundwork for completing the business plan. The detailed feasibility analysis contains an explanation of:

- ▶ the proposed team-based business
- ▶ What is being offered to the customer
- ▶ Whether it is a product or service or both
- ▶ What makes the business unique

- ▶ What the benefits are to the customer
- ▶ What kinds of legal, licensing and regulatory considerations need to be accounted for
- ▶ the market for the business
- ▶ the industry you are in (e.g. food, forestry)
- ▶ who and how many customers there are
- ▶ how much customers will spend
- ▶ what the competition is like
- ▶ sales projections and business cost analysis
 - potential sales and costs
 - size of the market
 - what share of the market you can expect to get (market share)
 - a measure of what you can expect compared to your costs
 - a final determination of profitability
 - the amount of money left after costs
- ▶ how risky the business idea is

Success is never guaranteed but it is in the realm of possibility when armed with good, high quality results from a feasibility analysis.

4. The Business Plan

When the team has decided that the business idea fits with community priorities, the desires and skills of the team, market conditions look favorable and therefore the business has a chance at success, then a business plan is written.

The business plan pulls together all the research analysis and planning into a tight argument for why this is a good business idea. The business plan is used as:

► a planning tool

It becomes a map of where you want your business to go. You will probably not have time to do this once your business is up and running so planning ahead is very important.

► a proposal for attracting resources

Bankers look for fixed assets and collateral (anything you have that can be turned into cash) because they will want to secure their investment in case the business does not succeed. This is called debt financing.

Investors look for the business's potential to grow and make more money. They will want a percentage of the growth in return for their investment. This is called equity financing. Public or community sources of financing look for other returns on investment such as jobs for unemployed people or environmental protection. This is called social investment.



Most experts suggest that you write your own business plan.

You need to understand it thoroughly. However, you may want to complete a draft and then have it edited and polished by someone who has a detailed understanding of the possible investors.

There are many publications that describe in detail what needs to be in a business plan. Generally speaking, the business plan has these sections.

Sections of a Business Plan

Executive Summary

This is usually written last. It highlights the key points of your business plan in two to three pages. Not unlike the cover letter for a resume, this is where the first impression is made. It needs to be well written so that it compels the person to read on.

Business Description

Describes who you are and what you are proposing to do.

The Market

The heart of the business plan, it contains the information collected in the feasibility analysis. Sales projections come from this information.

This section identifies the industry and describes in detail the target market. It is usually included in the appendix and includes the following:

- ▶ an industry description as it relates to your business (See a) below)
- ▶ a profile of your intended customers (See b) below)
- ▶ a profile of your competition (See c) below)
- ▶ any problems or opportunities for the business entering the market (See d) below)

All of the above are considered in the context of:

- ▶ geography: are the potential customers in a local, regional, national or international area?
- ▶ population characteristics (demographics): gender, age, income, occupation, and education of the target buyer
- ▶ what motivates people to buy your product? Price, quality service, impulse?
- ▶ attitudes of the target buyer
- ▶ changes or trends within the population

a) The Industry

An industry is made up of all the companies that have participated in producing a range of similar products or services. An example follows.

Textile Industry — Example: *BABE cloth diapers*

Cotton growers and harvesters	Processing companies: cotton gins	Textile fabric designers and manufacturers	Baby clothing designers and manufacturers	Businesses and individuals
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b) The Customer

A product or service can have more than one target market.

The customer will be individuals and/or businesses. Their unique characteristics will form the description of your business's target market. A product or service can have more than one target market. There may be a primary and a secondary target market.

Target Markets — Example: ABC Solar Water Heaters

Primary Market	Secondary Market
Homeowners	Cottage resort owners/operators
combined incomes over \$65,000	motivated by long term cost savings/price
live in cities	outlying rural areas
prefer quality over price	no gas or oil services
35–55 years old	
very environmentally aware	customers are environmentally aware
university educated	

c) The Competition

Companies who are selling the same or similar products or services are direct competitors. Companies selling products or services that will act as substitutes or alternatives to your product or service are indirect competitors. The solar hot water company in the previous example will not only compete with other companies selling the same product but also with other energy industries such as gas, oil, and electricity.

d) Problems and opportunities — risks

The information regarding the industry, its customers and your competitors, allows any external or internal factors that will affect the success of your enterprise to be anticipated.

External factors might include a change in government regulations, evolving consumer tastes, changing public opinion.

Internal factors might include production capacity, suppliers, or staffing.

For example, BABE Cloth Diapers currently has a very limited production capacity. If demand increases by 5% in the next year the business will have to solve the problem.

For example, the impending deregulation of the energy industry could have a positive impact on the growth of ABC Solar Energy.

The Marketing Strategy: How You Will Reach Your Intended Customers.

When the market is understood, the team must next figure out how it plans to reach that market. There are four basic parts of marketing, often called the “**four P’s**”: **Product, Price, Place and Promotion.**

Product The product is the goods or service provided by your business. Tied directly to the research completed, the product represents a package of features and benefits designed to satisfy customer demand. The features and benefits should be presented so that the product is different in some way from similar goods and services.

Price The amount you charge for your product or service. Factors to be considered when determining the price include:

- ▶ how much you need to charge to cover expenses and make a reasonable profit
- ▶ what your customers are willing to pay

Place Decisions need to be made regarding your suppliers, distributors, location and facilities. You have to make sure your customers can reach your business. Once they have reached you, you have to make sure they get what they want when they want it. This will depend on suppliers and whether they deliver on time, distributors and where the business is located.

Promotion How your market will be informed needs to be outlined. The two main elements of promotion are:

- ▶ **publicity:** any *unpaid* attention your business or service receives
- ▶ **advertising:** any *paid* message



The promotional strategy should clearly outline the activities you are planning along with time lines. The costs of promotion need to be considered along with the type of image you want to convey and the number of sales you want/need to make. A general rule of thumb is that roughly 10% of your budget should be allowed for promotional costs.

Here are some examples of promotional strategies.

Advertising:

- ▶ business cards and letterhead
- ▶ outdoor signs
- ▶ ads in local, regional, national or international publications
- ▶ radio and television commercials
- ▶ attending relevant trade shows
- ▶ coupons
- ▶ web site

Publicity:

- ▶ media releases announcing a “grand opening”
- ▶ sponsoring events or teams
- ▶ maintaining high quality of service and/or product so that word of mouth promotes your business

The Operational and Organizational Plan

This section describes some of the technical, legal and financial activities needed in your business as well as who will carry out the daily operation. The content has been adapted from Margaret Kerr and JoAnn Kurtz’s book entitled “Make it Legal: What Every Canadian Entrepreneur Needs to Know About the Law.”

Perhaps the least favourite, yet most important aspect of the business plan has to do with formalizing your relationships as multiple owners of the team-based venture, both legally and financially.

As a team-based enterprise, your business will be structured as a co-operative or a corporation. These structures are regarded as legal “persons” that have certain rights and responsibilities under the law. There are rules and regulations which govern the way you get your name, incorporate, make decisions and share financial responsibilities.

The structure of your business defines what kind of “legal limits” (protection) will be placed on your “personal or financial responsibilities” (liability) for the company should something go wrong.

Corporations and co-operatives are legally regarded as separate from their owners (the shareholders or members). Therefore, the liability of a shareholder is limited only to the extent of their investment and/or the value of their shares in the company. For example, if your corporation runs into financial trouble, creditors will seek to recover their losses by using the business's assets such as inventory, equipment. As well, the initial value of your shares may decline or disappear.

Board of directors and liability

Shareholders of corporations and members of co-operatives elect a board of directors which is responsible for running the business. The board of directors and the officers or top management that the shareholders recruit will not be completely protected from liability because of this level of involvement and responsibility in the business. For example, a bank or supplier may require a personal guarantee from the directors of the corporation. Directors may also be held personally liable for improper reporting and taxation practices, or unpaid wages if the corporation goes out of business.

Taxes

Like individuals, incorporated businesses have to file taxes. Tax regulations and requirements vary according to the type of business, the province, and whether the corporation is private or public (listed on a stock exchange).

Although they are unpleasant issues, having the technical, legal and financial aspects of the business in order before getting started just makes good plain sense! It can save many headaches.

Legal agreements

There are a number of agreements that you can put in place to protect yourselves and your business. These include but are not limited to:

- ▶ Supplier Agreements
- ▶ Consulting Contracts
- ▶ Employee Agreements
- ▶ Non-disclosure/competition Agreements
- ▶ Shareholder Agreements.

Insurance

Get insurance. Deciding how much insurance is needed can be difficult. It will be too expensive to cover every possible aspect of your business. Choose to insure the most important things first and then, as your business grows and you learn more about it, you will be better able to decide which parts of your business require coverage.



Legal and organizational considerations have a lot to do with defining “risks”. Use the help of legal and financial professionals. Contact the federal and provincial organizations that deal with these issues such as Industry Canada’s Corporate and Consumer Affairs, the provincial Corporation or Co-operative Branch, federal and provincial Departments of Finance, and Revenue Canada.



A more detailed description of business structure is provided in the Introduction to Community Economic Development Course, Module 4, Organizational Options for CED Sponsored Enterprise.



4.1 The Financial Plan

The financial plan describes the current financial position, funding requested, start-up costs, and financial predictions (pro-forma), usually over a 3–5 year period. Professional help is recommended. The financial plan includes a balance sheet, income statement (profit and loss) and a cash flow statement. It proves to you, the team, that what you have planned for makes financial sense and it proves to potential partners that the business will provide an adequate return on the money and resources invested.

Based on your business’s current financial status and on the team’s predictions about its market and its expenses, the financial plan will be developed.

Balance sheet

The balance sheet provides a view of the business’s financial condition at a given point in time. The balance sheet must balance the assets (what it is owed to the business or owned by the business) with the liabilities (what is owed to others, debts) and what is owed to the owners (equity). Balance sheets are usually prepared at start-up because it will reflect how the business will be set-up financially. Bankers and other supporters of your business look at the balance sheet to see if there is a healthy balance between the business’s assets and liabilities.

