



TOOLS & TECHNIQUES

FOR COMMUNITY RECOVERY & RENEWAL

Developed and designed by the Centre for Community Enterprise
with funding from Forest Renewal BC, the Ministry of Community
Development, Co-operatives & Volunteers, & the Rural Secretariat



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The Centre took up the challenge with some trepidation. In the preceding ten years we had written and published many practical resources for communities across North America, but FRBC's vision was a very tall order. Our thanks go to the FRBC Committee Chair, Garry Merkel, for maintaining the vision, our concerns notwithstanding. His persistence has borne fruit.

In November 1999, after 15 months of work, we released for discussion the first draft of *The Community Resilience Manual* in portable document format. The response affirmed that our efforts were not misplaced. Over 500 communities, government agencies, researchers, and CED practitioners downloaded the draft in the subsequent 12 months. Although the centrepiece of that publication was the community resilience process, people expressed enthusiasm for the draft's third section, the Catalogue, because of its encyclopaedic approach to community tools, techniques, and models.

Tools & Techniques for Community Recovery & Renewal (1st edition)

Techniques' editor and chief contributor, as well as to many other people who assisted: Michelle Colussi, Flo Frank, Keith Jacobsen, Mike Lewis, Sandy Lockhart, James MacGregor, Don McNair, Ron Paynter, Brigitta Perry, Pippa Rowcliffe, Ivan Thompson, and Gary Wilson. We also express deep appreciation to FRBC, to the provincial Ministry of Community Development, Co-operatives, and Volunteers, and to the Rural Secretariat for funding this resource.

This is a work in progress. The Centre is committed to revise, expand, and update *Tools & Techniques* in the years to come so that it keeps pace with the highly innovative field of community economic development. We therefore encourage readers to use the Community Resilience pages at our website, www.cedworks.com, to send us suggestions and recommendations, not only for additional entries but also for resources and publications. The Centre has earmarked some of its own resources for this work, and is seeking funding for new entries.

Many, many people have contributed to the learning represented here. Many, many more will contribute in the years ahead. We invite you to consider this a collective resource which we all keep building, and from which we all keep learning.

Mike Lewis

Executive Director, Centre for Community Enterprise

November 2000

are good in themselves, but what we are assuming here is that communities can take a very different and more powerful sort of approach, trying something bigger: namely, community economic development (CED).

CED is not a matter of focussing on one or another community-building project, or on a limited strategy like industrial recruitment. It is a *comprehensive system for development* that is intended for on-going implementation over at least a decade or two, usually much more. Thus the individual tools are described here under the assumption that they are to be used in a wide-ranging CED strategy, not as isolated projects. This strategy is intended to empower the community to handle its own destiny; it is not focussed on growth as such, but on capacity to handle economic and social change for local benefit.

CED in its most effective format embodies the following features:

- a multi-functional, comprehensive strategy or development system of on-going activities, in contrast to any individual economic development project or other isolated attempts at community betterment;
- an integration or merging of economic and social goals to make a more powerful impact for community revitalization;
- a base of operating principles that empower the broad range of community residents for the governance both of their development organizations and their community as a whole;
- a process guided by strategic planning and analysis, in contrast to opportunistic and unsystematic tactics;
- a businesslike financial management approach that builds both ownership of assets and a diverse range of financial and other partners and supporters; and finally,
- an organizational format that is nonprofit, independent, and non-governmental, even though for-profit or governmental entities are linked to its work.

Considering that over-all perspective, the reader of this compendium will also recognize that the individual tools described here are just single pieces to be integrated in a process or system. Thus they will be most successful in the context of a systematic CED approach. That certainly *does not mean* that every tool described here must be used in order to create a system for development. Only those tools that make sense within the context of the particular community and its resources and limitations ought to be used. However, the community leadership must carefully consider how to maintain a long-term, on-going process of development, and this on-going process will require, at a minimum, a special organization for guiding the CED strategy.

Organizations that take such a systematic development approach will be referred to throughout as CEDOs: community economic development organizations. A CEDO provides

the locus for evolving and managing the CED strategy. One entry focusses specifically on creating such an organization. Several other items deal with the preliminaries to founding or re-shaping this lead group, activities such as a community-wide visioning process.

An extended illustration of a successful CED effort in Revelstoke, B.C., using a variety of tools in the rural region/small town context is provided in Appendix A. The CEDO described there is by no means intended as a model; it is in fact a rather rare combination of several inter-linked organizations. But the case can serve as an introduction to a real development system and how a CEDO manages it. Other communities will not take the same general route; each must find its own pathway. The story of Revelstoke is however, a concrete example of how CED can work, and to read it is to see a whole array of tools put to use.

HOW THIS PUBLICATION IS ORGANIZED

Tools & Techniques is organized by topic groups. For example, all tools that are directly relevant to development finance are listed under the topic heading, “Addressing the Financial Gaps.” Sometimes there are also sub-topics under which a group of entries are listed. For instance, “Personal Development and Preparation” appears under the topic of “Building Human Resources,” and it includes three entries. Each topic group (and sometimes a sub-topic group) is introduced by a general discussion of that particular CED function or activity. Then, within each topic group or sub-topic heading, each entry is presented in identical format:

- ***Description***
- ***Benefits***
- ***Major challenges***
- ***Some practical steps***
- ***Resource organizations & contacts***
- ***Publications***

Within any entry there may be cross-references to other parts of this publication as well as references to resources available through the internet. If you are using *Tools & Techniques* in its portable document format (PDF) and are viewing it on a computer monitor, cross-references appear in dark purple letters. When you click your mouse on a cross-reference, your computer will immediately forward you to another page where the specified topic is

found. (To return to your point of origin, select “Go Back” from the “Document” drop-down menu.)

References to internet resources appear in green. A click on the latter (if your computer has an internet connection) will launch your browser and point it automatically to the specified web page. A number of recommended case studies, distinguished by an asterisk (*), are available from the Centre for Community Enterprise in portable document format at nominal charge. A click on any of those links will connect you to a dedicated page at cedworks.com, the Centre’s website, for further details. (Alternatively, click on the “Community Resilience” button on the site’s menu bar, and follow the links, or phone 1-888-255-6779 for assistance.) In printed copies of this publication, cross-references and references both appear in a dark grey hue.

Note that this publication is a companion to *The Community Resilience Manual: A Resource for Rural Recovery & Renewal*. The Manual itself is a fundamentally important publication for any community that is addressing its economic and social future. It will be assumed that the Manual is recognized by the reader as key, and it will not be repeatedly cited; only other helpful publications will be listed where appropriate.



Doing the Planning, Research, & Advocacy

CED is not merely an organized strategy of selected substantive development tools like business creation, housing development, credit arrangements, etc., each of which requires specialized thought and effort. CED is also a working process, which requires its own set of tools: organizing a lead group (the CEDO), strategic planning, data collection on local businesses, creating partnerships, etc. So this class of CED tools also requires specialized effort and thought. The CEDOs that have evolved the best practices in CED have created specific and effective means for putting these elements of Planning, Research, and Advocacy into place.

Among the tools described in this topic heading are a set that embody the procedures by which an effective organization or institution is mobilized or designed to conduct and manage an overall CED program. This set can be grouped under the sub-topic Organizational Development. They include the procedure of getting the community to coalesce around a picture of the sort of future that they seek (community visioning). Then there is the task of constructing a strategic plan to get to that future. Ultimately there is the task of shaping the lead organization, or CEDO, to take responsibility to see that the CED strategy is carried out.

Another set of process tools deals with discovering and recording for later mobilization exactly what assets the community already has. These are presented under the sub-topic Inventory and Mapping of Community/Regional Assets. Basic to these tools is a perspective, as stressed by the seminal CED spokesperson John MacKnight, which insists that the most empowering of community-building programs will start from concentrating on assets, not on problems or needs.

To repeat, the effective deployment of a CED strategy requires that some local group accept responsibility first for designing it to fit local conditions and then for using it effectively. Depending upon the stage of local evolution of the CED process, that organization may actually be an existing group that is a CEDO or it could be any other group that accepts the task, like a Kiwanis Club or a municipal government agency. Further, it may be that some tools in the strategy were used some years previously and the relevant information not kept up to date. Thus, they would have to be re-deployed. In fact, information gathering is a good first stage of the CED process, and herein is described the major information-gathering activities.

Besides those addressed here, there can be many other planning, research, and advocacy tasks to be carried out in a systematic way at different stages of a community's efforts. Among these might be Labour Market Surveys and Input-Output Analyses, just to take a couple of examples. A subsequent edition of *Tools & Techniques* will expand on these. For now, we begin with the key tool, the CEDO itself.

ORGANIZATIONAL DEVELOPMENT

Evolving a CEDO

Description

A CEDO is itself the essential means for managing a comprehensive strategy to strengthen the local economy and its social supports. The CEDO may be an entirely new feature of the community, or it may be an organization that already exists in the community and that is enhanced and transformed or redirected so that it can handle a CED strategy.

Most CEDOs take the form of a community development corporation (CDC), but the form or legal structure is not the key. What is key is that it is broadly representative and focussed on a multi-function, multi-faceted, comprehensive program for economic development - that is, a program that is not restricted to any one type of activity, say, business development, but includes promoting whatever the community needs and seeks for its own enhancement.

Because a strategy for CED implies so many different activities, carried on simultaneously, there must be some one entity to take responsibility and see that all the balls are kept in the air at once - and that the trade-offs among the different parts of the program are properly managed. That is the prime job of the CEDO.

A full-fledged CEDO will be recognized by the following activities:

- It builds equity assets in its own enterprises as well as in others in the community.
- It fosters access to credit (and sometimes to equity capital) for local businesses, especially through its own capital and lending programs.
- It strengthens the human resources of its community--those skills needed for either income-earning activities (jobs or successful business management) or for leadership of its own organization or in the community in general.
- It carries out planning, research, and advocacy work.

However, the CEDO entity may not - and indeed usually does not - engage in all the necessary activities by itself. Instead it will make sure that there are community partners to cover all necessary objectives and that they are adequately linked for the common purpose of community resilience. Thus the work of establishing partnerships is crucial. The point is that CED is not just a project or set of projects. It is a *system for development* that is led by the local CEDO.

A city or town setting will ordinarily have some existing organizations that are already addressing economic development tasks, but they need co-ordination and, moreover, they usually do not provide for all the necessary functions. That was the preliminary to the Revelstoke mobilization (see Appendix A).

The very first CDC in Canada was started in a city of about 25,000 population, Sydney, NS. New Dawn Enterprises Ltd. grew out of a co-operative housing development group, made up mainly of faculty members at the local college. They learned of the CDC format being used in the United States for more comprehensive CED work, and incorporated New Dawn as a nonprofit in 1976. Early developmental work on the organization was facilitated by the use of consultation services from a specialist in CED. In 1978 it received a federal grant of \$125,000 for operating expenses, but since then has been self-supporting.

New Dawn has continued to develop affordable housing (holding now about \$20 million in assets), initiated dental clinics to counter a dearth of dental services, fostered local cultural development through such activities as publishing a song book, promoted and invested in what is probably the first **Community Equity Investment Fund** in Canada, conducts a trade school, and begun various ventures in the health field, including assisted living facilities for the elderly. New Dawn epitomizes the multi-faceted approach that is central to successful CED.

One commentator, Robert W. Shiveley, argues that one of the leading causes of failure in small town economic development is a poorly conceived organizational structure. He cites seven principles of appropriate organization:

1. Include all local sectors involved in the economic development process.
2. Encompass all the economic development efforts (no competing, overlapping organizations).
3. Include members of the (informal and formal) power structure on the governing board.
4. The governing board must be able to take action without specific approval of any participating group, whether municipal government agency or private group.
5. Some continuity of leadership is very useful, but new blood is also essential.
6. The governing board should meet regularly and frequently, perhaps even once a week.

7. Adequate continued funding is critical.

Benefits

The chief benefit to be attained in producing a CEDO is that there is an effective organization with the capacity to do the job of development. Moreover, responsibility is clearly located and focussed so that the residents of the community know where to go to see that the critical tasks are being addressed and where they can participate in that process. There is accountability as well as capacity.

Major challenges

The organization itself is not the key element in a CED strategy, because everything depends upon how that organization is supported, managed, and maintained. The difficult thing about a CEDO is to sustain wide community participation and guidance. The CEDO must always have the confidence of the residents, and that confidence comes with transparency, openness, and encouragement of widespread participation in governance and performance monitoring.

It is not just democratic ethics that requires the CEDO to be open in its operations and in opportunities for participation. It is quite simply a practical matter: CED, as a complex strategy, requires a constant trade-off of different outcomes, and only a transparent organization, widely participated in, will have the credibility and clout to make those trade-offs, e.g., between growth and environmental costs.

Experience has shown also that one of the most difficult tasks is to maintain adequate financial controls - financial records and information systems. Even successful CEDOs can falter here, and that sort of lack can bring down the organization. Today computerized accounting systems make this much easier; but as everyone knows, computers and changing software can foul things up too.

Some practical steps

1. Under stimulation of a number of widely respected community leaders (not merely the elected officials), the process usually begins with broad community discussion of the assets and gaps in the community's capacity to handle economic and social change. The aim of the discussion is to create some sort of consensus on what changes should be sought.
2. Ordinarily this process ends up in a vision statement, a picture of how residents want their community to look in the years ahead.
3. At that point, the residents determine that they need to establish a focal organization to work toward the realization of that vision.

4. A quick review of relevant local organizations (and their strengths and weaknesses) leads to a decision to design a new CEDO or to re-design an existing group to handle the job of community economic development.
5. The specific mission of the CEDO is laid out, and thereafter the design process takes over. From the experience of other groups, there appear to be perhaps 27 distinct tasks required to establish a new CEDO. (See Appendix B.)

Resource organizations & contacts

There are a few technical assistance groups that have made a specialty of assisting communities in the tasks of setting up a CEDO and working with it through the various stages of operations and investments. The Canadian CED Network (toll-free 877-202-2268) provides orientation to technical assistance providers, based on the specific needs of the inquiring organization.

Publications

- ***Case Study:** “Back to Basics: Organizational Capacity.” An introduction to principles and elements critical to building organizational capacity. Although First Nations-oriented, this article is relevant to any CED organization, especially one in the early stages of development.
- ***Case Study:** “Community Organizing and Economic Democracy in New England.” An organizer’s view of the critical lessons learned from a multi-community process of organizing and revitalization in de-industrialized valleys of Connecticut. This is a great introduction to the breadth, depth, effort, and excitement that a serious CED effort entails.
- ***Case Study:** “Integration of CED Training and Planning in B.C.’s Nisga Valley.” Over a 15-month period, the training process described in this article enabled four aboriginal communities in northern B.C. to form and launch a community owned development corporation which in the next four years created 150 jobs.
- *Organizing a Community Development Corporation: A Manual for Community Organizations* (Massachusetts Department of Housing & Community Development, Bureau of Neighborhood Services and Economic Opportunity, 100 Cambridge Street, Boston, MA 02202-0044). This naturally deals with the setting of that state, but it is nevertheless very useful to Canadian groups.
- *Guidelines for Community Economic Development Organizations* (published by the Minnesota Center for Community Economic Development, 4833 Upton Avenue South, Minneapolis, MN 55410) Although it was produced as a strategy for evaluating CEDOs, this publication will be helpful to any group that is organizing its own CEDO.

- *The Community Visioning and Strategic Planning Handbook* (National Civic League, a US group, tel. 303-571-4343) This has even more reach than its title would indicate, to deal with organizing a development group.
- *Local Action to Fight Poverty*. Order from the CED Bookshop (toll-free 888-255-6779). A joint publication by two Canadian groups, this is especially useful for those existing community-based organizations that want to launch a new program in CED or a new project in CED.
- Rankin MacSween, “New Dawn Enterprises: A Community Economic Development Experiment,” Chap. 4 in: Gertrude MacIntyre, ed., *Perspectives on Community: A Community Economic Development Roundtable* (Sydney, NS: University College of Cape Breton Press, 1998). The New Dawn case has been widely written about, but this is the most recent item.
- Mike Lewis, *The Development Wheel*, esp. Chapter One and the Appendix; Mike Lewis and Frank Green, *Strategic Planning for the Community Economic Development Practitioner*, revised edition; and *Roles and Responsibilities of Boards of Directors of Aboriginal Development Organizations*. (Published by the Centre for Community Enterprise). Find all three in the “planning aisle” of the CED Bookshop at www.cedworks.com or phone toll-free 888-255-6779. This selection of publications were originally designed for First Nation groups but can also be helpful to non-Native communities.
- Robert W. Shively, “Small Town Economic Development: Principles of Organization,” *Economic Development Review* (1997) 15,3: 43-46.

Community-Wide Visioning

Description

This is probably the first tool that a community could use when it begins to address systematically its social and economic future. In fact, visioning is an effort to describe a positive future and the path to that future. Thus, community-wide visioning is both the means to get to the vision and the final result, the vision itself. The vision, however, is not merely a dream; it is also based upon real facts and an analysis of where the community is today. The vision is a positive view of the future, but it recognizes the problems that must be surmounted to get to that future.

Everyone in a community naturally has a stake in the future, so with this tool, everyone must feel that, if not they themselves, then people like themselves are helping to shape that future. “Community-wide” visioning means that all sectors of the community are engaged in the process of assessing the current situation and figuring how to move into a better future. That

does not mean that every single individual gets involved, but that everyone will, at least, feel that s/he could have been involved and that her or his general interests and needs have somehow been considered along the way.

Community-wide participation (see also **Building Citizen Participation**) is absolutely essential for practical reasons, not just because it is good to get people involved. It is essential because the task involves very complex issues and no one organization or government unit has the jurisdiction or the capacity to accomplish all that is needed for a positive future. It is essential also because so many interests are involved and because the resources to achieve a good future are always very limited and so must be used with broad-based carefulness.

Benefits

A vision of the future provides the community with an overall guide for its approach to resilience. The chosen tools have a greater chance of success because all sectors of the community have helped to portray the vision. Full participation lends credibility to the effort, so that all sectors will be behind it. With a common vision that every group shares, a community can field a team that really has a chance to get all the way to the final goal. However, just achieving a common vision in itself can be exhilarating for a community. In fact, it can be a cause for local celebration, before taking the next steps of more concrete strategic planning and action.

Major challenges

The greatest challenge is to make the visioning process truly a community-wide affair. It is usually difficult to enlist the full range of community sectors, because in the past certain groups have felt left out of important decisions and they wonder whether they truly will have a chance this time to participate substantially. So they hold back. Or there are traditions of rivalry that make a particular group wary of entering a collaborative process with an old rival. Finally, some citizens may have transportation or other challenges that prevent participation.

A long-standing national community improvement association in the U.S. (National Civic League) has found that a successful process of visioning will require, among other conditions:

- strong leadership from all sectors and interests;
- traditional power brokers genuinely seeking peer relationships with all participants;
- trust, understanding, and respect to break down the old economic and ethnic and sectoral barriers;
- and continuing commitment and participation of all sectors despite times of frustration.

All these make a tall order, but the fact is that successful communities achieve those conditions for visioning and planning and implementation.

Some practical steps

1. Create a start-up committee of a few enough people to work practically together but large enough to reflect important community diversities and to be credible.
2. This committee will probably have to work for three months or so just to get a working group in place that will represent all the stakeholders in the community.
3. They need to assemble commitments for membership in a wide-ranging stakeholder working group of perhaps 50 or so people that would include those who vary in key ways:
 - pro-growth/no growth;
 - old/new residents;
 - various income and educational levels;
 - elected leaders/grassroots spokespeople;
 - different geographic locations;
 - different political orientations;
 - different business sizes;
 - and a wide range of representatives from local institutions, like schools, churches, civic groups, etc.

In order to encourage this diverse group of participants to be committed to the common task, as opposed to representing their group viewpoints, it may be useful to recruit people with multiple community interests (a union member who is also a church leader and volunteer tutor, or a business owner who is also a school board member and a Little League coach, etc.).

4. The stakeholder group has to be recognized as having real decision-making authority, not just advising the old guard. That means that they will do more than just make a statement; they will be engaged in follow-up strategizing and action.
5. Of course, the stakeholder group has to give itself and the vision process a recognizable name, and organize itself, with an able chairperson and specialized committees - for example, for overall co-ordination (an executive committee), for outreach, and for fact gathering.
6. A community event might be held to begin the visioning process.
7. Others besides the representative stakeholders group must be reached for brainstorming sessions - or through surveys, focus groups, town meetings, presentations at churches, etc. - to both test out ideas and get new ones. (These "outreach" techniques are particularly important as a means to include the participation of those with transportation, daycare or health barriers.)

8. Finally, a vision statement is produced (perhaps no more than a page or so) of where people see they are and where they want to go. The exact process of getting to this statement will vary from locale to locale, but good tips exist in the publications recommended.

There are always costs to everything, but sometimes they will be hidden and unobtrusively met, by in-kind allocations, for example. However, to avoid any feeling that any particular organization is in charge, it may be useful to set up a real budget. The community itself will probably have to be the source of whatever funds are necessary. This includes the municipalities involved, as well as private and philanthropic sources.

Resource organizations & contacts

- An experienced group is the Imagine Program, part of the Canadian Centre for Philanthropy. It is run by Chris Pinney (tel.: 416-597-2293, ext. 228).
- The National Civic League has a Community Assistance Team (tel.: 303-571-4343).
- Of course, the Enterprise Centre in Revelstoke is a potential resource (250-837-5345).

Publications

- ***Case Study:** “The Birth of the North End Development Corporation.” An example of how visioning contributed to the formation of a community development corporation in a poor urban neighbourhood.
- Derek Okubo, *The Community Visioning and Strategic Planning Handbook* (published by the National Civic League, identified just above).
- Contact the Imagine Program for their own publications. They offer a detailed description of the entire process.
- *The Economic Renewal Guide* (Snowmass, CO: Rocky Mountain Institute, tel. 970-927-3851).

Strategic CED Planning (& Plan Updating)

Description

It is not enough to just pick up opportunities for community betterment as they happen to appear on the horizon. A systematic campaign is required for effectively building community resilience and capacity. That means that the community must plan carefully - and strategically. It means creating the opportunities, not just waiting for them. In a “strategic” plan the available or expected resources (people, finances, infrastructure, etc.) are matched and integrated with intermediate objectives, timetables, and techniques to attain a set of over-

all or ultimate goals or vision. Also, each part is adjusted to the needs for achieving the other parts of the plan.

To construct a realistic plan, information is first gathered that is considered significant for community transformation. That may include an **Inventory of Skills**, an **Inventory of Businesses**, an **Inventory of Organizations**, and a **Mapping of Consumer Expenditures** to highlight the patterns of the local expenditures that create the economy. It may also include such things as a review of natural resources, resources for entrepreneurship, or other special issues of relevance to your particular community. The ultimate objective is to have a good idea of the key dimensions of local resilience in the face of change and how these are represented in the community today. (*The Community Resilience Manual* is especially good on this.) The information thus gathered underlies and makes reasonable the vision of a positive future that the community has portrayed. The plan then uses the vision and the information to chart a practical path to the future.

The process of laying out a strategic plan for CED is just as important as the plan itself. It is that process that builds the strong foundations for community approval and for the commitment of all community sectors to achieving the goals. While planning is a complex task that cannot be done in large public meetings, the general interests and needs of all sectors have to be recognized and accommodated by the working group that actually works out the plan details.

If the initial **Community-Wide Visioning** process has been successful, those interests will have been recognized and represented in the make-up and operations of the planning group, as well as in the ideas to be implemented. Good planning involves widespread citizen participation (see **Building Citizen Participation**).

The ultimate product, the strategic plan itself, is the guide to action that a CEDO will use over a period of years. Yet because opportunities appear and disappear, resources shift, and time changes all things, the plan cannot be unchangeable itself. It will require periodic up dating; a good plan plans for that up-dating attention.

Benefits

As implied, the chief pay-off for a strategic plan is that it greatly increases the likelihood that the community will get to where it aims to get. It offers a standard by which everyone can gauge how successful the CEDO (and the community) has been in its efforts. And it provides an understandable rationale and the criteria for allocating community resources. It may even help guide decision-making by other local organizations besides the CEDO.

Major challenges

The major challenge is quite simply managing and maintaining the sustained effort that producing a concrete plan entails. If you really want to lay out who, by what dates and with what resources, are to achieve which objectives - and all of that in the context of the other objectives and the particular paths to them - it is quite a job. Each community will have to decide on the level of detail that seems most appropriate within the scope of the planning resources themselves, the people, the dollars, and the time to do this job.

Some practical steps

1. Assemble the representative team of folks who can commit the time required and who are credible to the community. Be clear on who, if not the team itself, has the final approval function. Most efficiently there would be a CEDO board, which must ultimately adopt the plan, if that board is not itself the planning team.
2. Break up the team into smaller task forces to concentrate on the different substantive areas, such as business development, human resource development, financial support, etc., as are implied in the vision statement and the mandate to the team. Each task force may determine whether enough data is available or whether they will have to undertake further research.
3. Try to concentrate effort in extended sessions of at least several hours each, perhaps for some entire weekend(s), as the tasks seem to require. Perhaps the level of detail expected for the entire plan allows an initial draft to be handled in one weekend; if so, then someone else will have to be delegated to do follow-up detail work, and that too has to be part of the plan.
4. Hold feedback sessions of task forces, in which the entire team can reflect on and integrate what each task force comes up with.
5. When the plan has been completed in an early draft, test it out informally with some key sectoral leaders to see if they find any serious limitations that can be dealt with; but don't expect them to necessarily approve it fully at that point.
6. Seek a final general approval of the plan, in the manner that you had specifically intended.
7. Present the plan in a community meeting, with attendant celebration.

Resource organizations & contacts

There are, fortunately, many experienced organizations that work with CEDOs and communities on strategic planning for CED. They can be reached through the Canadian CED Network (toll free 877-202-2268).

Publications

- *The Community Visioning and Strategic Planning Handbook* (National Civic League, Denver, CO, tel. 303-571-4343)
- *The Entrepreneurial Community: A Strategic Leadership Approach to Community Survival* (The Heartland Center for Leadership Development, Lincoln, NE, tel. 402-474-7667). This publication uses the context of the small community for a lot of practical ideas on the process of community mobilization and planning for economic resilience.
- *Take Charge: Economic Development in Small Communities* (North Central Regional Center for Rural Development, Ames, IA, tel. 515-294-8321). Especially good for community workshops.
- *Strategic Planning for the Community Economic Development Practitioner* (Centre for Community Enterprise). An examination of strategic planning focussed on First Nation CEDOs but relevant for other settings. Order from the “planning aisle” of the CED Bookshop at www.cedworks.com or call toll-free 888-255-6779.
- Avrom Bendavid-Val, *Local Economic Development Planning: From Goals to Projects* (Report No. 353, American Planning Association, Chicago, IL, tel. 312-431-9100). A broad and insightful perspective.
- Eileen M. Mulhare, “Mindful of the Future: Strategic Planning Ideology and the Culture of Nonprofit Management,” *Human Organization* (1999) 58: 323-330. This provides a thoughtful skeptical counterpoint to the idea that strategic planning is a must.

Government Liaison

Description

This tool simply attempts to systematize the task of keeping track of what provincial and federal government agencies may be doing that will affect local CED activities. Of course, the main aim is to be up-to-date on what funding possibilities are in store. However, more fundamentally, the CEDO can take initiative to react to proposed changes in government policy—recently, for example, the proposed modifications of the Small Business Loan Act that would extend Industry Canada loan programs to social enterprises created by the nonprofit sector.

Liaison in its most powerful form means establishing *on-going* relations with specific officials in the relevant agencies. Such efforts involve rather routinely making telephone calls or visits, sometimes merely to touch base rather than for a more specific purpose. It should go without saying that such relations should not and indeed need not be conducted improperly to gain reasonable information access, an access that would be available to any inquiring

citizen. Here is meant only that being readily acquainted over a period of time makes it easier to communicate. However, it is also true that a good relationship plus a good program record means that sometimes the agency representative will seek out the CEDO with a suggestion that it apply for certain funds.

In the U.S. the tool is not focussed solely on liaison with the administrative agencies of government. Rather, CEDOs will commonly maintain close contact with legislators and legislative committee staff as well. In Canada, this contact is not routine for CED groups, merely occasional when some specific and relevant legislative hearings are being held or when support is sought for a grant. The U.S. pattern makes sense there—in light of the kind of initiatives that U.S. legislators may take, which are not likely under Canada's parliamentary system. However, Canadian CED practice might well take a leaf from the U.S. practice in order to strengthen CED knowledge and support among elected officials.

Because local concerns about CED cannot as easily be furthered in the national parliamentary forum in Canada as in the U.S., the Canadian CEDO is particularly dependent upon some sort of national coalition to mobilize and focus attention on CED-relevant issues. Similar organizations at the provincial level can be important in furthering a positive provincial posture on CED. (See [National & Regional Alliances](#).)

Benefits

Quite apart from learning early about new funding programs so as to participate in them, as appropriate, the CEDO can benefit from news about standing programs - for example, that substantial monies remain to be committed in the closing months of a fiscal year and thus may be more easily accessible. And clearly, taking the initiative to promote federal or provincial government support for CED will have a general pay-off for everyone in the field.

Major challenges

The effort to maintain an on-going relationship with government offices is vulnerable to general turnover of personnel in those posts. It is necessary to protect against such loss of contacts by being close enough that the CEDO is at least aware of other personnel for contacts in the same office or agency.

Also, overly stressing government liaison activity as a way of learning of funding opportunities may serve to divert the CEDO to projects just because there is funding available. This loss of local priorities should be defended against at all times.

Some practical steps

1. Because of limits in time and energy, the CEDO needs to prioritize in the use of this technique. That is, it should determine which agencies or which offices of an agency are of greater importance to devote effort to developing the necessary relationships.
2. Sometimes it may be possible to divide up the work, so that a fellow organization will specialize in keeping track of one agency, while your CEDO focusses on another; and the two of you regularly exchange key information. (Of course, this assumes that issues of competitive advantage do not shape that exchange.)
3. A tickler calendar system will alert the CEDO to make routine contacts.
4. Sometimes it will be useful for a board member rather than a staff person to make a contact. This may be particularly true in contacts with legislators.
5. The more that the liaison information is shared among the CEDO's own staff and board, the more likely the connections can be made to enrich the CEDO's program.

Resource organizations & contacts

There are probably no specific resource organizations for this tool, but it may be helpful to talk with an organization that has been assiduous in its use. Contact Jacquie Thompson, at Life*Spin, P.O. Box 2801, London, ON N6A 4H4 (tel. 519-438-9533-x-33). Life*Spin is a vigorous advocate, often ruffling feathers in government, even suing, but nevertheless it has managed to gain considerable support, at all three levels.

Publications

- There are also probably no publications specific to the topic of government liaison by community groups. But the general topic of building partnerships is germane. See Flo Frank and Anne Smith, *The Partnership Handbook* (HRDC, 1997), copies available from the website for HRDC (www.hrdc-drhc.gc.ca/common/partnr.shtml).
- Also see *Stretching the Tax Dollar - The Federal Government as "Partner": Six Steps to Successful Collaboration* (Treasury Board Secretariat, Canada, 1995).

Networking/Partnerships with Local Organizations

Description

Local organizational networking and partnership means establishing relationships with other community organizations to further your common values or goals. The relationship may be between the CEDO and one other organization or with a group of them. Bringing local groups into collaboration to address the complexities of reversing community decline and improving community resilience can consist merely of an exchange of information or it can involve co-

ordinated efforts on a common project. As examples of fostering specialized relationships, see [Entrepreneurial Network Facilitation](#), which includes such things as flexible manufacturing networks, or the technique of job search clubs in [Job Search Assistance](#).

Networking and partnership does not mean building some super-organization, but a loosely tied mutual consultation system that encourages co-operation and avoids any suspicion that one or another group is bossing everyone. After all, a CEDO cannot, by itself, do all the things necessary for CED success. Other organizations or individuals will do their part, but all will do that better if they can work together to complement each other's efforts.

When a network consists of only two organizations, it is likely that it will rest upon a rather specific project for which their partnership is established (such as dividing up the government agencies to be tracked - see [Government Liaison](#)). When it is a multi-group network, contacts may be as simple as a regular informal lunch meeting in which common problems are discussed. Or it can be a formal council that is publicly recognized as a partnership for that purpose. More specific than such mutual consultation efforts would be a committee that gets set up for collective action.

While networks are generally an on-going affair of mutual consultation, they may even be confined to a major one-shot meeting. At such a meeting basic understandings are reached and laid out, after which each of the organizations carries out its own part without regular cross-consultation with all the others.

The experience of an Ontario group, CODA (now Lutherwood-CODA), in its Opportunities 2000 project illustrates the variety of forms that local networks and partnerships can take. OP 2000, as it was called, was generously financed by public and private sources to help 2000 families in the region move from welfare to self-support in jobs or microenterprise. CODA knew that by itself it could not meet the goal of helping 2000 families in the time projected, so it sought community partners, at first simply by “millions of coffees” to talk about the possibilities with each potential partner separately. Later it would host monthly meetings for all its partner groups together, in which the focus would be some topic of common concern to them, such as how to build alliances with the business sector or how to strengthen their own financial sustainability. Still later there came to be sub-groups that got together for collective action, such as publishing a manual on sustainability. And at a critical point in the process, the search conference format was used, by which a very diverse set of participants are set a task of innovative planning. So what emerged as important in the networking effort was not whether each of the groups helped CODA move the 2000 families, but whether they learned how to work together, and enjoyed it.

Different stages in the evolution and work of the CEDO probably call for different types of networking or partnership. There is good reason, therefore, to think out carefully the projected and intended outcomes of the networking effort, as well as the ways in which other organizations will be approached.

Benefits

What came out of the experience for CODA over the long term demonstrates the prime benefit of this tool. Namely, the most significant results in networking do not rest upon achieving the CEDO's own project aims. Rather, the way in which groups work together is most important for a continuing effort on common goals. It is the process of true partnership, not the operational projects that ultimately have the most powerful effect for co-ordinated action in the community. And just sharing information is essential, especially because groups tend not to know much about each other and therefore do not know much about the possibilities of all sorts of collaboration.

Information exchange is basic; yet moving toward some kind of meaningful common activity eventually becomes important for cementing the relationships. That activity is not necessarily a big project (and certainly not just the CEDO's own project), but it leads to some clear results that the participating groups all consider important and that all have contributed to.

Major challenges

It is only natural that the CEDO is focussed on making its own projects successful, and it may be difficult to recognize that more general contextual community conditions will be equally or even more important for the future of the community - such things as fostering common perspectives, mutual information sharing, and collective action on more general issues. The advocacy function of the CEDO in this connection is more difficult to maintain than attention to the operational details of the CEDO's own projects. Yet strengthening the community's capacity to collaborate is truly fundamental to building its resilience. A CEDO can continue to be relatively successful in its own limited projects, but the question is, Are these changing the community? Are patterns of collaboration being created that engage many more than the CEDO itself?