Income statement

The income statement provides a view of the business's financial condition over a period of time, usually a year. It will show sales and other income (revenue) and the costs of operating (expenses). When these figures are itemized, the team will be able to determine its net income (revenue minus expenses). This figure will give you an indication of the profitability of the business.

The financial plan includes a balance sheet, income statement (profit and loss) and a cash flow statement.

To develop the pro-forma income statement, the team will rely heavily on the sales forecasts calculated in the feasibility analysis. These sales forecasts will be combined with assumptions made regarding costs to operate your business.

Cash flow statement

Expenses of the company do not always happen at the same time as sales. For example, Sea Kayak Enterprises is a seasonal business that is busy only five months of the year. So even while there are no sales taking place, the owners will need to cover expenses such as utilities, phone bills, and advertising. The cash flow tracks the actual cash that flows in and out of the business and is usually presented monthly. Like the pro-forma income statement, the pro-forma cash flow statement relies heavily on information from the market research.

While useful for planning the start-up, these projected financial statements should be developed on a regular basis (yearly). They will serve as important benchmarks for measuring your success as a business.



Please note that examples of a balance sheet, an income statement and a cash flow statement are provided in Section C: Support Materials.

PART B: Activities



Activity 1: Putting One Foot in Front of the Other

30-60 min.

Purpose For participants to be able to:

- ▶ follow a series of planned steps considered helpful when developing a business. This warm-up activity can be used as a fun way to introduce the concept by having participants think of common things people do by following a series of steps.

Activity Type Small group brainstorming, report back.

Steps You can adapt this to suit the number of teams in the group, If there is only one team, each person can do the activity individually

- ☐ Outline the following rules for brainstorming:
 - One group member records all ideas
 - all ideas accepted
 - everyone on the team is heard from
- ☐ Brainstorm a list of tasks that you have had to learn to do that when first being learned, seemed very complex and confusing.
- ☐ From the list, each team (or person) chooses one and decides on any advice they would give to others about to learn it, and why it is important to evaluate their approach to the task from time to time. (creativity and humour are encouraged here!)
- ☐ Each team must present its findings to the class.
- ☐ The instructor leads a large group discussion, drawing parallels between this activity and the series of steps for developing a business that are outlined in this curriculum.
- ☐ You may choose to use the house building analogy found in the module that compares the business development process to the steps in building a house.

Activity 2: Where We'll End Up



30-60 min.

- Purpose** For participants to be able to:
- ▶ browse through sample feasibility studies and business plans
 - ▶ gain an appreciation for the complexity and the time needed to complete the business documents, as well as the skills and characteristics necessary for working on the business development process.

Activity Type Examine samples, venture team discussion, report back

Relevant Content 1 and house analogy

- Steps**
- ☐ Set up the room so each team can sit around a table.
 - ☐ Distribute feasibility analysis reports and business plans for teams to browse through. It is important to assure participants that by the end of the module they will have a better understanding of these documents and how to create them.
 - ☐ Each team creates a list of the skills and characteristics they think are needed to develop these reports and plans.
 - ☐ Move around to the teams to answer any questions they may have.
 - ☐ In large group, create list of the skills and characteristics, by taking one skill and characteristic at a time from each team.
 - ☐ Briefly present content and hold a discussion for the large group outlining how the business development process will be broken into a series of steps so they can begin to develop their own business plans.
 - ☐ Examine the house analogy closely. It provides a way to link the complex process of business development to a more common process of building a house.

Activity 3: Reducing Risk



30-60 min.

Purpose For participants to be able to:

- appreciate the risks involved in developing a business.

Activity Type Venture team discussion, exercise and report back

Relevant Content 1

- Steps**
- ☐ Begin large group discussion on the risks of developing a business. Place list on flip chart paper.
 - ☐ Examine and discuss current statistics on business failure rates.
 - ☐ Make a list of why businesses fail.
 - ☐ Summarize what this activity uncovered.
 - ☐ Have the participants comment on why it is important to look at these negative aspects of business development.
 - ☐ Allow time for participants to reflect on this activity for their journals.



Activity 4: What Types of Businesses Are There?



1 hour

Purpose To show participants the wide range of business types in their community.

Activity Type Small group discussion, report back

Relevant Text 2

- Steps**
- ☐ Each team creates a list of the variety of businesses that currently exist in its community.
 - ☐ Each team reads its list. Create a class list of types and post it around the room.
 - ☐ In large group, establish categories for the businesses listed. (for example, building, service, hospitality).
 - ☐ Add any other businesses that these categories remind participants of.

Activity 5: The Sky's the Limit



15 min.

Purpose For participants to be able to:

- ▶ show how brainstorming begins the process of business development

Activity Type Venture team discussion, report back

Relevant Content 2

- Steps**
- ☐ Review the following guidelines for brainstorming
 - One member records all ideas
 - all ideas accepted
 - everyone on the team is heard from
 - ☐ Each venture team brainstorms a list of possible business ideas. One member records and puts it in the team's Business Development Folder.
 - ☐ The list is the first step in developing a business.



Activity 6: Which are the Best Ideas?



6 Hours

Purpose For participants to be able to:

- ▶ learn how to find local business and industry information to help them narrow down their list of business ideas — ones that are a good fit and create economic opportunity in the community.

Activity Type Venture team project

Relevant Content 3

- Steps**
- List the skills involved in this activity:
 - ☐ Learn how to gather information on local business and industry



- ☐ Understand the difference between primary and secondary sources of information
- ☐ Use primary and secondary research methods to find out information in their community about business and industry
- ☐ Decide on the most suitable business ideas based on the research.
- ☐ Describe the differences between primary and secondary sources. Bring in examples.
- ☐ Have each team fill out a Plan of Action Form to assist in deciding:
 - What information they need to find at this point
 - Where they can find that information
 - How the workload for this activity will be distributed
 - How the information found will be recorded
 - What method they will use to select the most feasible idea
 - Time lines for the tasks in the plan
 - Have each team fill out a Plan of Action form.

PLAN OF ACTION FORM

This plan of action needs to be agreed upon by all team members and the instructor.

Names of Team Members		
Date		
Module and Activity		
List the tasks the team needs to accomplish, decide who is responsible for each task and set a due date for each task.		
Task	Individual(s) Responsible	Due date
Expectations of team members:		
Consequences:		
Signatures of Team Members		
Signature of Facilitator		

Activity 7: Setting Business Criteria



2 hours

- Purpose** For participants to be able to:
- ▶ decide which businesses need to be taken off their list of business ideas
 - ▶ establish and agree upon criteria for the business.

Activity Type Large group discussion, venture team exercise

Relevant Content 3

- Steps**
- ☐ In large group, briefly introduce the concept of business selection criteria and how to develop them.
 - ☐ Present list of questions from content section to help groups set their criteria.
 - ☐ Each team then creates its list of business selection criteria.
 - ☐ One team member records the criteria and includes a copy in the Business Venture Folder.
 - ☐ Instructor reviews criteria with each team.



Activity 8: Setting Team Criteria



3-4 hours

- Purpose** For participants to be able to:
- ▶ establish team based criteria for their business
 - ▶ examine skills of team members with respect to skills and roles required for the business.

Activity Type Individual reflection, venture team project

Relevant Content 3

Steps **PART A**

- ☐ Introduce the list of personal criteria from Section 3.
- ☐ Each person on the team creates a list of statements regarding his/her own motivation and expectations with respect to the business, for example, I wish to work full-time, work with others, etc.
- ☐ Each team member presents his or her list to the team.
- ☐ In large group, discuss the importance of being aware of the motivation of all team members.
- ☐ In large group, think of additional questions that might be useful for setting team criteria.
- ☐ Have each member answer the additional questions and then share responses with his or her team.
- ☐ Conflicting motivation or apparent incompatibilities need to be openly listed and discussed and recorded within each team.
- ☐ Possible solutions to the conflict are listed and recorded.
- ☐ Team asks the instructor to join the discussion and members share their criteria and ask any questions they may have.
- ☐ Acceptance of individual criteria needs to be reached. Criteria are recorded and a copy included in the Business Development Folder.
- ☐ Allow time for reflection in journals.



PART B

- ☐ Team lists skills its business idea requires.
- ☐ Team discusses each member's skills and experience.
- ☐ One member records this.
- ☐ The team decides and lists which role suits each member and which roles or skills their team lacks. (Skill headings from Section 3 can be posted around the room: Customer Service, marketing, financial management, legal issues, sales, distribution, human resources, industry-specific skills.)

Activity 9: Evaluation

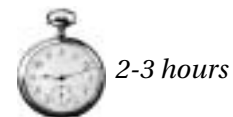


Purpose Mid-point evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

Activity 10: What is a Feasibility Analysis?



Purpose For participants to be able to:

- understand the purpose of a pre-feasibility and detailed feasibility analysis and their parts.

Activity Type Presentation/discussion of content, venture team examine sample reports.

Relevant Content 3

- Steps**
- ☐ Outline the theory of pre-feasibility and feasibility analysis.
 - ☐ Individual teams review the theory and make sure they understand the purpose and importance of feasibility analysis.
 - ☐ Samples of feasibility analysis reports are examined. If a feasibility report has been completed for the team's business venture, it is examined thoroughly.

Activity 11: Understanding and Drafting a Business Plan



12-18 hours

- Purpose** For participants to be able to:
- ▶ understand the purpose and parts of a business plan
 - ▶ begin to outline how their own business plan will be used as a planning tool for the team and as a way of attracting resources.
 - ▶ gather the necessary information to prepare a business plan and write a draft containing: a business description, including the market and marketing strategy, business organization, and financial plan.

Activity Type Venture team discussion and project.

Relevant Content 4

- Steps**
- ☐ Discuss how a business plan is used as a planning tool and in order to attract resources.
 - ☐ Each team discusses and records how its business plan will be used as a planning tool and a way to attract resources.
 - ☐ Each team is provided with the outline of a business plan including all sections.
 - ☐ Information about each section's purpose and content is presented.
 - ☐ The team works to prepare a draft business plan. Guidelines for this activity can be set by the instructor or in consultation with each team.



- ☐ Tasks and time lines and success measurements will be set by the team, agreed upon by all members and witnessed by the instructor.
- ☐ A Plan of Action Form is completed for this project.
- ☐ If there is time, presentation of the business plans to the group may be done.

Activity 12: Evaluation



LBS 3



½ hour

Purpose Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

PART C: Support Materials



Sea Kayaking Enterprises — Balance Sheet

Assets	Amount	Amount
Current:		
Cash		5,000
Accounts Receivable		0
Fixed		
Ocean Front Cottages		45,000
Sea Kayaks (14)		28,000
Office Equipment		10,000
Total Assets		\$ 88,000
Liabilities		
Cottage Mortgage	20,000	
Total Liabilities	20,000	
Equity		
Cottage	25,000	
Sea Kayaks	28,000	
Office Equipment	10,000	
Cash Invested	5,000	
Total Equity	68,000	
Total Liability + Equity	\$ 88,000	

Sea Kayaking Enterprises — Pro-Forma Income Statement*

Revenue	Year 1	Year 2	Year 3
Kayak Rental	30,000	30,600	31,212
Day Tours	5,400	5,508	5,618
Total Revenue	\$ 35,400	\$ 36,108	\$ 36,830

Expenses			
Tour Assistant	2240	2240	2240
Kayak Maintenance	1000	1000	1000
Mortgage	1200	1200	1200
Advertising	350	350	350
Utilities/phone	1200	1200	1200
Insurance	1200	1200	1200
Office Supplies	1200	1200	1200
Total Expenses	\$ 8390	\$ 8390	\$ 8390
NET INCOME (LOSS) BEFORE TAXES	\$ 27,010	\$ 27,010	\$ 27,010

Assumptions:

- ▶ Business open 7 days/week from May to September
- ▶ Sales predicted to increase by 2% per year based on market information
- ▶ 5 kayak rentals/day @\$20 person = \$200 day
- ▶ Tours: 3 tours/week @ \$90/group (4) = \$270/week
- ▶ Tour Assistant: \$8.00/hour hired during May to September


Sea Kayaking Enterprises — Pro-Forma Cash Flow Statement (year 1)

Cash In:															
Kayak Rentals	6000	6000	6000	6000	6000	0	0	0	0	0	0	0	0	0	0
Tours	1080	1080	1080	1080	1080	0	0	0	0	0	0	0	0	0	0
Owner Cash	5000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash In	12,080	7080	7080	7080	7080	7080	0	0	0	0	0	0	0	0	0
Cash Out:															
Tour Assistant	448	448	448	448	448										
Kayak Maint.	0	200	200	200	200										200
Mortgage	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Util./phone insurance	100	150	150	150	150	150	50	50	50	50	50	50	50	50	100
Office supplies	200	200	200	200	200										200
Advertising	300	100	100	100	50	50	50	50	50	50	50	50	50	50	300
Total Cash Out	1248	1298	1298	1248	1248	400	300	300	300	300	300	300	300	300	1000
Net Change	10752	5782	5782	5732	5732	(400)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(1000)	
Cash Beginning of the Month	0	10752	16534	22316	28098	33830	33430	33030	32730	32430	32130	31830	31530	31230	31130
Cash at the End of the Month	10752	16534	22316	28098	33830	33430	33030	32730	32430	32130	31830	31530	31230	30930	29000

Flexible Venture Development Network (FVDN)

This is a network designed to help start up and support team enterprises. The task of the FVDN is to first find out if the enterprise meets the FVDN's criteria. If the business doesn't meet all or most of them, the idea is usually rejected.

FVDN's Criteria

Building on Local Capacity	Does the business make use of the talent and resources that already exist within the group and the community?
Presence of an Entrepreneurial Team	A team increases the chances of survival because it is unlikely that all of the required skills can be found in one person. The team also brings economic benefit to more people. Finding good work for people is the goal of COIN/ FVDN.
Financial Sustainability	Is this business idea likely to be able to support itself once it is up and running? This includes paying for operating costs and salaries/wages as well as making a profit.
Ownership/share by COIN/FVDN	COIN/FVDN will work that much harder towards a business's success if they also can make money once it is running.
Non-Duplication of Existing Business	 A venture must not hurt a business already running in the community.
Social Responsibility	The business must act in good faith. They must deal with each member of the team and the community fairly, without taking advantage of anyone.
Environmental Responsibility	The business cannot hurt the environment.

A venture must not hurt a business already running in the community.

The process of developing potential business ideas does not have to be restricted to the members of a business team. The FVDN in Peterborough has collected a group of experts to help out.

The group is called the Research and Development Think Tank. It has roughly 18 members who meet regularly. The group includes members from the city and region's economic development department, post-secondary education, the

business community (large and small businesses), entrepreneurs, community groups and local representatives from federal and provincial departments. Members have experience in specific field and a unique understanding of the community where they live and work. This is a dynamite gathering of minds ready to contribute!

The Think Tank performs several important functions. Members brainstorm around different business opportunities and ideas. This produces a large list of rough ideas. They identify gaps in products and services in the area, new trends arising, emerging markets, methods to expand existing markets, places where Peterborough can do things better or cheaper, and other advantages and strengths in the community. Another function is their ability to act as a pre-feasibility filter. Once they come up with their list of ideas, they look at each one closely. Most of the ideas get shot down at this stage, based on knowledge combined with common sense realities. Ruling out ideas at this early stage can save a lot of money, time and heartache. The Think Tank is a very affordable and effective way of increasing the chances of success for new ventures. It asks very little of its members and the knowledge gained is pure gold.

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BUILDING *Dreams* with TEAMS



Team Entrepreneurship

4

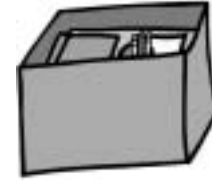
Sales and Marketing

MODULE

4

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PART A: Content



1. Introduction

Some of the sales methods used to promote your product will be described. Promotion is one of the four parts of a marketing strategy. Promoting your product or service involves:

- ▶ Advertising
- ▶ Public relations
- ▶ Publicity
- ▶ Direct selling

Some or all of these methods will have been outlined in your marketing strategy. Your product and service must be sold and someone in your business must be responsible for selling it. In so doing, you are carrying out the marketing strategy.

2. Customer Service

We know from our own experience of buying goods and services that if a business is going to be successful, excellent customer service will certainly play a strong role. Can you think of any situations where you chose not to return because of poor customer service?

Good customer service involves being polite, congenial and helpful. It takes more energy and resources to get new customers than it does to hold your existing ones. Your approach to customer service should include strategies aimed at preventing your business from having dissatisfied customers.

Ask yourself the following questions. Your answers will be the basis for your customer service policies and practices.

- ▶ What is the real cost of losing customers?
- ▶ **It is believed that for every dissatisfied customer ten potential customers will hear about it.** What does that add up to in dollars and cents?
- ▶ Are you listening to your customers. Active listening refers to your body language or the cues you give to show you are interested in what is being said. Examples include making eye contact, paraphrasing what the customer has said in your own words.



- ▶ Are you asking questions? You can determine your customer's needs by making an active attempt to find out.
- ▶ Are you trying to find solutions together with your customer? If the customer has been involved in finding a solution to any problems or concerns, he/she is more likely to be satisfied.
 - A common approach to solving a problem is:
 - Identify the problem
 - Work together to come up with possible solutions
 - Agree on the final solution
 - Do what needs to be done
- ▶ Are you tracking your customer service policies and welcoming feedback regularly. For example a mail order company may want to track:
 - How many customer orders were received on time?
 - How often are there back orders and for what products?
 - Which products are being returned?
 - How promptly are customers' concerns being dealt with?

Anyone in your company who deals with customers should look upon customers' complaints as an opportunity for positive change.

3. Getting Free Publicity



Public relations activities are designed to attract attention to your business and portray it in a positive light. Sponsoring events such as concerts, charitable events, and fundraisers are just some examples. **Make sure that the activities you are sponsoring are not controversial** or do not convey a negative image to your customers.

Publicity is a public relations tool that has to do with informing the media in a way that will compel them to write a story about your business. Your information must be regarded as newsworthy, current, and of course, factual. The most common method of informing the media is through a news release. You have no control over whether it will be used but there are some things you can do to increase your chances of getting free publicity.

Deadlines and Contacts

Newspapers, magazines, radio and television all have deadlines for receiving information. Find out what these are. Find out the name of the person responsible for receiving the information.

Newsworthiness

If your media release appears self-serving, the news editor will probably refer you to the advertising department. For example, announcing a sales event will not get as much publicity as suggesting that a portion of those sales will be going toward a local library.

Be Brief

“Just the facts, ma’am”. Long-winded releases will lose the attention of the reporter or editor. Include the 5 Ws when writing your story: who, what, when, where, why.

Have an Angle

Send in releases only when you really have a story to tell. Media outlets receive hundreds of releases daily.

Be an Expert

Position yourself and your company as an expert in your industry or product area. For example, if you own a fitness facility sponsoring a local marathon, sending in a release about the benefits of drinking water while exercising might, in future, compel the media to consult you regarding other areas of fitness and health.

Positive image building is the goal of public relations. It is critical that you convey this image in your daily operations with customers, suppliers and employees. These days, “Don’t do as I do, do as I say”, is very outdated!

Have a Plan

Itemize contact names and deadlines, map out how and when you will contact the media, who the media can contact in your company, and what kinds of messages you want to get across to the general public.

4. Selling Your Product or Service on the Web

Internet use is growing at a mind-boggling pace and so the World Wide Web is becoming an important marketing tool.