To engage in networking is time-consuming. How is that time to be financially supported? Any major efforts, as in the CODA case, need to have financial support. Thus it becomes imperative that all project budgets get set up to be generous enough to allow that activity. That in itself can be a demanding pressure.

Some practical steps

1. The formation of networks and/or partnerships needs to be recognized by your CEDO as an important, even essential activity - as one part of the overall advocacy function of the CEDO. As such, then, it must have a place in the CEDO's budget. This is particularly important since success with this tool requires a kind of saturation effort - i.e., the more organizations contacted, the more chance for serendipitous results.
2. It should also be accepted that CED involves helping other organizations to do *their* thing; certainly, networking is partly a matter of finding partners for your own purposes, but it is more than that.
3. In the process of reaching out to others, if mobilizing support for any CEDO project is one objective, that part of the CEDO's motivation needs to be made clear at the outset.
4. It will not necessarily be easy to promote the CEDO's objectives even with the potentially friendly audience in other community organizations. So staff engaged in the process need to have some specific orientation on how to approach and talk with the other groups. Good networking won't necessarily come naturally, and so explicit planning and thinking can make a difference.
5. Try to structure the effort so that some specific meaningful accomplishment or result can come out of it, for the other organizations as well as your CEDO.

Resource organizations & contacts

The Imagine Program at the Canadian Centre for Philanthropy (425 University Avenue, Toronto, ON M5G 1T6) is based on building networks at the community level. Chris Pinney is the director (tel. 416-597-2293-x-228).

Publications

- ***Case Study:** "Searching for Responses to Poverty." The application of the search conference technique brought greater unity of purpose to the vast range of participants in Waterloo (Ontario) region's ambitious Opportunities 2000 project.
- Frank and Anne Smith, *The Partnership Handbook* (HRDC, 1997), copies available from the website for HRDC (www.hrdc-drhc.gc.ca/common/partnr.shtml).
- National Association of Development Organizations, *The Power of Partnerships: A Guide for Practitioners and Policy Makers* (Washington, DC: NADO, 1998; 20pp.). This is the final report of a Ford Foundation-sponsored field research project on partnering by regional (esp. rural) development organizations.
- ***Case Study:** "How Can Communities Reduce Poverty?" A look at the early stages of OP 2000. If poverty was essentially due to too little money or skills, state and private initiatives

might be its equal. But given the complexity of the problem, action is required that is more comprehensive and more subject to local design and control.

National & Regional Alliances

Description

Networking at the national and regional level extends the CEDO's reach beyond what can be achieved by local networking. Especially important is building relationships with other CEDOs around the country, whose experience can bear on issues that your CEDO is confronting. And conversely, in the exchange of information your CEDO may be helpful to others. However, distance and an all-too-common ignorance about the existence of fellow CEDOs require some mediating event to bring the group together. So most relationships between CEDOs almost certainly have grown out of attending conferences or similar gatherings where like-minded organizations are represented and where a give-and-take occurs, especially on an informal level. The growth of national and regional (ordinarily provincial) organizations of CEDOs has fostered such gatherings, and membership in them is the first step in this networking.

Connections with other like-minded groups are often pursued in order to increase their common influence on policy issues. For instance, many CEDOs and other groups are joined in the Canadian Community Reinvestment Coalition, which seeks federal legislation to encourage banks to provide adequate services in marginalized communities.

Benefits

Contacts with people on a national or regional level increase and deepen the CEDO's knowledge of practices that have worked elsewhere and offer new or improved ways to solve local problems. Of course, they may also alert the CEDO to solutions that did not work in other settings and thus might be risky locally. Common activity in alliances on policy issues helps open new opportunities for all affected CEDO's, as seems likely with co-ordinated work to widen the application of the Canadian Small Business Financing Act so as to offer loans for nonprofit social enterprises.

Major challenges

Networking is not without costs. In this case, the prime expense is probably for the travel to meetings at which the best networking can take place. Without subsidies for such travel, many CEDOs have to forego the advantages of national and regional networking. The expense of travel may even reduce the appetite of some CEDOs to network outside their own communities, in a kind of sour grapes reaction.

Some practical steps

1. The first thing to do for any CEDO should be to join the Canadian CED Network. Even if travel to far-off meetings is impractical, your membership can actually be a stimulus to CCEDNet to schedule meetings in or nearer your community. Moreover, you will have access to information and publications through the website, and you will have the addresses of other CEDOs in your region to begin contacts.
2. Similarly, your CEDO should have a subscription to the publication *Making Waves*, which publishes articles on new ideas and techniques being used in Canada and North America generally. Aside from personal interaction, it is the next best way to keep in touch with what is going on in CED.
3. Explore possibilities for subsidized travel. Since the amounts involved are modest, any local funder (a community foundation, a major business or bank, and so on) may be a potential supporter on the grounds of local capacity building. And CCEDNet itself sometimes has subsidy funds available to local groups.
4. Get involved with a CCEDNet committee that is especially relevant to your interests and needs (or even try to get a relevant new committee established). The committees often meet via conference calls underwritten by CCEDNet, and so you can be in touch without expensive travel. The website is also a tool for committee work.
5. Find ways to do similar things with respect to the appropriate provincial or regional coalitions, or with professional or special interest networks (like mental health caregivers or the Canadian Community Reinvestment Coalition) that may have a particular resonance with your local experience and goals.

Resource organizations & contacts

- The Canadian Community Reinvestment Coalition is reached at P.O. Box 1040 – Sta. B, Ottawa, ON K1P 5R1 (tel. 613-787-5753), Duff Conacher, executive director.
- Contact CCEDNet by phone (toll-free) 877-202-2268 or on the internet at www.canadiancednetwork.org

Publications

Making Waves: Canada's Community Economic Development Magazine, 2905 31st Street, Suite 5, Vernon, BC V1T 5H6. Telephone toll-free 888-255-6779.

Finding & Managing Good Consultants

Description

Outside consultants are a prominent feature of community economic development. The reason is that no CEDO has within its board, staff, and volunteers all the expertise that it requires for a comprehensive program; and also even the good expertise represented in-house will sometimes need to be supplemented. It has been argued that CEDOs should develop their internal resources so as to need the fewest outside resources. Yet no matter how strong the case can be made for that perspective, some consultant expertise will always be needed. Thus finding and managing the right consultants is a crucial tool to be honed.

Recruiting good consultants for CEDOs is not as difficult today as it has been in the past, just because the field of CED in North America has become more and more developed and sophisticated. So there are more people with the requisite skills and experience. Some are independent consultants or with a consulting organization, and others are staff of experienced CEDOs, ready to help other groups. The Canadian CED Network probably includes all or most CED technical assistance providers in Canada, and the National Congress for Community Economic Development probably also includes as members most U.S. consultants to CEDOs.

However, just because people call themselves CED consultants and have had other CEDO clients does not mean that they are necessarily prepared to give your CEDO the service you require. CEDOs have to match their needs with the right consultant.

Generally, the type of consultant required is one who specializes in CED activities. But sometimes a simple special technical expertise is needed that has no intrinsic relationship to CED. For example, the CEDO is going to build some affordable housing and needs architectural designs and advice. The careful vetting of this sort of specialist is as necessary as with CED specialists. But consider an analogy of having a general contractor, whereby one might delegate choice of subcontractors or at least review and accept recommendations from the general contractor. Analogously, a CEDO might depend upon its general CED technical assistance provider to recruit high quality specialists in non-CED fields.

There is no certifying body to assure you of the quality of service for any particular consultant in CED or other fields, and so you must do with them more or less the same as you would with choosing a physician or an auto mechanic. That is, you discover them by who recommends them and how. And if you are conscientious, you will inquire deeply into the recommendations, and not just depend upon a favourable mention.

Recruitment is only the beginning of the process of using consultants. Negotiating the contract is a critical step that can make more precise what outcomes you expect to get from the consultation, over what time period and at what costs. And thereafter, managing and monitoring the services provided are the other tasks in this essential tool for CED. How they are done can make the difference between a valuable experience and a waste.

Benefits

Careful recruitment and management means that the CEDO will be more likely to get the best value out of the consultants' efforts. Valuable time as well as money can be saved. Moreover, the particular project on which the consultant serves will have a better chance for a good start. The benefits in using this tool carefully are immediately obvious.

Major challenges

Supervision of consultants' work demands the same attention as any other personnel supervision. Yet dealing with outside expertise can be more complex psychologically and practically. For example, since the supervisor ordinarily begins with much less expertise than the consultant (after all, that's why the consultant is called in), the supervisor may be somewhat reluctant to be demanding or critical at times when that is just what is necessary. Also, the consultant is usually on site only for very short periods. This makes for time constraints that are not present in supervising most regular-time employees.

These features of the relationship put a premium on clarity and precision in the understandings and expectations of the consultant's work, at the same time as it has to be recognized that sometimes what a consultant may do in certain situations is valuable even if it is hard to pin down exactly what is being transmitted. Ultimately, the proper management of consultants' contribution may rest on a very personal relationship of trusting and learning, certainly no mean challenge at all times.

Some practical steps

1. Recruiting the consultant begins with making inquiries among people who can be expected to know who does the kind of work required. Sources may be other CEDOs, or local specialists in a field relevant to the consultant's area of expertise. For example, if a lawyer is needed to help with negotiating and documenting a joint venture, perhaps a bank manager might be able to point out someone who has an outstanding reputation for joint venture problems.
2. Again, just because the potential consultant has gotten a high recommendation does not absolve the CEDO from making further careful inquiries. For instance, who else might know the joint venture lawyer and have a different slant? Someone else might judge the

- lawyer's commitment to values shared by the CEDO, rather than judging only the basis of a skill for constructing sound money-making deals for clients.
3. With the consultant selected, the next important step is to talk out exactly what sort of outcomes are sought and to understand exactly how the consultant plans to seek those outcomes for you, as well as how you get to keep fully informed all along the way.
 4. Costs, of course, have to be specified, perhaps for different scenarios in what may turn up. Sometimes there is no way around what may seem an awful expense, but that is no reason not to know what are the going rates for this sort of help and thus keep the costs at a minimum. It is even true that occasionally a consultant will be willing to charge less (or even nothing), as a community contribution. That is rare, but it is often worth exploring. Costs may also vary on the basis of your own skills in relating to the consultant during the course of his/her work and getting the information you need all along the way. If you are not precise and take up too much time, you can be a part of the problem.
 5. Establishing a schedule of regular progress reports is usually a great help, but again, beware of wasting time by requiring too many of these.
 6. Seek the consultant's point of view on how you can be most helpful in the process.
 7. Do not hold back your questions when you don't understand. You *have* to understand. Don't forget, the consultant is working for you and your CEDO.

Resource organizations & contacts

- The J. W. McConnell Family Foundation has developed a program of providing consultants to Canadian CEDOs; so they have had a lot of experience in the problems of choosing and managing different kinds of consultants. The agency to which they delegated the program (Centre for the Study of Training, Investment and Economic Restructuring) is a good place to start. CSTIER, Carlton University, Ottawa, ON K1S 5B6 (tel. 613-520-2600-x-1588).
- Canadian CED Network (tel. toll-free 877-202-2268).

Publications

Idrian N. Resnick, *Controlling Consulting: A manual for Native American Governments and Organizations* (Fredericksburg, VA: First Nations Development Institute, 1994). Tel. 703-371-5615.

INVENTORY & MAPPING OF COMMUNITY/REGIONAL ASSETS

Inventory of Businesses

Description

Getting a handle on which businesses are actually operating in the community is what a business inventory is all about. But just making a list of names and addresses is not enough for use in developing your CED strategy. The list must also include the name of the chief manager or other contact person, the number of full-time/part-time/seasonal employees (which is one way to figure its size), and, finally, the best way of describing the type of business: the Standard Industrial Classification code number (SIC number). Of course, for your own particular purposes, there may be additional information to be collected on each business.

Note that there is a whole category of money-earning informal businesses (such as baby-sitting, household carpentry tasks, or any other regular or occasional activities that residents might be doing for income purposes but which may not be very visible or accessible to the general community market). These and somewhat more developed but still relatively informal income-generating activities can be a significant dollar sector of the economy in rural and small town communities.

Many people manage to make a living, even a good living, by doing a lot of different things, sometimes depending upon the season (hunting, vegetable gardening, etc.), the time of day (newspaper distribution, school crossing guard, etc.), and sometimes just because no one activity has a big enough local market to require full-time attention. (Consider, for example, the local post office manager who is also running a general store where the postal boxes are located.) Depending upon the locale and thus the importance of informal businesses, the definition of what a business is and therefore what should be included in the inventory can vary.

Benefits

A CED program must be aware of the community base of businesses that already exist. This is particularly important in order to recognize opportunities for other new businesses - for example, those that could serve the existing firms. Interestingly enough, some quite fully established businesses may not be prominent enough to the local community, and so individuals or other firms and institutions do not buy from them, either going without the goods and services or buying them outside the community. Having a full inventory (and

publicizing it) can give local businesses more visibility and a better chance at serving the local market.

There are a variety of other uses for the inventory such as for designing a program for job searches or for finding partners for school-business linkages. A side-benefit of knowing just what businesses are in existence is that they can be mobilized for particular community-building activities, especially for volunteer work in their specialty. For example, a CEDO may be looking for a certain sort of expert to serve on its board, because it will be doing a project relevant to that business specialty.

Major challenges

The information on most businesses is relatively easy to locate, for example, by using the appropriate reference books and telephone directories. However, even the best reference books can be out-of-date or just incomplete. Some businesses, not just the most informal businesses, may be hidden from immediate view, visible only in the name and home address of the owner and sole employee, who is not incorporated and does not advertise or perhaps even have a business name. Yet, as mentioned, this class of businesses can be a significant part of the local economy. It can be hard and necessary work to get a handle on them.

Another difficult task is to puzzle out how and why you will define the territory to be covered, that is, the geographical boundaries of the community within which the businesses will be tallied. The problem here is that for purposes of economic analysis, what is the community may turn out to be somewhat different from what people ordinarily consider to be their community. A large business that employs many local residents may be located outside the traditional boundaries, for example. For charting the local economy that business may be crucial. Yet how far away from the conventionally defined community will you be ready to go in order to include places that employ local residents commuting to their jobs? There is no easy answer to this question.

Some practical steps

1. The goals of the inventory will help shape the organization of the information collecting and recording tasks. Determining who will review what reference books is only the most obvious issue. Deciding how and whether to handle the gaps that represent informal, unregistered businesses or relatively distant firms - this will be more complicated.
2. Depending upon the uses to which the data will be put, it may turn out that you will have to arrange interviews with whole categories of business firms to get more detailed information - for example, as to the significance of the local market for certain firms.

3. Once the information has been collected, there will be the tasks of presenting data in different forms, depending upon how it is needed: a computerized record, stick pins on a map, directories to be distributed, etc.
4. Ultimately, the CEDO's strategy for local revitalization will shape the way in which the information is used to mobilize the capacity of the businesses. Local priorities may vary - to improve the local economy, to create synergistic linkages (among businesses or between businesses and other community institutions), or to gain support for local businesses in Buy-Local campaigns, etc.

Resource organizations & contacts

Libraries and the economic development departments of local or nearby municipal governments will be able to help with reference books on business firms, as may be true too of such groups as Chambers of Commerce. The general backing of local or nearby business groups and their collaboration in data collection is relatively easy to get for meaningful surveys of the business sector.

Publications

- John Kretzmann and John McKnight, *A Guide to Mapping Local Business Assets and Mobilizing Local Business Capacities* (distributed by ACTA Publications, 4848 No. Clark St., Chicago, IL 60640). This publication contrasts two different survey methods and includes helpful worksheets and many useful tips for the whole process.
- Ronald J. Hustedde et al., *Community Economic Analysis: A How To Manual* (North Central Regional Center for Rural Development, Ames, IA, tel. 515-294-8321). Useful especially for defining the economic trade area of the community.

Inventory of Organizations

Description

It's no secret that working together makes people more effective than if each tries to do it all alone. But it's not usual for a community to have a full list of just what mechanisms it already has for working together. Associations, organizations, clubs, institutions, and even informally organized groups provide the framework for working together, and a community inventory can reveal a range of such instruments to be mobilized for CED. An inventory of organizations and the like, however, is more than just a list; with the appropriate detail it allows a CEDO to assess the potential of the local groups for tasks in the renewal process.

Benefits

An inventory assembles information on what organizations are already doing or can do for local economic development, their actual and potential links to outside resources, and their general contribution to community self-respect. An inventory may suggest that there is a dearth of organizational instruments for one or more constituencies in the community; and this will suggest opportunities to mobilize a new group.

Perhaps the most specific benefit is that a survey highlights possible formal partnerships for a CED strategy. Also, the organizations are a source of additional leaders to be turned onto the idea of contributing to CED, perhaps as new board members for your CEDO. In another setting, an inventory may reveal that in fact there is really no one organization in the community that is taking the responsibility for over-all community resilience and the necessary CED strategy - not even including initiatives for getting organizations to work together on these aims. That, of course, implies that people better start working on setting up that organization.

Major challenges

Probably the only major problem in designing and conducting an inventory is to make sure that you are not re-inventing the wheel. It is true that some local groups or organizations may not be very visible and yet have real potential for CED mobilization. But ordinarily there are lots of sources of information on the existence and characteristics of selected types of organizations. The task is to collect them and integrate them, not start over from scratch to do the research again.

Some practical steps

1. Establish or make use of an advisory board who will have access to very varied sorts of people and groups in the community, so you have the best chance not to overlook some groups or sources of information. The advisors should be helpful in becoming clear exactly what are the boundaries of the community in which the organizations are to be surveyed.
2. With the help of the advisory board, consider the outstanding community constituencies (that is, people of common interests, like sports enthusiasts, youth workers, religious councils, retail business owners, theatre lovers, minorities, or whatever) and determine the organizations that serve them - or the absence of such organizations for any significant constituencies.
3. Consider and decide what sorts of information you want about all organizations in the community, and whether for some you need different sets of data. This will depend upon how clear you are about how you want to use the inventory.