The Internet provides many of its users with quick, low cost access to information in many categories: research, product and service information, news and current events. From a marketing perspective, the Internet is different from other sorts of media because people have much more control over the wide range of information they choose to read or download in the comfort of their own homes and offices. Traditional media can have a very specialized audience (for example, Parent's Magazine).

Most businesses choose to develop a web site that will be posted on the World Wide Web, which is able to transmit messages to an unlimited customer base. The question becomes how to attract customers to visit your web site and take action once they are in it.

Know Your Customer

Make sure you know which sector of your market is likely to use the internet and find your site useful.

Consult With a Professional

The boom in Internet use has resulted in a corresponding boom in companies that specialize in helping to develop effective web sites. Prices and quality vary, so it is important to make sure that the web site designers have marketing as well as technological expertise and that there is a fit with your budget and marketing strategy.

Get a Domain Name

Your domain name is your business's web site address. It cannot be the same as any other address and your name choice should be as close as you can get it to your actual business name.

Search Engines

When Internet users are looking for information on certain products or services, they will sometimes use a search engine. The search engine will search its directory of registered World Wide Web sites for key words in the internet user's search criteria. Popular search engines include Yahoo, Excite, Web Crawler, and Alta Vista. Register your web site with as many of these search engines as possible.

Links

Try to provide links to other web sites. This will make it easier for people to find you.

Promote Your Web Site

Make sure you include your web site address on all your business cards and letterhead, packaging, print ads and display it at promotional events.

Make Your Site Useful, Interesting and Fun

While the design of your site should be attractive, it should also provide browsers with information, related topics and links to other site. Include questionnaires and other opportunities for interaction. This will convey the impression that you and your business are experts in your industry area. Look at some of your favorite web sites and find out what makes them interesting and fun to you.

Make Sure Your Visitors Can Reach You

Include your phone and fax numbers as well as your business address on your web site. Many customers still prefer purchasing in person.

Track Site Use

Your web site will have the capacity to find out how many people (hits) have visited your page. This information will be useful when you evaluate the effectiveness of your site.

Site Maintenance

Make sure your web site is updated at regular intervals and that the information is current.

Like any strategy, selling your product or service requires planning. Remember to think about your site goals, how your site will fit with the total marketing strategy. Consider its cost and how your visitors will use the site.

5. Direct Marketing

Your choice of selling depends on the nature of your business, the information you have collected about your customers' preferred buying patterns, and your budget.

There are many options (channels) for selling your products or services. Examples of channels include retail, wholesale, direct sales such as mail order and telemarketing, trade shows, distributors, network marketing, and advertising.

Direct marketing involves selling and/or distributing your product directly to your customer. Sales representatives, distributors, mail order, online sales, and telemarketing are the most typical methods of direct selling. We will focus on two of these methods: Sales representatives or distributors and direct mail or internet/online sales.

Sales Representatives or Distributors

These are people who have their own businesses that sell your product either exclusively or in combination with other products (related or unrelated). Often, distributors have chosen your product because they have used it and believe it is the best on the market. Choosing to use distributors can be an effective method of selling products provided you are prepared to:

- ▶ educate them about all the unique features and benefits of your product/service;
- ▶ provide marketing recommendations;
- ▶ provide all the promotional materials;
- ▶ offer sales incentives and discounts for purchases that exceed expectations;

- ▶ develop some screening criteria for selecting sales representatives. This may be as simple as getting references from other suppliers or companies that have used them realize that distributors are a bit further removed from your control. Develop a distributor's agreement that lays out your respective responsibilities and terms for canceling your agreement.
- ▶ realize that maintaining a positive image for your company rests heavily on your sales team.

Direct Mail or Internet/Online Sales

Both of these methods put the customer in charge. All of the information — product description, price, payment and delivery options — is presented. The customer then decides without having a salesperson.

The start-up costs for direct mail and online sales can be very significant. Before even making a sale you must:

- ▶ purchase the design and production expertise needed to develop good quality promotional materials such as catalogues, post cards, and a web site
- ▶ buy mailing lists and/or conduct research potential on mail order/internet markets
- ▶ find out about packaging and distribution options such as postage and shipping costs
- ▶ get a 1-800 number. Not having an expense when ordering the product is another buying incentive for the customer
- ▶ be sure you have the facilities and capacity to fill requests, store goods and hire extra help if needed.

Because of the cost, some companies with similar industries and customers combine their marketing budgets to create a mail order or internet presence. What is important is that you plan your approach carefully, taking your market information and budget into consideration.

6. Advertising

While direct marketing involves having your company or a representative deliver your sales message, sometimes it may not be economical to do so. Advertising is a way of getting your sales message to a larger audience. The purpose of advertising is to create an awareness of and interest in your product or service, to induce new customers to make a purchase, and to reach markets that your sales team might not reach.

Like your publicity strategy, advertising will use a variety of media: television, radio, Internet, newspapers, magazines, trade association journals, and direct mailings of coupons or flyers.



Before setting out your advertising plans, it is important to think about your target market and the goals of your marketing strategy. Your advertising should be tied to this information. Your team will then have to decide about the message to be sent to your prospective customers. The team should consider the following.

Product Positioning

Identify the benefits and strengths of your product or service in relation to other similar products or services on the market. Decide what you want to emphasize about your product or service.

Message Packaging

Decide on the overall presentation of your message. Decide on graphics, illustrations, print, copy, slogans, and other characteristics.

Media

Decide how the message will be modified to suit each type of media. Decide which media will be most effective for the product/service message based on the size of your audience, a mass media approach (on TV), or a more specialized approach (trade journals) or both. Balance cost effectiveness with the most effective media for your product or service.

Timing, Reach and Frequency

Find the best times to advertise, during the day, during the year. Decide upon the number of people you want to reach with each ad. Find out where these customers are. Decide how many times you can afford to advertise.

Evaluating Advertising

Customer feedback and sales figures will be indicators of how successful your advertising has been.

7. Your Budget and Marketing Program

The information in this section has been adapted from Joanne Thomas Yaccato and Paula Jubinville's book "Raising Your Business: A Canadian Woman's guide to entrepreneurship" (243-7).

You know from your financial plan and your marketing information what volume of sales you will need to break even and then make a profit. Your marketing plan will map out how you will reach those sales targets.

You also know from your marketing plan that getting customers requires an investment of your limited start-up resources. There are affordable options that can help you meet your sales goals.

Get the most out of your advertising dollar.

Research Your Costs

Find out the costs for each form of advertising under consideration. Make sure, when keeping track of those costs, that you take preparation costs into account as well as any special offers in your ads such as discounts.

Find Out the Reach

Many magazines and media outlets have detailed information about their subscribers, readers, or listeners — where they live, their age and income, as well as buying patterns. Most importantly, they can give you information on how many people your paid advertisement will reach.

Test the Waters

If you are just starting out, sometimes it is advisable to try out a few advertising techniques and track the responses. For example when receiving sales calls you can ask customers how they heard about your company.

Calculate the Return on Investment in Advertising

Figure out if your marketing will make enough sales to cover your advertising costs and provide you with a profit.

Consult With Experienced Sales People



An exact science this is not! Customers are not that predictable. What works for others may not work for you. **Try talking to someone who is familiar with your industry** and who has good judgment and experience.

Form Alliances

Look for opportunities to share advertising with other companies with similar markets. For example, tourism businesses often pool their scarce marketing resources to promote bringing tourists to their region. Business associations such as chambers of commerce often offer members reduced rates at their trade shows and will list your business in their directories and publications. Industry associations will provide regular reports on shifting economic trends and patterns to help fine tune marketing.

Develop a Marketing Timetable

Potential funders will expect to see a marketing timetable and your team will benefit by having a clear vision of sales objectives, roles and responsibilities. It will allow you to evaluate and fine-tune your efforts as the business progresses. Your timetable should list your marketing activities, show the time required for each activity and assign responsibilities to members of the team.

Preparation of your marketing program budget and timetable will be more time consuming in your first year.

8. Evaluating Your Efforts

Your customers represent the core of your business. The information you collect about them and the industry you are in governs every aspect of how you will operate and organize. Your customers form the basis for all your financial and budgetary decisions. You cannot, therefore, underestimate the importance of not only developing a market plan, but also evaluating it regularly so that it continues to identify, serve and satisfy the customer.

Your marketing plan is your tool for planning and controlling your business's marketing activities. The plan will also identify the results you expect to see, and these results should be tracked, reviewed and evaluated regularly.

Information used to evaluate a marketing strategy will include the following:

- ▶ number of potential customers who become actual customers
- ▶ customer feedback on products and services
- ▶ efficiency of product and service distribution
- ▶ return on advertising dollar investment
- ▶ after sales support and service
- ▶ competition
- ▶ external changes in the market (for example, demographics, regulations)

9. SWOT Analysis

A common method of analyzing strategies is called SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. It looks at your enterprise's strong points and uncovers areas of weakness and shows whether there is potential for improvement. This tool could be used before you implement your marketing plan as well as after it goes into effect. The following is an outline of a SWOT analysis framework. It can be used to analyze any aspect of your business plan and operations.



Information for this section has been adapted from the Community Tool Box website: <http://ctb.ku.edu/>

There is a wealth of information on this website that you might want to check out.

A SWOT chart/activity is also used in the CED course in Module 3 Mapping and Building Capacity, on page 109.

What is a SWOT analysis and why should you use one?

SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities, **T**hreats. A SWOT analysis guides you to identify the strengths and weaknesses inside your organization, as well as the opportunities and threats outside of your organization so you can be better prepared to act effectively. It reminds you to:

- ▶ build on your strengths
- ▶ minimize your weaknesses
- ▶ seize opportunities
- ▶ counteract threats

When do you use SWOT?