4. It will probably pay you to enter the data by computer, for easy access and for any updating.
5. After you have assembled your information, publicize the fact that you have it, so that others can make use of it and perhaps help to improve it, but also so that your CEDO gets recognition for its work.
6. Make sure that the inventory is effectively used by your CEDO, which means that all staff and board need to know fully what's in it and how to access it.

Resource organizations & contacts

The most helpful sources of orientation to using this strategy are likely to be the nearby communities that have carried out similar inventories.

Publications

- John Kretzmann and John McKnight, *Building Communities from the Inside Out* (distributed by ACTA Publications, 4848 No. Clark St., Chicago, IL 60640) Two crucial chapters are "Releasing the Power of Local Associations and Organizations" and "Capturing Local Institutions for Community Building."
- *Measuring Community Capacity Building: A Workbook-in-Progress for Rural Communities*, The Aspen Institute (Publications Office, P.O. Box 222, Queenstown, MD 21658). This workbook suggests the dimensions you might be interested in for assessing community organizational resources.

Inventory of Skills

Description

A leader in a depressed community is apt to say, with both pride and rue, "Our only asset is our people." That's always something of an exaggeration. However, any depressed community really must recognize that its people are a critical asset and, as necessary, take the trouble to survey just what skills are available to be used in a CED strategy. These can be strictly economic skills, or they may be community and leadership skills. In either case, information is gathered on individual capacities in order to take stock of what is at hand to be mobilized for community renewal and resilience and what is, as a matter of fact, currently being applied for community benefit.

The inventory may be directed at a very limited and specific goal (e.g., to locate local women who have any experience relevant to an up-coming proposal for women's health services); or the inventory may have a more general purpose (e.g., to identify low-visibility vocational skills that suggest choices for new local business or other income-generating activities).

This sort of survey is most crucial for the community that is especially challenged by high unemployment. The B.C. community of Kincolith, a Nisga'a settlement with a population of only a few hundred and a 95 percent unemployment figure obviously had to start at the most fundamental information about local skills in order to consider what income-producing activities might be contemplated.

Benefits

Of course, an inventory offers a store of basic information which, if collected and recorded appropriately, can be accessed at any time as the need arises. However, producing the inventory in and of itself can have a beneficial effect because it will offer a portrait of the breadth of real gifts, talents, training, and experience of the local residents, not previously visible in its totality. Moreover, the individuals who provide the information can gain self-esteem in the very process of telling the surveyor about their strengths, which probably have not been so directly recognized before. Thus, overall the inventory can contribute to community pride and a sense of its potential to shape its own destiny.

Major challenges

Designing the survey will not be easy. Particularly important is solving the problem of precisely the kind of information to be sought and for what specific purposes. And in that process it is a challenge to organize and make accessible the information collected so that it can be effectively and efficiently used.

Some practical steps

1. Each inventory will be different depending upon its community setting and its purpose. Therefore the first step is to become clear on both the overall and the specific goals to be achieved. The goals point the inquiry to the categories of people to be surveyed or interviewed and even to the approximate number of people who should be surveyed. Among the decisions involved here is defining exactly what is the community to be surveyed - that is, what are its boundaries.
2. The precise kinds of information need to be selected to connect directly with the goals, making sure that the survey is not overloaded with gathering less important data.
3. This leads into the precise formulation of questions that will produce the desired information. The format of the questions is sometimes a tricky proposition, and so volunteer help from specialists at a local college (or elsewhere) who design surveys can be a time-saver and indeed will help make sure that the answers will be clear.
4. How will the information be stored, made accessible, and used - and what people should best take over-all responsibility for putting the information to use?

5. What are the appropriate methods for gathering the information? These may range from using a formal door-to-door survey to holding a community event at which participants fill out a questionnaire.
6. It is important to choose some way to make an initial public report of the results of the survey - and to celebrate the completion of a useful report.
7. Consider whether and how to up-date what you have gathered.
8. Now that you have the information, remember why you gathered it: to use. Put the information to work, as you had planned, or in new ways you may discover.

Resource organizations & contacts

A local college can be a source of assistance in constructing the survey and deciding on the methodology. Naturally, any other organization that has already undertaken a similar inventory - say, the Community Futures group in an adjoining region - can be of major assistance.

Publications

- *A Guide to Capacity Inventories: Mobilizing the Community Skills of Local Residents; and A Guide to Mapping and Mobilizing the Economic Capacities of Local Residents.* John Kretzmann and John McKnight, distributed by ACTA Publications, (4848 No. Clark St., Chicago, IL 60640, Fax: 312-271-7399) Also from the same authors: *Building Communities from the Inside Out*. There is a set of six videos that can be used with this book.
- *Measuring Community Capacity Building: A Workbook-in-Progress for Rural Communities* (Aspen Institute, Publications Office, P.O. Box 222, Queenstown, MD 21658). This offers a very useful way of looking at individual skills in the context of a community effort to strengthen itself, with specific outcomes and indicators that can be chosen to measure progress.

Mapping Consumer Expenditures

Description

For smaller communities the issue of a hemorrhage of community spending at vendors located outside the community is both relatively more easily recognized and more easily tracked. The significance of expenditures inside vs. outside the community lies in the process called the multiplier effect - namely, the positive economic effect of the circulation or turnover in local expenditures among local vendors.

Consumer expenditures are the most visible and ordinarily the very greatest proportion of all expenditures in a small community. Thus, to discover what exactly is spent and at what vendors (that is, mapping consumer expenditures) can be a technique to recognize and re-direct local buying for the economic benefit of the entire community.

Benefits

With good information on what residents spend and where they spend it, a CEDO can alert residents to their capacity to make a difference by buying locally. Often residents do not recognize how much economic buying power they can exert collectively, and a survey can provide the hard facts. Thereby people can be encouraged to maintain any existing buying patterns that already benefit the community, as well as to change buying habits to further help the community.

Also, the facts may reveal that people are buying outside of the community because they are dissatisfied with some aspect of a local vendor; and the vendor may be helped to make changes (in stock available, for example) that benefit both him and the community. And finally, discovering just how much is spent outside the community for particular goods may suggest the viability of new businesses to meet that demand locally. Thereby jobs would be created as well as generating a boost to the multiplier effect.

Major challenges

In this day and age many of us have been besieged with telephone and other consumer surveys and sales pitches, and so another set of questions about buying patterns can be seen as just another bother. The CEDO will have to take pains to let residents know, first, that this is not just another consumer survey and, second, that the beneficiaries of the survey will be they themselves and all other local residents. Also, as with all questioning about personal money matters, a consumer expenditure survey can be a sensitive matter; respondents will have to be assured that the information will be confidential and reported only in consolidated formats.

Some practical steps

1. You need to be clear on exactly what specific purposes and uses the survey is to be designed for. A comprehensive overall survey of all types of consumer spending is probably worth doing if any survey at all is to be done. It may be, however, that there are some very specific pieces of information needed for a particular purpose, such as for a preliminary pre-feasibility study for a potential business. Everyone needs to be clear at the beginning what the aims of the survey are, to make sure that exactly the right information is collected and that the survey is not overloaded by excess questions. Among the decisions

- to be reached in this process is a definition of the community (that is, a clear description of the geographical boundaries that delimit the consumers to be considered).
2. The questionnaire needs to be designed and pre-tested to make sure that it gets the data you are looking for. However, because a consumer survey is a traditional business exercise that has been done many times, it may well be that the questionnaire can simply be copied from what others have used. (A model is available in the ACTA publication noted at the end of this entry.)
 3. Consider how the data collected will be stored and made accessible for CED purposes. Computer programs can be awfully helpful here.
 4. Plan out the way in which the information will be collected. Who will be personally interviewed and where, or can people be expected to fill out a mailed questionnaire? How will the surveyors be selected and trained? Etc.
 5. Once the data have been collected and analyzed, publicize the results to encourage local residents to use them, and strengthen the CEDO's own use of the data, as its original purposes had foreseen.

Resource organizations & contacts

- A nearby college can be a good source of technical assistance. Students in an economics course can sometimes be organized to do the survey.

Publications

- *A Guide to Mapping Consumer Expenditures and Mobilizing Consumer Expenditure Capacities*, a workbook by John Kretzmann and John McKnight, (distributed by ACTA Publications, Chicago, IL, fax: 312-271-7399). Includes full model questionnaires and worksheets.
- Ronald Hustedde et al., *Community Economic Analysis: A How To Manual* (North Central Regional Center for Rural Development, Ames, IA, tel. 515-294-8321). This definitive guide is technically very detailed.

DEVELOPING LEADERSHIP

Building Citizen Participation

Description

CED ultimately depends upon a community base, but that means more than just the geographical locality. It means a base of active citizenry *taking some initiative* to improve

conditions for living and working in the locality. So mobilizing citizen participation is a key tool for any successful CED program. The pattern of techniques for assuring wide participation builds the basic human resource for CED.

Note that citizen participation almost exclusively refers to volunteering the necessary effort, but even if some compensation is involved, even for minor participation (for example, a free movie ticket for agreeing to complete a long survey document), the same principles apply. (See also [Volunteering for Skills and Experience](#).)

Getting people involved in the CED process is not an easy or simple task. Just because citizens *ought* to be concerned (and perhaps in fact often are, but don't know quite what to do about it) does not mean that they will actually participate in the necessary tasks. Whatever is done to arouse participation must recognize the following basic principles:

- People ordinarily participate in an activity when asked one-on-one by the 'right' person. That is, merely advertising for interested folk to show up for a meeting does not do a good enough job.
- All of us have the common need to feel effective in whatever we undertake. Getting and keeping participation will depend upon the citizen having an opportunity to actually accomplish something. Merely being asked for an opinion on a survey or being asked to sit on an advisory board is not satisfying enough for a lot of people.
- People want to work on something that makes sense to them. The technical workings of the local economy are not everyone's cup of tea, so CED has to be put into everyday language that demonstrates how it impinges on day-to-day life.
- People will be attracted to work on something that they already have some kind of interest in. Thus the best prospective volunteers will have had some prior experience or even training in the project's field or in tasks related or required for it.
- Getting people to work together usually means they have to assemble at a place and time for that purpose. Such meetings should be set up in a way that is respectful of each person's time and energy. Barriers that may prevent participation, such as transportation and daycare, may also need to be addressed.

A useful pattern to consider is provided by Cowichan Community Futures Development Corporation in B.C., which is recognized for its high level of citizen participation over the past eight years or so. (It generally has over 100 volunteers working at any one time.)

The Cowichan technique has been to do thorough community surveys (by face-to face interviews, telephone interviews, kitchen table meetings, etc.) to identify issues and ideas; then produce and widely distribute an issues paper; and thereafter assemble public meetings for as much as two days to go into things in more detail. Once the meetings have laid out

some framework for amplification and action, key roundtables for continued participation and action will be formed - for example, on youth; fisheries; agriculture; tourism; high tech. These tend to meet at least monthly and are routinely consulted for direction as to what the CFDC should do.

Key to maintaining the energy of these roundtable action groups is at least some staff support. But a group may eventually develop so much that it will establish its own organization, find financing, and hire its own support staff. The action groups may (and usually do) need some facilitation services to help them resolve problems, but the basic key is to genuinely derive the issues and action plans from the people in the community who are actually involved and affected by the issues concerned. Thus those who have a stake in the activities also truly have influence on what is to be done.

Benefits

CED is an extremely ambitious strategy, and it requires prodigious amounts of effort. Unless that effort is shared widely, the people involved will soon wear out. Broad citizen participation means more energy is available to accomplish the CED goals. Moreover, the wider the citizen participation the more enthusiasm, skill and knowledge is generated and shared, so more can get done and community capacity is strengthened in the process. Thus wide citizen participation is not just a matter of democratic ethics, it is a practical requirement for a long-term undertaking like CED.

Major challenges

To get people involved in specific meaningful tasks requires that the sponsoring organization is itself well focussed and knows what it is trying to do. The early-stage CEDO (or its initial organizing nucleus of people) must go beyond mere general ideas of local improvement. And yet there is a danger in being too specific, before a wide range of the citizenry have had a chance to voice their own thoughts on what is to be done. How to achieve that balance of specificity and openness to other ideas will tax the ingenuity of the initial core of organizers.

Some practical steps

1. Since each person recruits from her/his own network of friends, associates, and relatives, the most important first step is rounding up the kind of people who have a wide and strong network to mobilize and, in addition, are articulate, persuasive 'salespeople.' A collection of such key people (from different community sectors) will assure the best chance for wide citizen participation for the specific task at hand.
2. Each such key person will know best who to approach in his/her own network and must do so on a one-to-one basis.

3. There will be many different and varied tasks to be addressed. It is necessary to sort them out and recruit appropriately for each of them.
4. Set up each meeting on a particular task with a clear, specific, and doable agenda for the limited time allocated, and schedule them to fit the participants' own schedules.
5. As necessary, establish orientation or training programs for volunteers, so that they understand fully the tasks and goals at hand and have the skills to complete them.
6. Plan for volunteer recognition activities where contributions are acknowledged and are given the publicity that encourages others to participate.

Resource organizations & contacts

There are all sorts of possible resources, because every kind of group has confronted the same job of engendering participation and recruiting volunteers, and over time they have developed highly sophisticated techniques that can be used by others. Thus, for example, United Way furnishes its local groups with entire curricula and workshop structures for training and leadership development. Among the general volunteerism groups, see:

- Charity Village (www.charityvillage.com) is designed to encourage, support and serve Canadian charities and non-profit organizations. This site has sections for managers, staffers, fundraisers, volunteers, donors and supporters. There are also a career centre, bookstore and collection of how-to articles.
- Volunteer Canada, 430 Gilmour Street, Ottawa, Ont. K2P 0R8, (tel. 800-670-0401; website: www.volunteer.ca), the national resource centre for volunteerism, facilitates the work of volunteers, volunteer centres and voluntary organizations to develop resources and skills.
- Volunteer Vancouver, 3102 Main Street, Vancouver, BC V5T 3G7 (Tel: 604-875-9144; website: vancouver.volunteer.ca) provides training and consultation, research and program development, and an extensive library and resource centre.

Publications

- ***Case Study:** "Searching for Responses to Poverty." The application of the "search conference" technique in the ambitious Opportunities 2000 to bring greater unity of purpose to a vast range of project partners.
- *Volunteers Working Together*, Skills Program for Management Volunteers, (Write: National Skills Program, 1600 James Naismith Drive, Gloucester, ON K1B 5N4). Although this was prepared for volunteers in recreation, fitness, and sports, it is readily adaptable to other concerns.
- Community Futures Development Association of B.C. and the Centre for Community Enterprise, *Entrepreneurial Communities: A Handbook for Social Action*. Find it in the

“planning aisle” of the CED Bookshop at www.cedworks.com or phone (toll-free) 888-255-6779).

- Wayne Roberts and Susan Brandon, *Get a Life!* (available through the authors at #127-2255B Queen Street East, Toronto, ON).

Designing Leadership Development Programs

Description

Leadership development programs are relatively short-term training sequences designed to expand the human resources of a community specifically for guiding and promoting community improvement activities. Of course, the participants in such programs may use their new skills and information for leadership of other activities, but here the aim is an enhanced picture for CED. As such, leadership programs for CED tend to focus most particularly on the special skills for mobilizing collaborative effort.

The training will ordinarily include such topics as: orientation to gaining information for and about the community; developing ways to recognize local changes, trends, and opportunities; group process skills such as techniques for effective meetings, identifying clues to group anxiety, etc.; and organizing the planning activities.

The sparseness of population in rural areas suggests that these programs are especially appropriate for creating collaborative relations across a wider community/region than just a single town or village.

Benefits

A program specifically aimed at leadership development can generate a personal sense of accomplishment in the participants, as well as create powerfully sharpened capacities for community change and resilience. Through participation, people build optimism in the community, defining the future as something that can reasonably be tackled rather than as a hopeless fate. And having gone through the training sequence together, the participants have learned to work together and as alumni will be accessible as a network for further community improvement. Thus the program can have the result of helping to bridge differences and traditional rivalries between various smaller communities in the region they share.

Major challenges

While generic leadership training programs can be useful, the most positive results will probably come from locating and defining a reasonably sized, specific problem that the newly

equipped leaders can address in the process of the training. Thus the training is focussed on a practical goal for the community as a whole, rather than just being another self-improvement course. Defining that orienting problem may, however, be a formidable task itself; it means people mobilizing around it as an intended outcome of their training itself. Selecting participants (or properly arranging for self-selection) may be dependent in part upon that problem-definition.

Some practical steps

1. The immediate issue of financial support will have to be addressed first by deciding whether the program is conceived as a continuing affair with new participants for succeeding sequences or whether, at the moment, it is seen as significant to launch it as a one-shot matter, whether or not it might be continued. While naturally a single sequence is cheaper to finance, it may actually be easier to raise funds for a more sustained program.
2. Raising funds will require that the sponsors do more than state the value of greater leadership resources. The case made for financial support must be specified in terms of the community or regional issues demanding additional leadership resources.
3. Recruiting participants can be a touchy matter, so it must be carefully thought through with clear and public criteria, as responsibly formulated by a representative committee. In the end, the major consideration must be that the participants themselves represent well the target community or region.
4. Financial and/or non-financial support from key groups and residents should be sought, even if these would not participate directly in the training.
5. Program goals can be quite general (such as creating the conditions for cross-community networking on common problems), but they must be specified and clear, with a readily recognizable set of outcomes.
6. Attention to the practical details and logistics of the training will be important in assuring rich participation. Location(s), times, child care arrangements, meals or refreshments, a-v equipment, budget, and, of course, a facilitator/trainer and selected speakers.
7. The sponsoring committee will need to have well worked out understandings with the facilitator/trainer whom they recruit, especially as to the content and process of the sequence.
8. Some arrangements should be made for on-going and final evaluation and feedback from participants.