You might use it to:

- ▶ Explore possibilities for new efforts or solutions to problems.
- ▶ Make decisions about the best path for your initiative. Identifying your opportunities for success in context of threats to success can clarify directions and choices.
- ▶ Determine where change is possible. If you are at a juncture or turning point, an inventory of your strengths and weaknesses can reveal priorities as well as possibilities.
- ▶ Adjust and refine plans mid-course. A new opportunity might open wider avenues, while a new threat could close a path that once existed.

What are the elements of a SWOT analysis?

A SWOT analysis focuses on the four elements of the acronym.

Remember that the purpose of performing a SWOT is to reveal positive forces that work together and potential problems that need to be addressed or at least recognized

You might consider using the following format for a SWOT analysis. List internal and external opposites side by side. Ask participants to answer these simple questions: what are the strengths and weaknesses of your enterprise, group, community, or effort, and what are the opportunities and threats facing it?

INTERNAL		EXTERNAL	
Strengths	Weaknesses	Opportunities	Threats

Listing Your Internal Factors: Strengths and Weaknesses (S, W)

Internal factors include your resources and experiences.
General areas to consider are:

- ▶ Human resources — staff, volunteers, board members, target population
- ▶ Physical resources — your location, building, equipment (Does your building have a prime location? Does it need renovations?)
- ▶ Policies and Procedures for operating your business
- ▶ Budget and financial situation
- ▶ Past experiences — building blocks for learning and success, your reputation in the community, what makes your business different or special

Don't be too modest when listing your strengths. If you're having difficulty naming them, start by simply listing your characteristics (for example, we're small, we're connected to the neighbourhood). Some of these will probably be strengths.

Although the strengths and weakness of your organization are your internal qualities, don't overlook the perspective of people outside your group. Identify strengths and weaknesses from both your own point of view and that of others-those you serve or deal with. Do others see problems, or assets, that you don't?

How do you get information about how outsiders perceive your strengths and weaknesses? You may know already if you've listened to those you serve. If not, this might be the time to gather that type of information

Listing External Factors: Opportunities and Threats (O, T)

Cast a wide net for the external part of the assessment. No enterprise, organization, group, program, or neighbourhood is immune to outside events and forces. Consider your connectedness, for better and worse, as you compile this part of your SWOT list.

Forces and facts that your group does not control include:

- ▶ Future trends — in your field
- ▶ The economy — local, national, or international
- ▶ Demographics — changes in the age, race, gender, culture of those you serve or in your area
- ▶ The physical environment (Is your building in a growing part of town? Is the bus company cutting routes?)
- ▶ Legislation — taxes and interest rates, regulatory, political or legal issues
- ▶ Local, national or international events

As a tool designed for businesses, the major threat to success for most SWOT practitioners is “the competition.”

How do you create a SWOT analysis?

Who develops the SWOT?

The most common users of a SWOT analysis are team members and project managers who are responsible for decision-making and strategic planning.

An individual or small group can develop a SWOT analysis, but it will be more effective if you take advantage of many stakeholders. Each person or group offers a different perspective on the strengths and weaknesses of your enterprise and has different experiences of both.

Likewise, one staff member, or volunteer may have information about an opportunity or threat that is essential to understanding your position and determining your future.

When and where do you develop a SWOT analysis?

A SWOT analysis is often created during a retreat or planning session that allows several hours for both brainstorming and more structured analysis. The best results come when participants are encouraged to have an open attitude about possibilities.

When creating the analysis, all people involved are asked to pool their individual and shared knowledge and experiences. The more relaxed, friendly and constructive the setting and environment, the more truthful, comprehensive, insightful and useful your analysis will be.

How do you develop a SWOT analysis?

1. Designate a leader or group facilitator who has good listening and group process skills, and who can keep things moving and on track.
2. Designate a recorder to back up the leader if your group is large. Use newsprint on a flip chart or a large board to record the analysis and discussion points. You can record later in a more polished fashion to share with stakeholders and to update.
3. Introduce the SWOT method and its purpose in your organization. This can be as simple as asking, "Where are we, where can we go?" If you have time, you could run through a quick example based on a shared experience or well-known public issue (even the new TV season).
4. Depending on the nature of your group and the time available, let all participants introduce themselves. Then divide your stakeholders into smaller groups. If your retreat or meeting draws several groups of stakeholders together, make sure you mix the small groups to get a range of perspectives, and give them a chance to introduce themselves.

The size of these depends on the size of your entire group-breakout groups can range from three to ten. If the size gets much larger, some members may not participate.

5. Have each group designate a recorder, and provide each with newsprint or dry -erase board. Direct them to create a SWOT analysis in the format you choose-a chart, columns, a matrix, or even a page for each quality.
 - a. Give the groups 20-30 minutes to brainstorm and fill out their own strengths, weakness, opportunities and threats chart for your program, initiative or effort. Encourage them not to rule out any ideas at this stage, or the next.
 - b. You can provide these tips for listing:
 - As you list, keep in mind that the way to have a good idea is to have lots of ideas. Refinement can come later. In this way, the SWOT analysis also supports valuable discussion within your group or organization as you honestly assess.
 - In the beginning, though, it helps to generate lots of comments about your organization and your program, and even to put them in multiple categories if that provokes thought.
 - In the end, it is best to limit your lists to 10 or fewer points and to be specific so the analysis can be truly helpful.
6. Reconvene the group at the agreed-upon time to share results. Gather information from the groups, recording on the flip-chart or board. Collect and organize the differing groups' ideas and perceptions, using one of the following methods.

Decide before hand how you will gather the input. There are at least two ways to do so:

- a. Proceed in S-W-O-T order, recording strengths first, weaknesses second, etc.
- b. Or you can begin by calling for the top priorities in each category -the strongest strength, most dangerous weakness, biggest opportunity, worst threat--and continue to work across each category.

There are also two ways to take information from the groups.

- a. Ask one group at a time to report ("Group A, what do you see as strengths?") You can vary which group begins the report so a certain group isn't always left "bringing up the end" and repeating points made by others. ("Group B, let's start with you for weaknesses.")

- b. Or, you can open the floor to all groups ("What strengths have you noted?") for each category until all have contributed what they think is needed.

Whichever way you proceed, the facilitator or recorder should keep writing until the input from all groups is recorded. Note repeated items across groups for "weighting" of important possibilities.

You might want to discuss some of the items as they come up. In fact, cross connections between categories — "This strength plays into that opportunity" — is what you're pursuing, so a good facilitator will tease out those insights as they arise.

At the same time, you want to keep the process moving until the chart is complete, so facilitator and recorder should work together to begin a fifth column or new page-one for working ideas.

Encourage the participants to also make notes of ideas and insights as you build so the drawing together process will continue to be creative and collaborative.

7. Discuss and record the results. Depending on your time frame and purpose:
 - come to some consensus about most important items in each category
 - relate the analysis to your vision, mission, and goals
 - translate the analysis to action plans and strategies
8. If appropriate, prepare a written summary of the SWOT analysis to give or mail to participants for continued use in planning and implementing your effort.

It is important to note that SWOT analysis is an ongoing process that can be used at many phases in the development of a business. It is an excellent tool to help with making assessments and decisions.

PART B: Activities



1.5 hours

Activity 1: What is Customer Service?

Purpose For participants to be able to:

- ▶ learn the importance of customer service planning
- ▶ create a tracking system for all customer service processes

Activity Type Venture team exercise, large group discussion

Relevant Content 1, 2

- Steps**
- ☐ The venture teams read the content from sections 1 and 2. They then create four key questions based on the content on customer service.
 - ☐ The teams discuss the four key questions they came up with and list reasons why those questions are important to their ventures.
 - ☐ In the large group, each team presents its questions and reasons while the instructor takes notes on flip charts.
 - ☐ In a large group discussion, the participants draw from their own experience, as customer service providers or as customers, to describe the kinds of challenges there are.
 - ☐ Solutions for each of the specific challenges discussed must be developed either as a continuation of the large group discussion or as an exercise for each venture team.

Activity 2: Getting Your Product Known



8 hours

Purpose

For participants to be able to:

- ▶ learn the concepts related to marketing strategy
- ▶ learn how to best use the resources available for getting a product/service known, including publicity, advertising, the internet, direct marketing and channels.

Activity Type

Individual exercise and report back. Computer demonstration. Presentation and discussion of content

Relevant Content

3, 4, 5, 6

Steps

- ☐ Each participant writes a short definition of the following parts of a marketing strategy:
 - advertising
 - public relations
 - publicity
 - direct selling
- ☐ Definitions are posted and discussed. The instructor assists participants to come to consensus about the meaning of each term.
- ☐ Instructor distributes content section 3 and reviews the six guidelines for media.
- ☐ The instructor leads a discussion about some obstacles that might occur. For example, the services you offer may be complex, and therefore it may be a challenge to be brief. How do you solve this problem?
- ☐ Instructor demonstrates how to access business web sites on the Internet.
- ☐ Web sites are evaluated in terms of their attractiveness, complexity, features and use of the suggestions given for development of a web site (See section 4).
- ☐ If possible, participants should have access to computers to practice using their ideas and to even begin building their own web site.

- ☐ Define marketing and channels. In pairs, participants brainstorm some examples of direct marketing methods and channels that could be used for their business.
- ☐ Venture teams re-assemble and compares their ideas, selecting a few methods best suited for their businesses.
- ☐ Present content from Section 6.
- ☐ Discuss the use of the guidelines for designing a comprehensive advertising plan.
- ☐ Divide the venture groups into pairs and have each come up with a strategy for:
 - product positioning
 - message packaging
 - media
 - timing, reach, and frequency
- ☐ Have each team develop a Plan of Action
- ☐ Participants may find it necessary to work on this project outside of class time.
- ☐ Each venture group meets for a three-hour session to discuss, revise and integrate all of their ideas into one comprehensive marketing plan.
- ☐ Instructor reviews major topics of the content for the activity. Participants will make a note of areas where they think they will need extra help when developing their business.



Activity 3: Deciding Upon Team Member Roles in Sales and Marketing



2 hours

Purpose

For participants to be able to:

- use a team-based approach for selection and training of staff for direct personal and internet sales and direct mail.

Activity Type

Individual exercise, team exercise

Relevant Content

All

Steps

- ☐ Team reviews content on roles and responsibilities for direct marketing.
- ☐ Team identifies the personal and technical skills needed for each of the three types of direct marketing.
- ☐ Team discusses and agrees on which members will be in charge of which aspects of direct marketing, based on personal and technical skills required.



Activity 4: Developing and Managing Budget for Sales and Marketing



1.5 hours

Purpose

For participants to be able to:

- understand steps in making the best use of advertising revenue

Activity Type

Presentation of content

Relevant Content

7

Steps

- ☐ Present the content from section 7.
- ☐ Venture teams create frameworks of the information they need to track in order to evaluate their advertising strategies. Access to a computer database program would be useful, including instruction in setting up a database file and entering the data, as well as methods for summarizing and getting day to day information from it. If computer is not available, have them create a form with rows, columns and fictional data.

Note: Focus on the task of how to track information using the computer as the tool for doing this. This makes learning the computer program relevant and may help in demystifying computers for those not familiar with them.

- ☐ Instructor discusses the experience with the participants. Special attention should be given to reactions to computer technology if participants are relatively new to it.

Activity 5: Assessing Your Marketing Strategy



3-7 hours

Purpose For participants to be able to:

- ▶ use the SWOT framework for assessing marketing tactics and results.

Activity Type Brief presentation of content, venture team exercise and report back.

Relevant Content 8

- Steps**
- ☐ Instructor describes the SWOT method.
 - ☐ Each venture team fills in the SWOT grid for its sales and marketing strategy and timetable, considering internal and external factors.
 - ☐ Venture teams report back to the large group. Discussion follows on how SWOT analysis can become a useful process for evaluating and adapting marketing and sales strategies.

Activity 6: Evaluation



LBS 3



½ hour

Purpose Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions. In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?

- ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
- ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.

PART C: Support Materials



1. Kaos

Advertising — Testing and Assessment

Assessing the effectiveness of your advertising spending does not have to be high-tech or complicated. You just ask your customers!

Example:

A local entrepreneur operated an independent review cinema. He wanted to know which of his different advertising choices actually brought people to watch his movies. He already had a habit of standing up in front of the audience to introduce each film so he would use that opportunity to take a little poll. He asked for a show of hands for each advertising method he had used. Had they come because they saw his ad in the local newspaper, heard his ad on the radio, had picked up a copy of his film guide, heard through word-of mouth, or simply walked in? He could see in actual numbers how effective each form of advertising had been. He could determine exactly how many sales resulted from the different expenditures, calculate the return, and make his decision about advertising in the future, based on these results.

2. Interview — Media Plan for a Non-Profit Enterprise

The following is an interview with Brittany Cadence, Public Relations Co-ordinator for the Canoe Museum in Peterborough, a private, non-profit enterprise, concerning that organization's media plan.

Interviewer (I)

What is the key objective of your media plan?

Brittany Cadence (BC)

The most important thing is to present the key ideas — the mission of the museum — in a consistent way.

I What does your media list consist of?

BC We actually have several lists that we refer to according to the nature of the story or press release. We have different lists based on interest: one for tourism, one for general interest, local interest, national interest, arts and heritage, canoeing and kayaking and one for the environment. New categories are still being added.

Each list contains the names and contact people for magazines, newspapers, TV, and radio stations, organizational newsletters, and internet publications. When a story comes up and we want to send out a news release, we can just pick the appropriate list or lists of people to send it to.

It's also important to find the specific editor or journalist within the publication or newsroom who covers stories like the one you are sending.

I What is required to service or maintain these lists?

BC It is important to continually expand your contact lists, including more and more publications, especially new ones that are eager to get as much material as possible. Along those lines, there are often freelance journalists who are willing to do a story on your organization and take it themselves to sell to different publications. This can be an easy way to expand your list and broaden your exposure.

It is also important to note the easiest and most appropriate means of sending out your items to each member of the media. For example, they often prefer a fax to an e-mail, or vice versa. Each organization will have its own way of doing things.

You're not supposed to say this out loud, but buying advertising in a publication does often have an impact on the coverage you get. Whether this is the case with all publications or not, it is a good rule of thumb to spread your advertising dollars around fairly equally. I don't have much of an advertising budget, but if I'm buying radio spots, I will try to buy some from each of the local radio stations. They are businesses, after all, and you do what you can to keep a friendly relationship.

I Who does the media contact for information and is there a clear and easy path to the person?

BC Our strategy is to keep a face or host associated with the museum. I'm the marketing co-ordinator so I try to always be the one to interact with the media. I field all media calls and make the contacts personally. The rest of the staff understands to send all inquiries to me unless it specifically requires the Executive Director for comment. The key is to make things as easy as we can for the media.

I What kinds of things would you send out a press release about?

BC When there is a good story, really. It's important not to send out a coming events announcement as a media release. There are other avenues for this. A good story can involve an accomplishment — a milestone passed or an award given. One thing that has worked out really well for us has been association with celebrities. Just getting a visit or a donation from certain people can be a news story in itself.

I What do your press releases contain?

BC On the top of the sheet you write "Media Release" because "press release" doesn't technically include broadcasters. Below that I try to make the content look like an article, giving it a headline and then a succinct article. The content is listed putting the most important information first, that is, the news story, then the consistent image statement about the museum and finally the miscellaneous information about where we are and our hours of operation, etc. Always follow this up with a contact name and phone number. End the entire thing with a "30". It means "end-stop" to media people.

I What do you want your press releases to achieve?

BC There are five objectives to fulfill with a press release:

- ▶ To widen awareness of the museum generally
- ▶ To increase visitation — get more people through the doors
- ▶ To build the prestige that is largely associated with good media coverage
- ▶ To reinforce the desired image of the museum
- ▶ To intrigue fundraising prospects

I What is the key to making a press release succeed in achieving these goals?

BC A successful press release is one that gets used by the media. To make sure this happens, a communication plan outlining timing and follow-up is necessary. With events, it is important to make contact at least 2 weeks in advance, and then follow it up the day before with the same article except title it “media alert” and change the wording to the active, present tense. Each time you send something out, follow it up with a phone call asking if the person you sent it to received it.

I What overall image do you want to get across to the public through your media plan?

BC Many people think museums are gloomy, boring places, supported by government and buried in dust. We want to project the image of being active, of moving forward, always changing, with a “come back next year” kind of attitude. We always want to emphasize the good news aspect of our organization, to celebrate its entrepreneurial nature and its accomplishments from humble beginnings. Superlatives really do work. We can say that we have the largest collection of canoes and kayaks. The idea started with the spark or insight of one person.

Another important message comes from the collection itself. We try to get across the fact that each craft has its own wonderful story to tell.

Each member of the front line staff is familiar with all of the intended messages. They are introduced to the story behind each of the crafts on display and are given a thumbnail sketch of the development of the museum itself. This is what our product is and it is what people enjoy about coming here. That is why it is so important to remain as consistent as possible with what we are presenting.

I Thanks for your time.

3. Media Release

Please refer to the example media release on the next page.

MEDIA RELEASE

For immediate Release, April 12, 1999

THE CANADIAN CANOE MUSEUM HONOURS HUDSON'S BAY COMPANY FOR \$150,000 DONATION

Peterborough — Canada's oldest retailer, Hudson's Bay Company, will be honoured in a unique celebration at the Canadian Canoe Museum this Friday, April 16, 1999 for their \$150,000 donation to this new national museum. A Hudson's Bay representative together with board members from the Canadian Canoe Museum will jointly raise an original timber from an 1876 trading post as part of a new Fur Trade exhibit at the museum. This new exhibit is being installed thanks to the funding support from the Hudson's Bay Company History Foundation, and features a recreated scene from the Fur Trade period inside the museum.

"Thanks to the incredible generosity of the Hudson's Bay Company History Foundation, the Canadian Canoe Museum was able to acquire an original provision store from Michipicoten, the most important Fur Trade establishment along Lake Superior from 1827–1887," says Bill Byrick, Executive Director of the Canoe Museum. "This building is currently being re-erected inside the museum so our visitors actually walk inside it and learn how important the Hudson's Bay Company and the canoe were to the development of Canada."

To commemorate this significant occasion, History Foundation board member and former Hudson's Bay corporate secretary Brian Grose will officiate the ceremony, along with Peterborough Mayor Sylvia Sutherland, MP Peter Adams and MPP Gary Stewart. The Hudson's Bay Company History Foundation has been a major supporter of the Canadian Canoe Museum since 1997.

The museum is currently under extensive exhibit development and is expanding to its second floor. The completion date of the new exhibits, including the Hudson's Bay Company Fur Trade post is scheduled for July 1, 1999.

For more information, please call:

Brittany Cadence
Marketing Co-ordinator

Canadian Canoe
(705)748-9153

Shawna Rossi
National Corporate Communications Manager

MuseumHudson's Bay Company
(416) 861-4123

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BUILDING *Dreams* with TEAMS



Team Entrepreneurship

5

Business Finance

MODULE

5

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PART A: Content



1. Introduction

The urge to put off dealing with receipts, invoices, and other paper work is very compelling for entrepreneurs. After all, there are sales to make and much more enjoyable work to do to get your business off the ground. Putting off the paper work is probably one of the most common mistakes made by inexperienced business people.

Dealing with your finances promptly and regularly is critical for three main reasons.

1. Various government departments such as the Workplace Safety and Insurance Board (WSIB), Health, Canada Pension, Employment Insurance and Revenue Canada require it.
2. If you want to make an accurate assessment of how your business is doing and make plans and sales predictions for the future, you need this information to be up to date.
3. Professionals such as accountants or bookkeepers, to be of any help to your team, need to have something to work with. They require that you have made a commitment to devote time (daily or weekly) to keep all of your records current. And if you have not made that commitment, they may choose to not work with you or bill you for the extra time they spend on updating your books.