Resource organizations & contacts

- The Heartland Center for Leadership Development has worked with both U.S. and Canadian rural communities (941 O Street, Lincoln, NE 68508).

- Some of the technical assistance groups associated with the Canadian CED Network have design and facilitator services for leadership training programs. Call toll free: 877-202-2268.

Publications

- *Building Local Leadership: How to Start a Program for Your Town or County*, available through the Heartland Centre above.
- “Expanding Leadership Base” in *Measuring Community Capacity Building: A Workbook-in-Progress for Rural Communities* (published by the Aspen Institute, P.O. Box 222, Queenstown, MD 21658). How to identify, improve and measure local leadership resources.
- “*Leadership*,” a participant workbook prepared by the Skills Program for Management Volunteers, for Fitness Canada (write for this and other relevant items: National Skills Program, 1600 James Naismith Drive, Gloucester, ON K1B 5N4 or contact the B.C. provincial government Recreation and Sports Branch). This happens to have been designed for volunteers in sports, fitness, and recreation nonprofits, but it is readily applicable to the CED setting and can be used as a basis for group workshops or by individuals.



Residents can make a contribution by enhancing their personal skills for earning a living in the community and/or by enhancing personal skills in volunteer leadership, in order to provide the community with guidance, direction, encouragement, and inspiration for coping with change. Communities can make investments in techniques that will address either or both of these general methods for increasing human resources for community resilience. But communities must have an overall approach to the human resource development needs, a plan for what seem to be primary priorities.

This topic includes, initially, an entry on planning and then three sub-topics: Personal Development; Employment Services; and Self-Employment Services. The sub-topic of Developing Leadership, which might well be considered here, is to be found, however, under the topic of Doing the Planning, Research, and Advocacy.

Human Resource Planning

Description

A human resource plan is a systematic process of matching the interests, skills and talents of individual community members with the long-term goals and economic opportunities in the community. Like all CED activities, creating a human resource plan needs to involve the relevant community sectors, so that their participation and input will lead to strong community support.

Based upon an assessment of community assets and limitations, a plan aims to ensure a good fit between program designs and the results that are sought. Recognizing that learning and skill development is a systematic building process, a plan can also ensure that the

community provides the necessary comprehensive continuum of skill development. This implies, for example, that when someone completes a personal development program (such as a life-skills program), a succeeding step within the local human resource program uses that accomplishment to teach a new set of skills that are part of the path to employment and to other contributions to the community.

Benefits

A clear human resource development plan can include benefits like:

- Highlighting opportunities for strategic partnerships that allow communities and other partners to share the benefits, risks and training costs.
- Providing for the small successes that are encouraging and motivating for the community and can show funders, community members and others that the program is on track.
- Making it easier to evaluate progress (especially from feedback from clients) and to present funders, partners, and community members with effective information about that progress.

Major challenges

- A very real need to see results makes planning seem wasteful of time, diverting efforts from *doing*. Impatience with planning is always a challenge.
- Public expectations may be unrealistic, looking for jobs as an immediate outcome.
- Careful assessment may turn up more human resource development needs than the projected or existing resources and funding can handle, and this may require excruciating choices.
- Like all plans, a human resource plan must struggle between the need to be systematic and well thought out over several years and the need to be flexible to meet changing circumstances.

In every community, organizations already exist that are involved in training, employment services and other human resource functions. The challenge here is to construct partnerships and avoid turf wars. Participation in the planning process and establishing common community goals can help create a sense of co-operation and common vision among local labour market service providers.

Some practical steps

(Based on writings of Flo Frank and Anne Smith. See **Publications** below .)

1. Before planning begins there needs to be a number of conditions that will make the planning effective: an understanding that the planning process is indeed an essential part of organized skill building; the necessary resources to carry out an effective planning

- process; support, commitment, and participation from relevant sectors of the community. Perhaps most important, an overall community plan must be in place as a context for the human resource component of that plan.
2. If necessary to get the process started, hire a consultant who will help the responsible committee to organize its work. (See [Finding and Managing Good Consultants](#).)
 3. An assessment and analysis phase should be undertaken to identify the gaps between the current and desired skill/knowledge base, as well as the current and future job opportunities. The identified gaps will be analyzed as those that are most critical to the overall community development plan and should be among the first to be addressed, those that should be addressed over the next few years (developmental gaps), and those in skill areas that will have to be addressed in the longer future.
 4. From the data of the preceding phase, goals should be set describing and prioritizing the steps to be taken that will ensure that training addresses the needs that are fundamental in nature first and that the training sequences occurs in a logical order. This involves drafting specific objectives and indicators of success.
 5. Evaluation should be built into the plan, using both measurable data (quantitative) and peoples' perceptions or judgements (qualitative information). Aside from all the other benefits of being able to know what progress has or has not occurred, the evaluation gives community members the chance to give voice to their reactions. To encourage community commitment and involvement keep people informed of your progress. The message should be clear, positive, and answer questions that community members may have. The means of communication can vary depending upon your community, such as newspaper articles, word of mouth, town hall meetings, etc.

Resource organizations & contacts

- The Learning Enrichment Foundation has developed a highly respected full service employment program, their Action Centre for Employment (ACE). Contact them through their website (www.lefca.org) or telephone (416-769-0830) or fax (416-769-9912).
- Flo Frank of Common Ground Consulting Inc. (Box 39, Meacham, Saskatchewan, S0K 2V0) can be reached by phone: 306-376-2220 or email: flofrank@mb.sympatico.ca

Publications

- *Human Resource Planning: Getting People Ready, Willing, & Able to Revitalize Their Community* by Flo Frank and Anne Smith (1994). Of particular note here is the human resource planning process in "Darfield, Alberta," a hypothetical depiction based on the situation and experiences of several First Nation communities. Find this book in the "planning aisle" of The CED Bookshop at www.cedworks.com or phone toll-free 888-255-6779. See also two articles by Flo Frank in *Making Waves* (January 1993) 4,1: 1-7.

- *Community Development Handbook* and *Community Development Facilitators Guide* are written from the standpoint of human resource specialists and published by Human Resource Development Canada. Download both of these documents from the HRDC website www.hrdc-drhc.gc.ca/community/menu/index.shtml.
- *The Community Strategic Planning Toolkit for Employment and Training*, prepared by Consilium for the Aboriginal Relations Office of Human Resources and Development Canada (819-953-7563). This manual is written for Aboriginal Human Resource Development Agreement Holders, but it is relevant to any community setting.

PERSONAL DEVELOPMENT & PREPARATION

Life Skills Programs

Description

Life skills are the first or initial component of a comprehensive human resource system in a community. For many citizens who have been long term unemployed or who are undereducated, life skills training offers a beginning in their efforts to increase their community participation and their economic self-reliance. Life skills are defined as behaviours used appropriately and responsibly in the management of one's own affairs. Life skills addresses the core communication and self-organization skills that make it possible for individuals to even consider their own further development. Increased self-confidence leads to a sense of power over their own lives – and an ability to contribute to the life of their community in a variety of ways. While many life skills programs are funded for employment outcomes, this is often an unrealistic expectation in a short-term perspective, but it can be a long term outcome of having taken this first step.

Self-empowerment and personal leadership can be encouraged with an approach like the Saskatchewan NewStart Life Skills programming. NewStart was developed in the late sixties and early seventies as an initiative of the federal department, Manpower and Immigration (later Canada Employment and Immigration Commission). The intent was to design an effective system for delivering adult basic education to disadvantaged populations. The designers - educators, psychologists and counsellors - designed a deliberately structured, experiential approach that incorporated specific skills, a sequence of skill development and specific problem solving systems. They recognized that adults learn most effectively when there are the following conditions:

- A perceived need (on the part of the trainee] for new knowledge and skills;

- An opportunity to apply what has been learned;
- An emphasis on integrating new learning with what is already known; and
- An appreciation for past experiences.

The NewStart core lessons are delivered sequentially, each building on the previous learning, and each focus on a single core skill:

- Listening;
- Questioning;
- Identifying and Describing Feelings;
- Acknowledging and Accepting Feelings of Others;
- Giving Feedback; and
- Receiving Feedback.

Lessons on more advanced skills, such as Identifying Assumptions, Facing Fears, Arguing Fairly, Assertiveness, Self-Evaluation and various problem-solving systems can be offered after completion of the core lessons.

Benefits

Life skills programs can be a powerful component of employment-oriented programs. Employment counsellors know that people with life skills training have improved their communication and self-management skills and thus are more likely to find and to keep jobs than are those without the training.

Another major benefit is the development of group cohesiveness and consequent peer group support. The group is the primary learning and support vehicle for the participants. This ensures that when participants leave the program they have an on-going and effective support network.

Graduates of the program have identified themselves as skilled, capable, self-empowered people. This has the effect of broadening and deepening the pool of people available to the preliminary CED tasks of building citizen participation and developing leadership in the community. Life skills can be one of the key cornerstones upon which to build an integrated CED strategy.

Major challenges

A twelve-week life skills program for 20 participants can cost up to \$40,000 or even more, depending on what supports can be supplied by the community and what supports must be imported, bought or rented. So finding funding partners that acknowledge the program as an

empowering process – as opposed to a direct part of an employment program with jobs as the intended outcome – is often difficult.

Effective delivery of a life skills program depends largely on the training and experience of the life skills coach. But teaching life skills is an unregulated profession, and it may be difficult to recruit a competent coach.

Recruiting the participants can also be difficult. After all the program asks that the participant perceive his/her need for new knowledge and skills before enrolling.

Unfortunately, funding agencies will often insist that programming be delivered to specific target groups, for instance youth or single parents or Aboriginals or men receiving Income Assistance. But the learning environment can benefit hugely by being inter-generational and cross-cultural.

Some practical steps

1. Consider the same practical steps suggested for the two entries under the topic of **Developing Leadership**.
2. Explore partnerships with community colleges, service clubs, band councils and churches which might provide access to facilities and/or financial support.
3. Choose between hiring a life skills coach to head the program and training one or more local people to do that job. If hiring a life skills coach, look for one whose style and philosophy are in tune with the community needs and objectives. There are a variety of styles of coaching, and a good coach can come from any style, but it may be that one or another style does not fit your community. Whether sending someone from the community for life skills coach training or bringing a coach-trainer to the community, investigate carefully to find the program or person that has a style and philosophy of coach training that are in tune with your local objectives.

Resource organizations & contacts

The national body for coaches is the Canadian Alliance of Life Skills Coaches and Associations (email: info@calsca.com), but there is also an association for the Maritimes, and many individual provinces have their own associations.

Publications

- ***Case Study:** “Stop the World – I want to get ON.” A lifeskills coach explains how many people who want to improve their lifestyle are stuck emotionally and behaviorally. They need a process through which they can take a good look at themselves before trying to organize their lives or communities.

- The YWCA of Greater Toronto (email: publications@ywcator.org) publishes a series of Life Skills Manuals, available in some seven volumes of detailed lessons, including a video.

Literacy Education

Description

Current practitioners tend to define literacy in the context of its value to the individual – with a focus on personal, social and cultural contexts. As one observer, Robert Scholes, has put it, “Literacy is a personal, social, cultural, contextual, gender-related and constructive process whereby a particular individual builds meaning with a particular text depending on particular purposes for reading and writing. It is first and foremost an end in itself although it may serve as a means to other ends.”

However, many literacy practitioners assume and establish a link between classroom learning and community action, and recent work has made an effort to name these connections more explicitly. Adult learning and literacy programs can and should result in an increase in community driven and community based activities. Obviously, there is a link between functional literacy (including, linguistic, numeric, technological, vocational and economic) and individual economic self-reliance. Further, adult learning in literacy programs can be designed to meet a wide array of other social needs or goals in communities. The best literacy programs are aware of and work closely with other organizations and agencies to address the range of social issues that many marginalized people face (such as housing, daycare, transportation, etc.).

Existing programs continue to evolve when they are learner-centered and when the practitioners are themselves learners and innovators. While there are several program models that have been used in different communities, it is rare to find two that look exactly alike. Local adaptations are the norm. For example, within the framework of an intergenerational literacy approach, programs take place in a wide variety of settings (living rooms, church basements, libraries, public schools, community centres, etc.) and are developed to address a wide variety of goals, such as facilitating children’s entry into school, helping parents achieve their own academic goals, increasing participation of seniors in the community, and so on.

Moreover, adult learning programs can be health oriented, math oriented, culturally oriented, or family oriented, or have other orientations. They can utilize delivery models that are one-to-one, peer group, classroom - or all three. The upshot is that programs need to be based on the interests and needs of the learners, to approach each learner in a holistic fashion and to be located in areas that are accessible and safe for the learners. In fact, the

location can make or break a program. Location must be based on the target population and their needs and life style, as opposed to the mere availability of space.

Benefits

The obvious benefits of adult learning programs include increased self-esteem, confidence and language skills. However, there are many, many additional benefits that have been identified by specific programs, such as generating peer group relationships and support, strengthening intergenerational connections, increasing community participation, increasing awareness of community services, supporting healthy families and establishing the skills and confidence for further education or employment. In some cases, neighbourhood based programs have provided the impetus for neighbourhood associations, daycare services, housing developments, crime prevention and other resident driven initiatives.

The benefits in most cases are long term, and require long term evaluation methods to track them. One program co-ordinator from the early 1990s commented that she was still seeing outcomes in individuals who participated in that program – as individuals continued to pursue their own learning and just seven years later were ready for a college program.

Major challenges

The recent focus on high literacy-handicap rates in Canada (as many as 38% of Canadians) may result in restricted literacy education that emphasizes skills rather than, more broadly, personal development. Indeed programs that have aimed explicitly to fit individuals into jobs have not met with as much long term success as those that are designed to develop the full spectrum of human potential.

Virtually all communities may find the very scope of literacy deficits to be overwhelming, and stigma often attends the need for adult learning. For rural communities special challenges may exist around organizational capacity and public awareness.

Two general challenges are linked to program funding. First, for their support, funders tend to want jobs as a deliverable. While this may be the long term goal of a program, it is not a realistic short term outcome in most cases and may, in fact, not be the primary goal. Second, the practice of short-term funding may raise expectations of learners, only to dash them just as the learners begin to develop the confidence and motivation to continue a learning process.

Some practical steps

1. Begin by establishing a working group or committee that will include all the stakeholders in your community and perhaps potential funders or other partners.

2. The next step is to conduct a needs assessment. You will likely have some hunches about priority target groups and the issues related to illiteracy. Use these to develop an extensive survey. Some of the publications listed below include specific frameworks and forms for this purpose which can be used outright or modified to meet your needs. The survey should include a cross section of agencies, service groups, employers and educational institutions as well as potential learners.
3. Document your findings.
4. As you begin your community needs assessment, you should also begin a public awareness campaign. This can work to prepare those you will interview and to increase public awareness of and support for literacy work in your community. Once your program is ready to be implemented, your communication and public relations strategies will be essential to attracting learners.
5. After identifying specific literacy needs and interests, you will want to research successful programs and best practice approaches that fit with your local priorities. This will help you to design an approach that accomplishes your goals and is based on proven practice in the field.
6. You should develop a program proposal or business plan whether or not this is a requirement for funding. Your goals should have measurable outcomes and be based on a clearly articulated philosophical approach. You will want to include opportunities for evaluation and learning and changes as you implement the program. Remember that on-going innovation and adaptation is one of the features of successful programs.
7. Finally, as you begin the implementation phase you will want to be sure that staff and trained volunteers fit your approach to literacy.

Resource organizations & contacts

- Given the great scope of past work in this field, begin with your local resources (colleges, skills centres, etc.).
- Literacy BC, Linda Mitchell, Executive Director, 622 - 510 W. Hastings St. Vancouver, BC V6B 1L8. Tel. 800-663-1293; fax: 604-684-8520; email: literacy_bc@douglas.bc.ca. Provides an extensive resource lending library and staff who can refer you to appropriate program contacts outside of your community.
- [National Adult Literacy Database](#)

Publications

The following three publications can be downloaded from the National Adult Literacy Database website (www.nald.ca).

- *Before You Start: Developing A Community Needs Assessment for Adult Literacy Programming*, Manitoba Education and Training. This manual provides a fairly comprehensive overview of the needs assessment process, considerations and survey forms.
- *Building Strong and Effective Community Partnerships: A Manual for Literacy*, Family Literacy Action Group (FLAG) Alberta, (1995). This manual provides a good overview of family literacy and then focusses on community partnership development. Includes worksheets, sample partnership agreements, etc.
- Katherine Guillion, *Building The Fire: The Aboriginal Family Literacy Project* (Lakeland College & Lloydminster Native Friendship Centre, 1996). This project report provides a detailed program design manual that includes classroom layout, attendance records, daycare services, etc.

The following three publications are available through Literacy BC:

- Louie Ettling, Janet Isserlis, and Lee Weinstein, *By Invitation Only: A Literacy Model for Communities, Process Guide and Final Report* (1995). Case studies of the process from assessment to implementation in Squamish, Prince George and Vancouver.
- Wendy Watson and Barbara Bate, *Partnerships in Literacy: A Guide for Community Organization and Program Development*, (1991). Covers the development of a literacy organization from board structure to media relations and program implementation, including tutor training, material selection, etc.
- Janet Isserlis et al., *Community Literacy: An Intergenerational Perspective, A Process Guide* (1994). Describes several intergenerational models and program development including proposal samples from a variety of programs in BC.