2. Record Keeping Basics

Your records should track three main types of activities for bookkeeping purposes:

1. Accounts Receivable
2. Accounts Payable
3. Daily Cash Flow

Accounts Receivable

If your business allows its customers to pay for your services or products at a later date (credit), you will need an accounts receivable ledger. The name of every person or company that has an account should be entered in this ledger. As well, the address, phone number, amount owing (including taxes), the date of the transaction, and any payments made and interest charged should be itemized. These figures should be totaled at the end of every month and will show you who owes how much for 30, 60, or 90 days, in other words, your aged balance.

Accounts Payable

Any money your business pays out will be recorded in an accounts payable ledger. Information should include the supplier's name, address, phone number, amount purchased, date paid and how the payment was made (if by cheque, — be sure to record the cheque number).

Daily Cash Flow

Although a lot of business is done without cash ever changing hands, your business will still need to have some cash on hand and will make sales on a daily basis. Some businesses choose to track these activities with a daily cash sheet. **The information from these daily reports will be beneficial in helping you catch mistakes early,** help you decide when it's time to do your banking, and give you a better idea of your cash flow situation.



Other Records

If you end up hiring people, you may want to keep a payroll book. Typical items in this category include breakdown of deductions such as Canada Pension, Employment Insurance and Income tax.

If you manufacture and sell products, a separate record of your inventory is recommended especially for tax purposes.

To get an overall picture of your bookkeeping records, business owners often refer to a combined ledger. This ledger would carry over all the information kept in each record and is a useful management tool.

Keeping account of your petty cash is very important, especially if your business tends to rely on it often. Always keep receipts

and itemize your expenses on a sheet that stays in your petty cash box until it's time to get more cash and you need to balance your receipts.

Your bank will send you monthly statements of transactions as well as the applicable charges that go with your account. If you use and receive cheques as payment, reconciling your bank account is a simple and quick way to keep track of your finances.

Financial Statements

When you set up and enter data into your business records, you have the ability to produce financial statements. They provide you with a picture of your business's overall performance in two formats — a balance sheet and an income statement.

a) The balance sheet

This provides you with a current report of your business's financial position. It is often referred to as the snapshot of your business.

Assets = Liabilities + Equity is the equation that is used to form the balance sheet. The following are common terms used in the balance sheet.

- ▶ **Current Assets** are things that your business owns that can be converted into cash (sold) within a year. Typical items that fall in this category are accounts payable, inventory and cash in the bank.
- ▶ **Fixed Assets** are owned items such as property, machinery, and equipment that will not be converted into cash any time soon or within the coming year.
- ▶ **Current Liabilities** are debts that your company owes that must be paid within the year. Accounts payable and having a line of credit are usually found in this category.
- ▶ **Long Term Liabilities** are any debts that are due after a year like a mortgage or a large loan for purchase of equipment.
- ▶ **Equity** represents the amount of ownership in the business. This can include the amount of money invested, or earnings from the business to date.

b) The income statement (or statement of profit and loss)

This provides you with a report of your business's financial position over a period of time and shows how your business

arrived at its present financial position — more like a video as opposed to a snapshot. The following are typical items that are found on an income statement.

- ▶ **Sales** are the total amount of orders for services or products in a given time period.
- ▶ **Cost of Goods** involves a break down of the costs associated with getting your product or service to market, such as the cost of raw materials used to make it, packaging, shipping, as well as direct labour costs.
- ▶ **Gross Profit** is the difference between cost of goods sold and actual sales. Cost of goods sold is built into the sale price of your product or service.
- ▶ **Operating Expenses** include all of the other costs your business has to operate: advertising, insurance, rent, loan payments, bookkeeping, and other labour costs are typical items found under this heading.
- ▶ **Net Profit** is calculated by subtracting the operating expenses from gross profit. This item is carried over to your balance sheet.

Other Things You Should Keep in Mind

- ▶ Make sure you always have a copy of your transactions. Most business supply stores have sales invoices that are made in duplicate (one for you and one for your customers).
- ▶ Keep all of your cancelled cheques as proof of payment and keep all of your receipts. Pay by cheque as much as possible because it is easier to track your expenses that way.
- ▶ Set up your files. Set up separate files for such things as financial statements, provincial and federal taxes, employee or shareholder payments, inventory.
- ▶ Your files should reflect the record keeping you have put into place. **If you are not sure what files to set up, talk to your accountant or bookkeeper. They are the ones who will ultimately be responsible for sorting through your financial affairs.** They can advise you as to how to organize your records.
- ▶ Set up a timetable and assign responsibility for regularly updating your records. The long term benefits of developing this habit will far outweigh the costs of the hopeless mess you will have to deal with should Revenue Canada, your shareholders or management team want to examine your financial affairs.



- ▶ If left to the last minute, your records will go from being a useful management tool to an out of control mess. If you are just starting your business, you cannot afford to have this happen. If you and your team are having trouble keeping your records up to date, **ask for help**.

3. Managing Cash Flow

Putting Cash Into the Business

Your main source of cash comes from sales. There are other ways to put cash into your business.

- ▶ Getting short or long term financing from your bank or community based lender,
- ▶ having people or organizations invest in your company by buying shares or
- ▶ by selling off some of your company's assets for cash, which is sometimes referred to as liquidating your assets.

Cash flow is the financial early warning system that you have in place to tell you when something is going wrong (or right) with your company's day to day operations. That is why it is critical for you to keep track of, and record you transactions daily.

Cash flow management helps predict when you may have extra cash and when you will be running low on cash.

Measures for Improving Cash Flow

If your account dips to zero, you must:

- a) **Make more sales:** Evaluate your sales strategies and see if they need to be revised. This may mean changing course, or adding more time and people to the sales efforts.
- b) **Look into government programs and services** that support new and existing businesses. There are federal and provincial incentives for business and human resource development. These monies can save those precious start-up dollars. For example, your business may be eligible to receive wage subsidies in exchange for providing work experience and training to needed new employees. Also there are business training programs that will allow new owners to receive a

daily living allowance while they devote their time to getting their business up and running. The costs of developing a business plan and/or marketing strategy can sometimes be covered under such programs.

- c) **Cut back on expenses.** Many owners choose not to take any money out of the business in the first year or so until there is a sufficient cash reserve or cushion in place in case cash runs low. This can be difficult if the business is your only source of personal revenue. If this is not possible, try to take the bare minimum and cut back on any other unnecessary operating expenses.
- d) **Borrow or invest more money.** If you have a large guaranteed order to fill and you won't be receiving any cash up front, you could try to borrow the cash needed, put some of your own money in, or find an investor. You could also try getting a line of credit from your bank as a way of covering off times when you need extra cash. The balance usually has to be paid off monthly.
- e) **Negotiate better terms with suppliers and buyers.** Sometimes your ability to get your product or service to your customers is hindered by the payment terms you have in place. Your suppliers may want cash up front but your customers want to pay on account. As a new business, getting terms with a supplier is a little more difficult because they will likely want references. (Did you know that your shareholders or members can be references?) You can also increase your chances of negotiating terms with suppliers if you pay promptly and develop good working relationships with them.
- f) **Invoice regularly.** Do not put off invoicing customers. You cannot collect what you have not billed for. If they have 30, 60, or 90 day terms, send out payment reminders as soon as the account is past due. Also make sure your customers are aware of your payment and credit policies before the sale. If you cannot afford terms, do not give them.
- g) **Plan and evaluate.** Well in advance, make sure your team has accounted for all the costs your business will incur to make sales. If you are competing for price make sure you are still charging enough; that your customers are willing to pay what you are charging; that you are getting the best prices from your suppliers; and that you are operating your business as economically as possible.



- h) **Know when it is time to throw in the towel.** If you have cash flow management down to a science, and you are still not seeing positive results (or cash flow), it may be time to evaluate whether or not to stay with the product/service or change to/continue with ones that are getting good results.

4. Taxation and Regulations

No matter what form your business takes, tax considerations and the regulations governing businesses need to be taken into account. There are federal, provincial and municipal laws and policies governing how you do business and pay taxes in Canada.

Federal

Goods and Services Tax (GST)

The government of Canada taxes all goods and services that are sold in Canada. That means you have to add the GST on to the final purchase price of the products you buy and sell. Businesses have to register for the GST and are then given a GST number. Businesses that do not expect sales to exceed \$30,000 per year are exempt from applying for a GST number but often choose to because a registered business can receive a refund for the GST that they spend on business purchases. It is important to note that whether your business is non-profit or for-profit, as long as your sales are over the guideline, you must collect the GST. As well, non-profit businesses can get a portion of the GST they pay on goods rebated to them. Canada Customs and Revenue Agency publishes information booklets and other publications about how GST affects your business. Visit their web site for up to date information: www.ccr-aadrc.gc.ca/menu-e.html



Excise Tax

Certain classes of goods and services produced or imported into Canada are subject to a federal excise tax. If your product or service falls into one of these classes, your company must operate under a manufacturer's registration. The Excise Branch of Canada Customs and Revenue Agency provides you with information concerning your status under the Excise Tax Act as well as procedures for filing returns and payments.

Customs Duties

If you export or import goods, there are regulations concerning invoicing, classifying goods, rates of duty, and reductions and exemptions for special classes of articles. Before you do any shipping, you need to get this information. The Canada-US Free Trade Agreement and the North American Free Trade Agreement (NAFTA) has had an effect on rules related to customs duties and their procedures. The regional collector of customs at Canada Custom and Revenue Agency or a customs broker will help to inform you about these rules and procedures.

Federal Income Tax

All for-profit corporations and individuals must pay taxes on the income received from all sources within the tax year. Non-profit corporations are not required to pay income tax. For information about this, contact the nearest Canada Customs and Revenue Agency office or check out their web site.

Employment Insurance

If your company hires employees, a portion of their wages is deducted for payment of employment insurance benefits. Contact Canada Customs and Revenue Agency for more information.

Canada Pension Plan

All employees between the ages of 17 and 70 are covered by and must contribute to the Canada Pension Plan. Employers are responsible for making the deductions from their payroll as well as contributing a portion themselves. If your business is incorporated and you pay yourself a wage, you are required to make these deductions.

Provincial

Licensing

Certain types of businesses have licensing regulations and requirements. Licensing is required, for example, if you are processing or handling food, transporting goods or people, fishing commercially, dealing with natural resources (forests, minerals) or creating any kind of environmental impact. You need to check with all three levels of government with regard to their specific regulations.

Sales Tax

Every province except Alberta has sales tax. The seller is required to collect this sales tax. You must apply for a provincial sales tax (PST) number for your business. There are exemptions for which your business may be eligible. Your provincial tax office can provide you with the information. In some provinces, the GST and PST are harmonized and collected together.

Worker's Compensation

If you have employees and there is a risk of personal injury on the job, you must pay premiums to the Workplace Safety and Insurance Board (in Ontario). The amount you pay is based on the size of your payroll and the type of work done. This can be a very important factor to consider in planning your business as it can be very expensive for certain types of businesses, for example forestry.

Municipal

Municipalities are allowed to license all businesses in their boundaries and set up by-laws relating to permits, land use (zoning), construction, renovation, and other business activities. Check with your city or town hall for information or contact the upper tier government where applicable.

Municipal Taxes

Municipalities collect taxes on real estate, water and sewage usage, garbage collection and other services provided in a community. Normally, the amount of taxes paid is determined by assessing the value of your property or rental value. Sometimes municipal licenses are required if you want to be legally in business. Check at city or town hall for information.

Other Rules and Regulations

There are other rules and regulations that may affect your business including:

- ▶ Packaging and labeling
- ▶ Weights and measures
- ▶ Patents, copyrights, trade-marks, industrial designs
- ▶ Product standards
- ▶ Immigration and citizenship

- ▶ Health and safety
- ▶ Consumer protection
- ▶ Environmental protection



More information on rules and regulations can be found by visiting Industry Canada's web site: www.strategis.ic.gc.ca

5. Computers

There are many business software programs on the market that will capture and record your business data and report it to you in a meaningful way. The computer required to run those programs will vary. Hardware (the computer) and software (the program) seem to become outdated almost as soon as you have purchased them.

It is important to assess your business activities and needs. You should also make sure your assessment takes into account the growth of your business.

To help you decide which hardware and software to purchase:

- ▶ talk to friends and business associates;
- ▶ go to the web site of the computer company and find out the minimum hardware requirements to support the software you need;
- ▶ take your company's growth into account when purchasing hardware and software;
- ▶ get some basic training on the computer system and the programs you intend to use;
- ▶ shop around. Make sure that whatever you buy comes with a warranty and that servicing is included in the package for a set period of time;
- ▶ check your budget and start with the business's priorities.

Hardware and Software

The computer (hardware) you will need depends on what functions of your business you want to computerize. The following activities can be computerized.

- a) **Accounting and Spreadsheets.** Good accounting programs (software) should provide you with accounts receivable, payable and general ledgers as well as a variety of reports and

financial statements. They should also be user friendly and have a variety of security features. Popular choices on the market are “MYOB”, “ACCPAC”, and “Quickbooks”. Your business can find a mistake in days, not months. Most businesses will make an accounting software purchase.

Spreadsheet programs are used to forecast, budget and plan your business. Among other things, they can add, subtract, multiply and divide the numerical information entered in the rows. Popular programs include Excel and Quattro Pro.

- b) **Word processing.** It's not often you will find a typewriter in an office these days. Word processing programs such as Word Perfect and Microsoft Word allow you to do almost all writing jobs that your business demands.
- c) **Desktop publishing.** If you plan to do most of your own brochures, posters, catalogues, and you do a lot of these, desktop publishing software is available. It is, however, very expensive and requires expensive upgrades and hardware such as laser printers and high definition monitors. Unless the return on investment for a major purchase like this is going to be good, most new businesses rely on the basic desktop features provided by word processing programs.
- d) **Database management.** Perhaps the most daunting task in a business has to do with management of information. There are client lists, contacts, phone numbers, mailing lists, and other features that can be customized to suit your business's information needs. If your business works with large amounts of information that must be classified, modified and updated, consider a database program such as Access or D-Base.
- e) **Communications.** There are fax machines, e-mail and message machines. Most of these services are available from your local phone company or other companies that specialize in electronic communications. Some of these options can help save on phone bills and mail charges. Your computer needs to have the proper hardware to support these applications, such as a modem for internet and e-mail.

PART B: Activities



2.5 hours

Activity 1: Keeping Good Business Records

Purpose For participants to be able to:

- understand accounts receivable, accounts payable, financial statements and balance sheets.

Activity Type Small group examines samples; venture team exercise

Relevant Content 1, 2, 3.

- Steps**
- ☐ Instructor provides examples of business forms and records.
 - ☐ Instructor gives reasons for use of each form and explains terms.
 - ☐ Participants break into pairs and make some examples of cases of accounts, cash flow, etc. which they might need in their own business.
 - ☐ Participants share their examples with the large group.
 - ☐ Instructor and participants have discussion about keeping daily records.
 - ☐ Team writes a one-page report to its Board of Governors or sponsoring agency, outlining the team's ongoing tasks and obligations in financial record-keeping.
 - ☐ Place the report in the Business Development Folder



Activity 2: Managing Cash Flow



3-4 hours

- Purpose** For participants to be able to:
- ▶ understand the nature of cash flow and methods for making use of cash resources.
 - ▶ learn how to set up a file system and some methods for keeping system up to date.

Activity Type Presentation of content, venture team exercise

Relevant Content 3

- Steps**
- ☐ Instructor presents content of Section 3 and answers questions about it.
 - ☐ Participants are divided into pairs.
 - ☐ Measures for improving cash flow (section 3.2 a–h) are divided among participants.
 - ☐ Participants decide on one difficulty they might encounter in taking the measure and come up with a solution for that difficulty.
 - For example, they may try to invoice regularly but the product involves projects that take a long time to complete. A solution could be to set a series of stages and for each stage an installment is paid. A significant deposit when beginning work might be another solution.
 - ☐ Teams share their difficulties and solutions. Participants can suggest additional solutions.
 - ☐ Results are recorded to use as a resource document and included in the Business Development Folder



Activity 3: Following Regulations and Paying Taxes



3.5 hours

- Purpose** For participants to be able to:
- ▶ develop a method for monitoring and ensuring compliance with government laws and guidelines.
- Activity Type** Presentation of content
- Relevant Content** Section 4
- Steps**
- ☐ Instructor outlines major types of regulations. Remember a good overview is better than burying participants in mountains of detail.
 - ☐ Instructor should stress the importance of having the most current versions of regulations and tax procedure documents.
 - ☐ Instructor tells participants how they can get the regulatory and tax information they need for their businesses.
 - ☐ Teams add the information to their venture development folder.
 - ☐ Instructor circulates amongst venture teams to help them assess any difficulties they may have in carrying out their regulatory requirements.

Activity 4: Using Computers



3-6 hours

* Time depends on resources available

- Purpose** For participants to be able to:
- ▶ choose the best hardware and software for their business needs
 - ▶ have an opportunity to use computers

Activity Type Venture team discussion, computer demonstration/training

Relevant Content 5

Steps

1. Present content from section 5.
2. Each venture team must decide what hardware and software programs it will need.
3. Instructor, sponsoring agency and participants assess the resources they have for computer training at this time and provide the training.

Note: This can be quite expensive if there is equipment as well as software to purchase. You might be able to use training data that often comes with a program and then add some in-session tutoring along with it. It will provide some hands on experience.



4. After some hands on experience, instructor will lead a discussion either confirming or changing the purchasing decisions made earlier.
5. Recommendations can be drafted and added to the Business Development Folder.

Activity 5: The Critical Incident Method



3-4 hours

Purpose

For participants to be able to:

- Strengthen the business team by using the critical incident method exercise.

Steps

- ☐ A critical incident is an event that has a major effect on the direction or capacity of a business, for example, an abrupt departure of a key staff person who knew a great deal about office procedures. As a result, there were major changes in office procedures from that point on, perhaps including better documentation of procedures so that the business would not be as dependent upon any one individual in the future.
- ☐ Instructor reviews the content of this module and decides which parts have challenged the team the most.
- ☐ Instructor introduces an incident related to some segment, for example, a computer breakdown, or missing a GST reporting deadline, or the example given above. The incident should be significant, not minor. This should take no more than a half hour.

- ☐ In venture teams, the participants decide what effect the incident would have on the regular activities of their businesses.
- ☐ Teams try to determine what can be done to deal with the critical incident.
- ☐ Participants decide what kinds of information, ideas from authorities, or other sources might be useful for solving their problem.
- ☐ Teams each write a draft outline of the kinds of information that would go into the business's procedure manual as part of a strategy to prevent the incident from happening again.
- ☐ Place in the Business Development Folder



Activity 6: Evaluation



Purpose Evaluation of the module

Activity Type Large or small group assessment, individual reflection, venture group assessment (in Team Entrepreneurship course).

- Steps**
- ☐ The instructor reviews the purpose of each activity.
 - ☐ The instructor asks the participants the following questions.
In this module:
 - What were the most useful skills learned?
 - What was the most useful content learned?
 - Which activities were most helpful for learning these skills and content?
 - Which activities were least helpful?
 - What would you like to do more of in future modules?
 - ☐ The instructor records all responses and gets the group to identify the most widely supported answers.
 - ☐ The information is distributed to the participants, as well as passed on to the administrator of the course.