The Economic Literacy Project: Seeking a Blueprint for America. a project of the Federal Reserve Bank in Minneapolis. A specific literacy focus on economics. See their website [woodrow.mpls.frb.fed.us/sylloge/econlit]. Site includes articles, sample quizzes, survey results, etc.

Volunteering for Skills & Experience

Description

There may be a shortage of jobs in communities across Canada but there is no end of useful work to be done. Fortunately, volunteering is a significant part of the nation's social and economic fabric. Estimates of the number of volunteers range from 4 to 7.5 million, but the demand for voluntary services is escalating. Analysts suggest this increased demand is based in part on demographic trends such as the aging population, social trends such increased

familial breakdown, and health trends such as the accelerating incidence of HIV and other ailments.

Clearly, a strong volunteer sector is a key component of a healthy community. Agencies that engage volunteers can optimize the magnitude and effectiveness of volunteerism by working together to develop their community's capacity to provide support for volunteer recruitment, referral, orientation, training, and promotion. Thus a key part of promoting volunteerism is some sort of Volunteer Centre.

A crucial function for such a centre is the matching of volunteers with community agencies. This involves helping the volunteers identify their skills and interests, and then making an appropriate match. Publicly accessible computer databases can be of considerable assistance in connecting volunteers with appropriate opportunities. Virtual volunteering through the internet provides a significant new vehicle for volunteer activities such as technical advising, research, advocacy and social support.

Helping volunteers and agencies develop the knowledge and skills to improve their performance is another key service. In some cases, the training is specific to a particular job. Other training may be more general in nature, for example, board member effectiveness training. Agencies who use volunteers benefit from knowing what practices have worked well for others, including best practices for providing volunteers with support, development and feedback. They also need to understand their legal responsibilities.

Targeting the populations in the community that may not be aware of volunteer opportunities and benefits (low income residents, for example) should occur within a broader human resource development system. This will allow some initial training to be done and ensure that the individual is linked to a volunteer centre or other support system.

For related entries, see the sub-topic Developing Leadership in the section on Doing the Planning, Research & Advocacy.

Benefits

If the organizational structures are in place to promote and support volunteering, individuals can benefit tremendously from the experience, skills and contacts that volunteering provides. Young people in search of work options can use volunteering to help them determine where their greatest interest and skills lie, as well as giving them work experience for their resumé. Others can make local connections in the field of their choice that may lead to actual work, mentoring support, etc. In some cases volunteering provides much needed practical experience in order to pursue further education. In every case, however, volunteer activities demonstrate to potential employers that a person is committed and proactive.

All this in turn contributes to the overall social and economic health of the community, as people are engaged, positive and productively contributing. In particular, people with special needs, people living in poverty and others who are often marginalized, stand to benefit from becoming volunteers. Organizational support through a volunteer network or centre can help facilitate their inclusion.

From the community standpoint, volunteers provide substantive services from support to disadvantaged citizens, through cultural, educational and environmental activities, to improved public perceptions, laws and policies. Left to ad hoc processes, many opportunities to provide these services would be lost.

Major challenges

For volunteer centres or networks to be effective, some funding is usually required to cover core staffing and infrastructure. Getting this funding can be quite challenging as these organizations are by nature simply enable other groups to do their work and do not directly produce the 'deliverables' that funding agencies are often calling for. Fortunately, some new sources of funding for this type of capacity building are emerging as governments recognize the role of the non-profit sector in filling some of the gaps left by social spending reductions. In British Columbia, for example, a new Ministry of Community Development, Co-operatives and Volunteers was established in 1999.

Another challenge is that just as the demand seems to be increasing there is a decline in the number of potential volunteers available because women, a strong traditional source, are more and more joining the paid labour force. A similar effect is happening as the generations that have been traditionally active in volunteerism age and reduce their level of activity. However, virtual volunteering via the internet may provide a more flexible and practical option for some of these people. Facilitating opportunities for families to volunteer together is another strategy aimed at building participation rates. Concentrated efforts to recruit youth and younger adults may also be helpful.

Once up and running a volunteer network or centre is likely to very busy handling high volumes of interactions. There is a tendency to focus on immediate logistical tasks and to hope that volunteers who are quietly working away are doing fine. However, commitment and interest may drop off if volunteers do not periodically get encouragement and recognition. It is important that the volunteer support organization builds in operational procedures to maintain rapport with volunteers and ensure that volunteer contributions are acknowledged. It is also important to address their on-going need for development, growth and change.

Still another challenge lies in developing broad community appreciation for the role and value of volunteers. This may be because many people are still operating under the belief that

our governments remain the real guardians of our social services. It is also due to the common perception that volunteerism is a relatively minor social enterprise, unrelated to the economic health of our community. Overcoming these perceptions will require determined and skillful communication efforts.

Some practical steps

1. Undertake a needs assessment of existing agencies that use volunteers, determine the level of interest in collaboration and consider what type of organizational structure might be helpful.
2. Contact Volunteer Canada for information and development support through their program for emerging volunteer centres.
3. Contact provincial organizations such as Volunteer BC for a list of volunteer centres that can be used for additional guidance and networking.
4. Identify core staffing and infrastructure needs and, if appropriate, pursue funding.
5. In order to maximize the opportunities for individuals to use volunteering as a “pre-employment” activity, communities need to target specific groups in the community (youth, single parents, etc.) and provide training and supports for them that link their volunteer work to their career goals.

Resource organizations

- Charity Village (www.charityvillage.com) is designed to encourage, support and serve Canadian charities and non-profit organizations. This site has sections for managers, staffers, fundraisers, volunteers, donors and supporters. There are also a career centre, bookstore and a collection of how-to articles.
- Volunteer Canada, 430 Gilmour Street, Ottawa, Ont. K2P OR8, (tel. 800-670-0401; website: www.volunteer.ca). The national resource centre for volunteerism facilitates the work of volunteers, volunteer centres and voluntary organizations to develop resources and skills.
- Volunteer Opportunity Exchange (website: www.voe-reb.org) uses the internet to match volunteers with appropriate positions. It is a joint project of Volunteer Canada and Human Resources Development Canada.
- Volunteer Vancouver, #301-3102 Main Street, Vancouver, BC V5T 3G7 (tel. 604-875-9144; website: vancouver.volunteer.ca). Provides training and consultation, research and program development, an extensive library and resource centre, and agency services which publicize volunteer opportunities.

Publications

- Judy Stevens, *The Complete Guide to Assessing and Improving Your Volunteer Program*. A workbook that can be used to examine volunteer programs and adapt strategies to the changing volunteer environment. It is available from Volunteer Vancouver.
- *Emerging Centres Manual* is intended for use by individuals or communities interested in starting a volunteer centre. It teaches how to get started, plan ahead, build a legal entity, get funding, organize fundraising events and build an administrative structure. The manual is available from Volunteer Canada.
- Jeremy Rifkin, *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era* ((New York: J.P. Tarcher, 1996). Offers some challenging solutions to the global unemployment brought on by productivity advances of new technologies.
- *Vantage Point* is the quarterly newsletter of Volunteer Vancouver and provides a forum for ideas and issues of the volunteer sector. Articles offer new perspectives, stories of best practice and analysis of public policy.
- Susan Ellis, *Volunteer Program Success*. Provides detailed information about issues relating to policy, budgeting, staffing, employee/volunteer relations and risk management. It is available from Volunteer Canada.

Employment Services

A variety of employment services are described in the following five entries. They also refer the reader to other relevant entries in *Tools & Techniques*.

Of special note in considering these tools for CED is an overall look at community-based employment services in the U.S.: Bennet Harrison and colleagues in a report to the Ford Foundation, which involved research in 10 urban areas and more than 100 organizations, briefly describe about 20 case studies of employment services and argue that CDCs and like groups sometimes do the best work not by mounting their own employment service programs but by building city-wide or region-wide networks for varied employment services. Bennet Harrison et al., *Building Bridges: Community Development Corporations and the World of Employment Training* (1995), available from the Economic Development Assistance Consortium (1 Fanueil Hall, Boston, MA 02109; tel. 617-742-4481).

Career Planning

Description

Career planning encompasses decision making, goal setting, self-reflection, labour market analysis and more - all with a focus on determining one's future career path. Career planning is not a process that simply begins and ends, it is an evolving vision of one's future. However, in the context of a community's HR plan, the career planning program does occur within a set period of time, either through one-to-one career counselling or group sessions. The idea is to offer people who are uncertain about career options and their own career goals a chance to reflect on their skills, abilities, and preferred working environment as well as look at current labour market conditions to establish a career path for themselves. Based on the goals set during career planning a person would take steps toward gaining any necessary training or education and securing employment in their chosen field. Career planning programs, then, become a foundation for later-stage programs in job search and job placement.

Career counsellor and researcher, Norman Amundson, describes four phases of career planning:

1. Readiness: Asking, Are the participants ready to engage in the career planning process which will require personal exploration and assessment, and a commitment to skill training and job search? Are other dimensions of their lives in place to allow them to fully participate in this process - i.e., are basic needs met?
2. Personal Exploration (Who am I?) and Career Exploration (What can I do?): Examining one's interests, values, strengths, limitations, etc., and then looking at external factors that may have an impact on career decisions, such as, labour market information and access to educational opportunities.
3. Evaluation, Compromise and Integration: Weighing all the information gathered, considering where to compromise (e.g., go away to school for two years or study by correspondence) and then formulating choices into a personal career plan.
4. Commitment, Action Planning and Follow Through: With well-defined goals that permit incremental steps, taking the steps toward those goals.

Career planning as part of an overall HR plan can be specialized to populations that may need higher levels of support. For example, if a community is faced with high rates of youth dropping out of high school, this can present an opportunity for career planning with at-risk youth.

Career planning programs can be short and intensive (e.g., three full days) or may be designed to take place over a longer period of time (several weeks). For the short programs, selection of participants is important in order to target people who are already functioning well, can work independently and do not have a lot of barriers to finding employment. For those people who are already part-time workers or are parents or have barriers to employment, it is better to have a longer program in order to have the time to understand and address the various needs of those involved as well as offer a more flexible schedule.

Benefits

People will be more satisfied with their jobs and more successful in them if the jobs meet their needs in terms of flexibility, level of challenge, income, number of hours, skills required, etc. With a systematic career planning approach, one can make an informed choice before entering a training program or field of employment.

Quite apart from improving income potential, career planning can broaden out horizons to consider employment possibilities that may be more than just an income, to look at jobs that can also be fulfilling and meaningful.

Major challenges

Being unemployed can be like riding an emotional rollercoaster. So entering a career planning program, people may appear unmotivated and resentful of assistance, perhaps in part because their self-confidence has already been squashed and their energy drained. In some cases people have been through the hoops of the Employment Insurance or Income Assistance systems which in themselves can be demoralizing.

What is encountered in the career planning process often involves a lot more than just job-related issues. For example, someone who is an immigrant and qualified as an engineer may seek career planning assistance because she cannot find work in her field and lacks Canadian experience. She works as a cleaning person in order to support her family. This person may be contending with disbelief that after years of education and experience she is cleaning floors. She also may be struggling to learn English and experiencing social isolation. Thus the career counsellor has not one but many issues to focus on.

People seeking the assistance of a career counsellor may view the counsellor as someone having “magical powers” who can quickly resolve situations of unemployment or career uncertainty. It is still another challenge to make sure that clients are being empowered to make their own career plans and decisions.

Some practical steps

Creating a career planning program calls for flexibility because the process will not always happen in a linear order. Flexibility is also required so as to adapt to changing labour markets and changing local conditions.

To offer current labour market information to the program participants, use resources such as the public library or the Chamber of Commerce for local information or consider broader publications like Work Futures or CareerWare which are updated annually.

Resource organizations & contacts

- The Learning Enrichment Foundation runs an integrated multi-function employment program which they call their Action Centre for Employment (ACE). Contact them via their website (www.lefca.org) or telephone (416-769-0830) or fax (416-769-9912).
- Human Resource Development Canada offers a website which includes a 10-step career planning guide, the Career Paths Program, a facilitator's guide and related resources and internet links. (www.careerpathsonline.com). Contact HRDC Career Paths by phone (604-435-1937).
- Yes Canada Career Planning. Contact Sophie Barteck or Carolyn Robertson by phone (604-435-1937).

Publications

- ***Case Study:** "The Power of integrated Services." How Toronto's Learning Enrichment Foundation not only finds jobs for people, but finds people for jobs (current and future) through its network of training programs.
- Norman Amundson, Gray Poehnell, and Stuart Smithson. *Employment Counselling Theory and Strategies: A Book of Readings*. Orders and inquiries to Ergon Communications (fax: 604-448-9025).
- *WorkScene: BC Work Futures for Youth*. Provides basic information on specific careers in BC and has been designed specifically for young people. To order, contact the Open Learning Agency (800-663-1653).
- Joe Valvasori, *An Integrated Model for Career Development* (Toronto, ON: Learning Enrichment Foundation, 2000).
- *Careerware* is a software program that provides current national labour market information and is updated annually. Call 800-267-1544.

Job Search

Description

In the job search process, employment counsellors are guides rather than experts and their focus is on creating means of supporting people in their job search. These means can take many forms:

1. Job Finding Clubs are support groups of peers who share serious barriers to employment. They involve group work, pairing off with partners to practice skills, and one-to-one time with the club facilitator. Skills in how to handle an interview, resume writing, networking, and telephoning may be addressed through a Job Finding Club.
2. Systematic training sessions can be designed and held to develop the same sorts of skills.
3. Resource centres can be set up with computers, photocopier, fax machine, internet access, telephones, etc., that will be used by job-hunters who do not have these resources. Beyond this equipment, a resource centre can also be a hub of training, employment counselling, job postings, etc., that further support the job seeker.
4. Job banks or boards list currently available jobs. Human Resources Development Canada has a job bank available on the internet for searching by job title or geographical area, but a local job board may be even more effective.

Again, the job search service is best established as part of a human resource system for the local community.

Benefits

Job search assistance provides valuable support for the people who face systemic barriers to employment and are the most needful of employment assistance in the community. But services tailored to others will tend make the gaps in employment shorter and the community more resilient in the face of any employment rate decline.

Major challenges

The various job search techniques do not, after all, create jobs, but often funders, job-seekers, and even agency staff themselves entertain unrealistic expectations about the kinds of jobs and the numbers of jobs that can be found.

Some practical steps

1. Build on the resources that already exist in your community. For example, the public library may have books and resources on the current local labour market situation, directories of companies, etc., that can be accessed by job seekers.

2. In training and job clubs, create an environment of involvement, where people practice answering interview questions, making cold calls, etc., and support each other with feedback and suggestions.
3. Think out your policies about personal use of equipment by clients, because it is natural that a computer or photocopier and so on, may be used for other than job search purposes.

Resource organizations & contacts

- Learning Enrichment Foundation, 116 Industry Street, Toronto, ON M6M 4L8 (Phone: 416-760-2553; fax: 416-769-9912). LEF has one of most developed job search centres, conducted within in a systematic human resource program.
- New Westminster Community Skills Centre (Vicki Austad, Manager) Telephone: 604-517-6150; email: vicki_austad@skills.bc.ca

Publications

Working Solutions: Facilitator's Manual for the Job Finding Club. Human Resources Development Canada. Provides a step-by-step guide to starting and running a Job Finding Club.

Job Placement

Description

The task of job-hunting may be a daunting one for the job seeker, but, on the flip side, it is also a challenge for employers to find qualified and committed employees. A job placement service acts as an intermediary between the job seeker and the employer. The task of this intermediary person can be two-fold as both a placement specialist and a job developer. This means first of all, to market people trained with skills known to be in high demand in the community; but second, to closely track the requirements of local employers and then direct suitable candidates to training for the jobs or place people who are job-ready.

In some cases job placement programs are also designed to offer financial assistance to an employer who hires someone through the placement service and where employment is maintained for a certain length of time, e.g., for six months.

A job placement service usually is and should be closely linked to job search assistance services. In addition, the employment service may need to establish training tailored to fill the gap between the skills that employers require and the skill levels of unemployed community members. For example, in a community with many aging citizens who require

additional care either to live at home or within a seniors' facility, there may be an unmet need for people trained in geriatric care and home care. A training service can be designed to prepare workers for such jobs and can then place them. In short, again, the employment services need to be integrated into a systematic human resource development strategy.

Benefits

Effective job placement programs in connection with other human resource services can help to reduce the length of time that people are unemployed, minimize the stress and struggle of the job search process, and fill the staffing needs of local businesses that contribute to the economic vitality of the community.

The job-seeker will have access to potential jobs that might not be advertised elsewhere and their skills and career objectives can be specifically matched to employment openings.

Employers benefit from having potential candidates pre-screened through the placement service. They do not have to wade through piles of resumes. Only candidates qualified for the position are referred to them.

Major challenges

When presented with candidates from marginalized populations, employers may be reluctant to hire them because of concerns about reliability, interrupted work history, etc. These concerns need to be addressed head-on by acknowledging the possibility that someone, who, for example, has suffered from a mental illness, may very well have a day, here and there, on which he is unable to work, but that in other ways the potential employee may be prepared to offer better than usual services.

Funding for employment-related programs often does not extend to some marginalized sectors in the community (such as the under-employed, immigrants, re-entry women, and youth with no work history) who nevertheless require job placement services and could benefit greatly from them.

Some practical steps

- In the early planning stages, consider not only the interests and capabilities of the target populations you want to serve, but also the types of initiatives that are being funded by government and private industry, and the staffing needs of local employers.
- Then you can design ways to combine these factors in a program that will have a broad relationship to an overall human resource development strategy.
- Building positive relationships and alliances with local businesses is an essential element of a job placement service. Staying in touch with local business people allows you to

remain informed of and responsive to their needs, to get feedback for improvement on your services, and most importantly to maintain a network of satisfied employers who provide jobs to people through your service.

- Look for ways to develop strategic partnerships so that you can create a full human resource development system. These partnerships over the long-term benefit everyone concerned and contribute the economic and social improvement of your community. For example, does your local community college have a job placement program for their graduates? Perhaps resources can be combined to serve their new graduates and other community members.
- Consider ways that you can provide support to the new employee and the employer, to ensure that the job placement is a success for both parties. This may include such techniques as check-ins to see that both parties are satisfied with the employment arrangements.

Resource organizations & contacts

- The Learning Enrichment Foundation has a multi-function Action Centre for Employment (ACE) that includes job placement services. See their website (www.lefca.org) or telephone 416-769-0830.
- The Coast Foundation in Vancouver serves people with mental illness and assists over 300 people each year to enter or re-enter the workforce. To learn more, call Cathy Johnson at (604) 877-0033.

Publications

Joe Valvasori, *An Integrated Model for Career Development* (Toronto, ON: Learning Enrichment Foundation, 2000).

Mentoring

Description

Mentoring is a specific one-on-one approach through which people can learn a variety of personal and professional skills. A mentor is someone with years of experience and knowledge and the desire to offer guidance to someone learning the mentor's profession or going through a similar life experience. Most often, then, a mentor is a more experienced or older person who acts as a role model, compatriot, challenger, guide or cheerleader. For example, a mentor could be someone who is experienced with organic farming who is ready to offer assistance to and share knowledge with someone who is just starting. Similarly, a young single mother could pair up with a mentor who has had a lot of child rearing

experience and who can be supportive and encouraging of a young mom. A mentor relationship is meant to be long term, and as in these examples, the process of establishing a productive farm or raising a child is also a long-term endeavour.

Some other examples of mentoring relationships are: Senior citizens “adopt a grandchild”; older students help younger students deal with peer pressure; business people help new entrepreneurs. Women, minorities and other marginalized groups may particularly benefit from a mentoring program when the support can be provided specific to their needs and flexible enough for their situations.

Most mentor programs have fairly structured matching processes with clear roles and expectations to ensure a positive, productive relationship. Each community will have its own type of mentoring program. However, it can most effectively be part of an on-going process of career planning, job search assistance, job placement and then mentoring within a field of employment.

Mentoring does not suit the needs of everyone who would benefit from employment or personal development services. It should be available as part of a comprehensive human resource plan (in other words linked with other kinds of support and training) but designed to meet the specific needs of a select target group or groups.

Benefits

A mentoring relationship is mutually beneficial. Mentors learn, grow and feel good about the guidance they are providing. Their partners benefit from learning skills and having the support of their role model.

Major challenges

In a systematic mentoring program, the relationships require monitoring and support: There has to be a process in place to check in and ensure that both parties are getting what they need from the mentoring partnership. In certain cases mentors may find that they need special training or some support themselves in order to do a better job at mentoring the person that they have been matched with.

Some practical steps

1. Conduct a needs assessment to look at the training needs of the mentors as well as the special needs of the individuals to be partnered, in order to establish any correlative training programs that may be necessary and beneficial to either or both parties.
2. Look at the organizations in your community that already have mentoring programs, e.g., Big Sisters or Big Brothers. Build on the resources that already exist in your community

and beyond this look to other successful mentoring programs that you could adapt and replicate in your community.

3. Mentor orientation sessions must be provided for. Even if mentors will not need special training, there are conditions of the mentoring relationship that each mentor will need to be clear about. All will need some orientation to the limits and boundaries for both parties. There needs to be a mutual understanding of expectations and roles, as well as openness to the natural changes that will occur in a long-term relationship and the roles of each person.
4. Establish a matching process that recognizes that a successful match is not the degree of similarity between the mentor and the partner but the mentor's ability to understand and accept what the partner is experiencing.

Resource organizations & contacts

- Peer Resources offer a website (www.peer.ca) dedicated to mentoring. The website provides information about mentoring including on-line articles, a listing of existing mentoring organizations, and links to related websites. To contact Peer Resources by phone: 250-595-3505.
- A U.S.-based website (www.mentoring.org) provides mentor-related information, resources, and links as well as answers to frequently asked questions.

Publications

While there are many excellent articles and publications for this subject, a good selection can be accessed through the websites mentioned.

Tailored Training

Description

Tailored training is training that is shaped by detailed consideration of the features and needs of the target population as well as by the substantive content of the training. For example, with job search skills training, the content is customized to the types of jobs people are looking for, because searching for work the field of graphic design would be different from searching in the construction industry. And the training will be different for at-risk youth who would learn differently and may have different concerns than people who have lost their jobs after 15 years of competent service. Although some training curricula can be standardized, in order for any training to be effective it needs to be learner-centered, collaborative and culturally sensitive.

Whatever the specialized focus of the tailored training, the service should stand as an integral part of an overall human resource strategy and this in turn should be integrated within the overall community economic development strategy. Of particular importance will be an assessment of the labour market so as to be sure the training will actually lead to jobs.

Some specialized training service designs are discussed in detail elsewhere in this publication, such as **Social Enterprises** and **Mentoring**. But among the other choices to be made, are:

- **Work Placements.** Only for those who are job-ready, in this approach a period of training is followed by a practical on-the-job experience with an employer. This gives people a chance to have practical experience and work references for the type of employment they are seeking. People can choose the type of setting in which they would like to find a placement, e.g., someone being trained in administrative support could work in the area of healthcare, business, social services, etc. So the training experience is not only specialized to administration skills but to a specific sector. Note that in this approach, the CEDO's relations with employers will be a crucial ingredient, since the employers are offering what amounts to a free service.
- **Peer Training.** This involves cohorts sharing their knowledge and experiences with each other. It can be specific to a job or special interest group or both. The training can occur on the job when showing a new employee the ropes through the course of several workdays, or in a group setting established for learning and support.

These two choices are not exhaustive of training possibilities; other options may be carried out in partnership with community organizations, including apprenticeships, elder teaching, training trainers, and seminars or workshops. (See the publication, *Ready, Willing and Able* for a more comprehensive list of options.)

As in all employment services, attention has to be paid to post-employment supports. Since employers usually have a three-month probationary period, certainly those support services should extend at least for three months after the training is complete and the participant has been placed in a job.

Benefits

Clearly, tailored training programs have the advantage of a sharper focus for more specific and targeted results than standardized programs open to all. In addition, such programs may sometimes be more cost effective than offering standardized courses.

Major challenges

- There is no question that tailoring training to specific target groups and specific employment issues or jobs is expensive. The design work is only the beginning expense. Ordinarily, tailored training is more labour intensive for a trainer than standardized training. All this puts a premium on finding ways to cut costs in order to stay within the limits of the resources available and still produce the significant results that are projected.
- Often even the term “training” itself may not be very appealing to the chosen target group because it evokes other “training” experiences that were not helpful. (This is unfortunately frequent in the field of employment training.) Or the term evokes a condescending attitude that does not value the participants’ own experience and knowledge. Language itself thus becomes still another item to tailor for some groups.
- Especially difficult is the issue of defining success. Some funders consider success solely as job placement (or perhaps also, going on to higher education), but marginalized people may get other, quite significant benefits that will stand them in good stead sometime later: a sense of purpose and an ability to take steps to financial independence and employment. These may not show up in a post-training survey, if that survey seeks out only employment statistics.
- There will always be a conflict for program operators between choosing participants on the basis of most need and choosing them on the basis of likelihood of success.

Some practical steps

1. Complete the labour market survey.
2. Develop a clear understanding of the target population and their specific needs, interests and barriers.
3. At this point it will be easier to recruit for the right person to manage (and presumably even design) the program. It is better to bring in the highest quality trainer that you can - someone who already knows what to do and how to do it and they can adapt their knowledge and experience to your situation.
4. Don’t start from scratch if you don’t have to, there are enough other challenges to face.
5. Try to use a “train-the-trainer” approach, so that as far as possible the participants will be equipped to pass on their knowledge to others.

Resource organizations & contacts

- In this as in much other human resource development activities, the Learning Enrichment Foundation (116 Industry Street, Toronto, ON M6M 4L8) is a key source of information and models. Contact them via their website (www.lefca.org), telephone (416-769-0830), or fax (416-769-9912).

- Youth Employment Project (Victoria, BC) has found much success in securing employment for street youth. For more information, contact Richard LeBlanc at 250-380-6593.
- Advocates for Community-Based Training and Education for Women (ACTEW) is a non-profit umbrella organization representing over 60 community based agencies in Ontario who deliver employment and training services to women. Contact them via telephone (416-599-3590) or website (www.actew.web.ca).

Publications

- ***Case Study:** “Tradeworks Works.” In Vancouver, Tradeworks Training Society uses a range of training and support services to prepare youth, women, and special needs adults them for the world of work.
- ***Case Study:** “Principles of Customized Training.” Sherri Torjman describes the systematic, information-rich process that marries specific jobs with individual job-seekers.
- Fred O’Regan and Maureen Conway, *From the Bottom Up: Toward a Strategy for Income and Employment Generation for the Disadvantaged* (Aspen Institute, tel.: 202-736-5800, or go to their website: www.aspeninst.org).
- Flo Frank & Anne Smith, 1994, *Human Resource Planning: Getting People Ready, Willing, & Able to Revitalize Their Community*. Find this in the “planning aisle” of The CED Bookshop at www.cedworks.com or phone (toll-free) 888-255-6779. See especially the chapter on “Training in the ‘90s” and the “Training Tool Chest”.
- Two good sources, among others, deal with the problems of jobs for those with psychiatric histories: Kathryn Church in *Because of Where We’ve Been* describes principles which guide their businesses and how these businesses do much more than just create jobs. A short form is available through Caledon Social Policy Institute (613-745-2665 or their website: www.caledoninst.org); and for the full book, contact A-Way Express Courier Service (416-424-2266).
- In the video, *Working Like Crazy*, three successful psychiatric survivor businesses are profiled. Available through the National Film Board. In Canada call 800-267-7710 and in the US, 800-542-2164; or use the website (www.nfb.ca).

Self-Employment Services

If job creation is a central focus of any CEDO, then the efforts of any community resident who seeks to create his/her own job are of keen interest. Such efforts are almost exclusively focussed on starting a business (rather than on persuading some on-going business/organization to create a position to be filled by the persuader). So self-employment

is indeed a business development approach that can be a CED focus in a community in which entrepreneurship is a prominent feature. Self-employment, it should be noted, tends to imply microenterprise, not a business that is expected to employ many besides the entrepreneur and perhaps family members. For other attention to microenterprise, see the entry for [Microenterprise Loan Fund](#).

Note that not all communities foster an entrepreneurial posture in their citizenry, for one or another cultural reason. A CEDO will be aware of its cultural context and thus choose judiciously what sorts of business development activities it will concentrate on. Fostering self-employment may not be a high priority technique for CED in some settings.

Under all these circumstances, it would be appropriate to list the tools in this category under the entry topic heading of “Retaining and Creating Jobs (through business development)”. However, it is also true that central to self-employment is the fundamental necessity of training the potential entrepreneur in all the aspects of business creation and management. Thus human resource development is key to the self-employment perspective. For this reason, we have decided to discuss the tools for self-employment under the rubric of “Building Human Resources”.

In this sub-section, two tools are featured. First is the basic training that self-employment implies. And second is the sorting through of the entrepreneur’s own values, needs, and motivations, which ultimately is a self-development technique that a CEDO will want to foster.

Self-Employment Training & Support

Description

The transition from being a job-holder to creating one’s own job - that is, to starting a business - requires shifting to a whole new mindset. A carefully designed tool to facilitate that change can be a meaningful part of a CED effort both for business development in general and for human resource services to low-income and other marginalized residents. Research seems to indicate that a mixture of group work, individual counselling, peer counselling, and mentorship may be the best combination for the entrepreneur to achieve success. Perhaps overlooked sometimes, is the need to allow for some participants to learn that business is not for them and to provide them with supports for an exit strategy into other employment.

The tool, then, is made up of a systematic set of procedures to provide the necessary services and training that (a) will encourage the change in self-identification from employee to businessperson, (b) will alleviate the anxieties that go with deep personal change and with potential failure in a new endeavour, and (c) will provide orientation to the new skills

needed. All of these re-enforce each other. For example, developing the capacity for persistence in making sales calls despite the inevitable rejections and the inescapable emotional reaction to them is a part of being able both to understand, build, and carry out a marketing strategy and also to visualize one's self as an independent businessperson.

The design of the support and training system will depend upon what the projected clientele will be. A program will be one thing for persons who are coming off welfare with little successful job history; it will be another for people who have been recently laid off after many years at one or more steady jobs. It will also look different if it is to deal with each individual separately rather than with groups of clients together.

In most cases, however, a key element in any design will be facilitating the support of peers who are going through or have been through the same process of change. Thus, even when the program is designed to work with individual potential entrepreneurs, it is probably essential for the participants to have a chance to link up with each other (see also [Entrepreneur Network Facilitation](#)). This group process is so important for support and for self-identification that most programs will probably accomplish more if they are organized for groups of clients to go through the whole set of procedures together.

Examples of different programs dedicated to different clientele will make this point clearer. Lutherwood-CODA of the Cambridge-Waterloo-Guelph region in Ontario has a history of a very successful program working with social assistance recipients (SARs). In the early 1990s it began a four-year effort to make an impact in 17 different neighbourhoods. It used a comprehensive and integrated support and training system, coupled with a temporary lifting of welfare restrictions on asset development to move people into their own businesses, or into new employment. An independent evaluation demonstrated a net return to the province for expenditures on this pilot program, but its unambiguous success has yet to result in changed welfare restrictions. However, Lutherwood-CODA has marketed its curriculum materials to many other programs.

A different clientele (the recently unemployed, eligible for benefits from HRDC) has been served by Westcoast Community Enterprises in Vancouver since 1995. Starting with the CODA materials but revamping them considerably for the differing clientele and organizing their program as a highly structured 7-8 weeks of training, Westcoast has had a very high success record compared to the half-dozen other self-employment programs in the Vancouver area. It is a group process, emphasizing the principle of breaking all tasks and goals down to smaller, very manageable short-term pieces that can fit together over the long haul. They make sure their graduates are involved in "success teams" (small groups of peers, meeting regularly for mutual support and information exchange) after they have finished the program and have their businesses underway.

A still different clientele is served by Women and Rural Economic Development (WRED), which of course focusses on the needs of women entrepreneurs. In contrast to the other two cases, WRED not only provides training and various support services, it also runs a loan guarantee program that offers credit to the people who complete the training and have launched or are launching their ventures. (See [Loan Guarantee Program](#).) In fact, WRED's approach probably is most powerful of all because it includes a credit source. (See also [Microenterprise Loan Fund](#).) The WRED experience suggests that all self-employment programs would operate more successfully if they entailed services designed for every stage in the business development and management process.

Benefits

As suggested, the main positive outcome of this tool is the creation of new businesses in the community. Such businesses will tend to make available a wider range of goods and services in the community as well as generate a multiplier effect. And of course they provide incomes for the new businessperson and any employees, which is particularly important when the self-employment programs are geared to those who do not already have jobs. However, it has been a finding for all programs that a critical benefit is the person's own discovery (including outside ratification) of the person's talents and capacities - which had not been recognized adequately before. Thus, even for those who participate in a program but never go on to create a business, the human resources outcome can be significant.

Major challenges

Setting up a self-employment program may not seem very difficult, especially if the sponsor (like a community college or an employment training program) is already experienced in the training field. However, whether the program ultimately produces the major pay-off - successful businesses - is the basic challenge; and among the programs throughout Canada there are wide variations in the rate of successful businesses. Some of that variation will be due to the variations in clientele, but much of it is probably merely a reflection of the capacities of the programs themselves.

While the curricula and techniques of support are difficult enough to devise (and will inevitably need to be continually refined), perhaps more difficult is to recruit the right sort of mentoring staff. The staff person must combine the practical understanding and experience of starting and managing a business with the ability to explain and teach what it is like and what the client needs to know if s/he is to have a reasonable chance of success. Further, the staff person also has to be good at relating one on one (always necessary for each client), as well as relating in a group setting if groups are being trained together. And since there will always be the business failures of clients with whom much effort has been expended, the staff

person also has to be able to survive the unhappy failures of his/her efforts. All in all, then, recruiting a staff capable in all these respects can be a tough job.

Finally, each CEDO must ascertain whether self-employment is a sufficiently strong cultural pattern in its community that resources should be devoted to promoting it rather than to some other means of employment creation or facilitation. Perhaps the entrepreneurial ethic is not strong enough locally, and it would be a mistake to try to base an expensive program upon it.

Some practical steps

1. It is worth stressing again that a successful program begins with clarity about who the clientele will be, because that must shape what the program will be like.
2. Thereafter it becomes the task to actually construct (and eventually test) the set of procedures and training curricula that are going to be used. It is during this stage that staff should be recruited, so that their skills and commitment can be involved in the program design.
3. After the substantive issues have been dealt with, there will remain fairly intimate and homely details of policies and procedures to be thought through—e.g., little things like whether the clients will be able to use the program's photocopier without cost or with what charges.
4. Finally comes implementation, but implementing the program is only the beginning of a process of repeated refinements and revisions, as the staff learn their own jobs along the way.

Resource organizations & contacts

The main resource organizations are going to be those who have successfully fielded their programs. Among these are the ones previously cited (e.g., contact Valerie Lockyer at Westcoast, 604-685-5058), as well as another Vancouver program based at a local college: Douglas College Self-Employment Program (Graham Hill at 604-527-5847). WRED, of course, is a prime contact for programs that focus on women (519-273-5017).

Publications

- ***Case Study:** "Microenterprise Best Practice." Good practice is fine; better practice needs numbers. A principal in Opportunities 2000 has two pieces of research to recommend for the evaluation of microenterprise programs.
- While the CODA materials may well have to be adjusted for your programs, they are a good place to start (telephone: 519-623-9380).

- A large compendium of materials has been prepared by Diane Meyerhoff, “Starting a Micro-Business Program: Background Materials and Planning Kit” (1998-99). Published by the Center for Community Futures, P.O. Box 5309, Berkeley, CA 94705. Or order from their website (cencomfut.com). Their program assessment materials are particularly good.

Entrepreneurial Self-Assessment

Description

CEDOs seek out people who might start a local business and assist them, but it is essential that the people so encouraged are truly ready for that demanding task. While the CEDO might, on its own, do some readiness assessment of any potential entrepreneur it expects to assist, the most significant assessment must be made by the potential entrepreneurs themselves. The CEDO should facilitate that rather than depend upon its own evaluation. In fact, that would be the initial important help that the CEDO could offer.

Self-assessment for entrepreneurship, then, is a searching review of key questions that the potential entrepreneur must answer before beginning any business development process. Among the crucial questions will be, first: “Is this the proper time in my life to invest myself completely in this?” Although both ends of the age scale (youths and seniors) might be especially sensitive indicators in considering this question, all ages in between must look at whether the present particular moment in life is an appropriate point to begin the challenge of business. There may be, for example, family stresses or personal health problems to be resolved first, and so addressing a business project should be at least postponed.

The second most important question is: “Am I prepared to make the necessary personal commitment?” The work of an entrepreneur is not a 9 to 5 matter; the financial risks may be threatening; the diversion from family or other interests is immense; and, ordinarily, the income returns are very, very limited for a substantial period of time. All these considerations must be carefully assessed, and the ultimate answer may be, for example, that the person really enjoys family relationships too much to give them the second place they will have to assume.

A third important question is: “Are there better alternatives for solving the problem that starting a business is intended to address?” A person may have been laid off with no chance of return and so begin to consider business as a way of earning a living; but in fact an alternative to that may in the end be more appropriate. For example, the person would need to consider moving to another location where a suitable job might readily be found; or would need to consider whether perhaps it would truly be acceptable to reduce one’s income needs

(and work only occasionally or only part-time, or retire fully). Or, in another situation, so-called welfare reform might be impelling a social assistance recipient into a self-employment career, when, actually, more conventional employment would be a better solution; therefore a completely different training/preparation strategy ought to be considered.

In the late 1970s, some members of the business department at the University College of Cape Breton organized themselves under the name of Venture Concepts and constructed a 10-week (once a week) course for potential entrepreneurs, in which the first three sessions were devoted to self-assessment. Venture Concepts came to depend upon a sort of aptitude test that is self-administered. While Cape Breton's Venture Concepts is no longer very active, the assessment technique was a critical part of its program. In any event, some systematic way to carry out self-assessment is critical.

Benefits

The simplest pay-off of self-assessment is that if the answer turns out to be negative, the person has saved himself and any others who might have assisted him (financially or otherwise) a lot of time and money. This is, in fact, the outcome for a large fraction of those who consider the entrepreneurial career but step back for a moment to do a self-assessment. And many a person has thanked those who encouraged him to wait and think first.

Alternatively, if the assessment leads to a positive answer, the person is more firmly prepared to deal with the realities of that career. And she or he can better prepare associates and family members for what lies ahead.

Major challenges

The CEDO can address what is probably the sole major difficulty in this approach: to make sure that the person is able to conduct an adequate assessment, taking the time and effort to do it thoroughly. Is it useful to get some neutral person to act as an audience or interlocutor to facilitate the self-examination process? Or should everyone rely on some tested and standardized format for the process?

Some practical steps

1. Orient the potential entrepreneur to the benefits of self-assessment and the kinds of questions to be confronted.
2. Offer whatever aids (forms, recording sheets, interlocutor) that the person can use.
3. Review the results of the assessment with the potential entrepreneur.

Resource organizations & contacts

- Alan MacDonald (Venture Concepts, 902-539-7143) remains available for orientation on self-assessment. Westcoast Community Enterprises (604-685-5058), a division of the Centre for Community Enterprise, has created a self-assessment process to support its micro-business training program.
- The North Okanagan Community Futures Development Corporation (#302 –3105 33rd Street, Vernon, BC V1T 9P7, Tel. 250-545-2215) has a comprehensive 2-week entrepreneurial assessment program which covers both personal and business viability issues.

Publications

- A tool used by the North Okanagan CFDC is *Entrepreneurial Style and Success Indicator*, which can be ordered from the Consulting Resource Group International, Inc., tel. 604-852-0566, or e-mail (crgi@crgleader.com).
- Another self-assessment technique is discussed in Jeffrey Timmons, Leonard Smollen, and Alexander Dingee, *New Venture Creation* (Irwin, Homewood, IL, 1985, 2nd edition).
- The technique used by the Cape Breton group was entitled “Venture Focus,” but it is no longer published although a copy might be obtained from Alan MacDonald.



Retaining & Creating Jobs (through business development)

Probably the most central task in strengthening community resilience and in carrying out CED in general is that of maintaining or creating local employment opportunities. Any community facing threats to its stability will generally recognize that the availability of local jobs is critical and thus will seek ways by which the number and variety of jobs can be increased.

A comprehensive community economic development strategy can be constructed to include all sorts of ways to facilitate the growth of jobs, including such indirect means as improving the recreational facilities of the area to make the locality more attractive for employers and employees. However, more directly, the strategy could focus on specific new job openings. Since by far the greater source of new jobs in most communities will lie in the private sector, the most powerful tools will focus on business rather than on public or government activities as a job creator. Without denying the possible utility of an approach that builds new jobs in the public sector, the CED tools presented in this section are all devoted to activities that assure jobs in the business sector. Of course, techniques of business finance can be critical tools. However, financing as such is dealt with elsewhere, under the topic [Addressing Financial Gaps](#). Also, microenterprise is not included as a business development tool under “Retaining and Creating Jobs.” Thus, an entry for microenterprise lending is considered within the topic dealing with financial gaps, and other related entries for self-employment (which might well be included as a business development tool) are also dealt with elsewhere, under the topic [Building Human Resources](#) in the section “Self-Employment Services.” (See the Table of Contents to navigate the placement of related entries.)

There are three sub-headings in the present section under which the CED technical tools for maintaining or creating jobs are arranged. The first, Retaining Jobs, concerns the ways in which the community can protect itself from losing jobs. The next two sub-headings, Business or Entrepreneur Support Services and Venture Formation, are concerned with new jobs.

RETAINING JOBS (Preventing Job Losses)

Business Visitation/Mentoring

Description

Owners of small ventures might make use of help with business problems but (a) not be quite aware of a significant need or problem, or (b) not know exactly where to go for help with what he/she already recognizes as a need. The kind of need can vary widely, from finding employees with the necessary skills to increased markets, to friendly suppliers, to an improved accounting system. A business visitation and mentoring program can be the answer to strengthen and even save some local businesses. A visitation program is closely related to an **Early Warning System** by which the most serious threats of imminent closure, re-location, or major downsizing are detected. A Midland, South Dakota, village of 230 population decided to make a survey of local firms and fortuitously discovered that three of them were about to close down due to the pending retirement of the owners. By scouting around, the town found local people to buy the businesses. It turned out to be as simple as that, and for a town so small, it was especially important.

The program need not be very elaborate; it simply has to have the local standing or credibility to approach a firm to offer the friendly interest that will allow access. In northwest Colorado, five counties got together to send community leaders visiting all the businesses to see what their needs might be. The practical recommendations that the leaders ended up making varied from stimulating the development of affordable housing for new employees to creating a small business ombudsman as a trouble-shooter and liaison between the county governments and the firms.

A CEDO's long-standing concern with a good local economy can offer, at least initially, the kind of credibility needed. Naturally, the CEDO must have someone with the requisite skill to relate appropriately to an owner so as to ascertain any problems and either help with them or know where to refer the owner.

Benefits

A visitation program offers the chance for a community to head off hidden problems in its local firms early on, before they become too serious and endanger the viability of a business and threaten the loss of jobs and the products or services provided. It can also enhance the CEDO's reputation as being genuinely interested in the needs of local firms. And, sometimes,

a visitation program can actually build information and insight into general issues that ought to be shaping the CEDO's development strategy for the community.

Major challenges

It is not enough to merely put a sign out, "Business Assistance Available Here." It is necessary to proactively search out opportunities to be helpful. But of course owners feel intensely the ownership of their businesses, and so it is natural that they do not easily allow access to the state of their affairs. A major issue then is how to create a meaningful approach that, for example, offers some initial assistance without suggesting any criticism and which, certainly, offers confidentiality.

Perhaps a survey can be used that provides the owner with an opportunity to get some useful advertising or put out news about the business, such as advance plans for new products or services that the community will be interested in. Whatever the approach, the CEDO will need to recognize the sensitivity that anyone may experience about revealing certain problems. At the same time, some kinds of problems are easier to talk about, and they can be an entry to being useful to the business and to the community, building a strong relationship in order to address more difficult tasks.

Some practical steps

1. Recruit the right kind of person to work with local small businesses.
2. Give that person the mandate to carry out a survey that will provide him with a natural opportunity to talk with a selection of firms (or even all of them) and concurrently assemble for the CEDO useful information on the local economy.
3. Provide the mentor with the necessary support and monitoring to help her/him be effective.
4. Whenever appropriate for the firm, publicize the sort of assistance offered and taken, so that others will seek it out.

Resource organizations & contacts

BCHydro has a "BusinessCare" program that offers a wide range of technical support for groups that want to establish business assistance projects. Any B.C. community can take advantage of this program. The Community Economic Development Manager for BC Hydro is Melinda Entwistle. Write her at BC Hydro, 6911 Southpoint Drive, Burnaby, BC V3N 4X8 or use her website (melinda.entwistle@bchydro.com).

Publications

- BC Hydro has many materials (see above).

- In Ontario, the Ministry of Agriculture, Food & Rural Affairs has materials. Business Retention and Expansion, 1 Stone Road, West, Guelph, ON N1G 4Y2. Website: www.gov.on.ca/OMAFRA/rural/english/virtual/br&e.htm.

Early Warning System (for potential re-locations, down-sizings, closures)

Description

The early warning system to discover potential closures, personnel downsizing, or relocations of local firms is a CED technique that pays dividends by preventing the community from being blindsided by unexpected business decisions. Closures and relocations are done for a reason, and if the community has time to address the reason for the firm's consideration of these moves, it may indeed prevent them. Even when it may not be possible to prevent job loss, it may be possible to reduce it or its effects.

The aim of the system is to devise a set of procedures that will gather the information necessary to understand precisely a firm's business situation and why it might consider closure, down-sizing, or relocation. That sort of 'intelligence' requires an array of potential sources of information, beginning of course with the firm's decision-makers themselves. A CEDO needs foremost to develop relationships with local firms that will allow it to know enough to assist the firms before any troubling circumstances evolve too far.

Of course, what is troubling for the community may not be so troubling for the firm concerned. For example, a company may have become so successful that it needs room for expansion that it has not found in the community, and so it will be looking elsewhere to find the space or facility to accommodate its success. Knowing about the need for expansion, CEDOs may be able to find a creative solution that serves both firm and community. Or a firm may be contemplating technological advances that will diminish the number of workers needed, or require workers with different skills than those now employed. Again, rather than merely opposing the firm's plans, in this instance the CED group may find a creative solution that cushions the impact by instituting re-training programs.

An early warning system or network requires more than good on-going relations with the local firms. (Or perhaps the CEDO has not been able to establish good enough relationships with some important firms.) Alternative and supplementary sources of information must always be accessible. These may be other business leaders (including bankers) who are aware of a colleague's concerns, or they may be outside the business sector, such as union leaders, workers in the firm itself, or specialists who study industry trends.

In order to stay on top of local business issues, the CEDO has to establish itself as a sympathetic source of support and definitely not an adversary of the job-producers in the community. It must establish itself as being interested in the problems of the community's business sector. By so doing, it can find itself automatically getting important information.

RESO, a CDC in southwestern Montreal, had established good enough relationships with the business community so that it could create a successful early warning system. RESO set up a list of all manufacturing companies (about 200) in its area and got unions and governments as well as businesses to consolidate their information on various companies and industries. It turned out that most of the firms were seen to be stressed, and so RESO began systematically calling up the companies to offer help. Of course, some firms insisted, "It's none of your business," or disclaimed any problems or merely shifted blame to their workers. But others welcomed the inquiry, which was handled by RESO's business development director, an engineer. There were many different kinds of problems, but RESO was often able to help. In one case, the firm was too dependent upon its sole two customers, and RESO was able to suggest a government source of funds to do a study that opened new customer opportunities for the firm. In another case, workers were apparently resisting modernization, but it turned out that worker illiteracy made them fear for their jobs. Union, company, and RESO put together a literacy program to equip the workers for the new technologies. This made so much difference in labour relations and productivity that the owner decided to reinvest in the local facility, although he was closing facilities elsewhere. And the literacy program was taken up province-wide by the Quebec Labour Federation.

Benefits

The obvious major benefit of an early warning system or network is that the community has timely information available to avoid the threatened loss. Even if a closure or relocation cannot be prevented, the more time available, the more possible it may be to devise other strategies to cushion the loss. For example, a new company can be more quickly started to occupy the open space and provide substitute jobs. Moreover, even if a loss is not avoided by some alternative substitute activity, a network is a good strategy to use for thinking further about how to do things better the next time.

Major challenges

Communities have all too often suffered from unilateral and unfeeling decisions by powerful business firms. And indeed closure and relocation decisions are often hidden from a community, no matter what, until the last moment, on the grounds that the welfare of the firm might otherwise be negatively affected - even when there may be no visible reason for that fear. This set of circumstances in itself poses a major challenge.

The history of such decisions has also often led CED activists into evolving a general adversarial posture with the corporate sector. Such a posture can handicap any effort to respond effectively to the potential community threats in business decisions. The CEDO has somehow to manage to avoid that self-defeating approach. The challenge here is to maintain a clear position and strategy for job retention without unnecessarily alienating those who might be able to offer key information or work with CED strategists to build stronger economic resources.

Some practical steps

1. Of a necessity the CEDO will construct a good inventory of key employers.
2. Recruit a working group that focusses on clarifying and carrying out the purposes and procedures of an early warning system. This group will ordinarily be composed of a cross-section of ordinary workers in the major employers, union leaders, representatives from community groups (such as churches or social agencies), and, of course, businesses themselves (especially those that are dependent upon the payrolls of the major employers).
3. Establish relationships focussed on the early warning technique with relevant government economic development bureaus.
4. Gather information on the current status of the key employers to ascertain any potential threats to them or to their continued presence in the community. In this activity, the workers, if not the managers, of the key employing firms will be particularly important sources.
5. Organize a routine up-dating process that keeps the group informed as to changes in industry trends and the status of the local firms.
6. Whenever there is any indication of potential trouble, re-double efforts to establish an effective relationship with the firm concerned, with the aim of assisting in resolving the firm's problems and negotiating any dilemmas.
7. When no resolution appears possible, explore all the ways that the job loss can be compensated for: worker-ownership of the abandoned company or facility; re-training; dislocation assistance; new businesses; etc.

Resource organizations & contacts

- Check with BC's Job Protection Commission (604-775-0168) or similar agencies in your own province.
- Also, early warning activities are a part of BC Hydro's BusinessCARE program and Ontario's Business Retention and Expansion program, both of which are cited in [Business Visitation/Mentoring](#).

Publications

- ***Case Study:** “RESO: Developing Montreal’s Southwest District.” RESO and its partners mesh job retention measures with entrepreneur training and employment preparation in a very effective, multi-dimensional onslaught against community decline
- Greg LeRoy, *Early Warning/Business Development Manual* (Chicago, IL: Midwest Center for Labor Research), 1988.
- Also from Midwest Center: “Saving Manufacturing,” *Labor Research Review*, (No. 19, 1992).
- John E. Lynch, ed., *Plant Closures and Community Recovery* (Washington, DC: National Council for Urban Economic Development, 1990). A compendium of varying quality but nevertheless offering many interesting cases and strategies for when the plant closes despite all efforts.

Succession Planning

Description

Succession planning seeks to shape the transfer of ownership of local businesses or facilities to assure the most fruitful outcome for the community. The most usual scenario for using this strategy occurs when the long-time owner of a local business is retiring (or ailing). At that point the business (and its jobs) can be in jeopardy, as far as the community is concerned. The business may be liquidated because other members of the family do not want to continue it, or, just as bad, a new owner may very well move it to a new setting. Such businesses often have been an important feature of the local social economy in many ways, not only for the jobs and products or services, but also because the owners have been active and contributing members of the community. Even small or medium enterprises may have played a significant role in the full fabric of the community. The case of Midland, South Dakota, described in the entry for **Business Visitation/Mentoring**, offers insight on the significance of succession planning in a small community.

The threat inherent in a change of leadership and ownership can be considerable for the home community, and therefore many alert communities take pains to see that a process of ownership succession is planned for the best possible outcome. Essentially, the problem to be handled is how to transfer ownership and management so that there is the least damage to the local economy and perhaps even a major positive effect.

Quite often the original owners will be sympathetic to the community problem posed by their retirement and will be willing to go an extra distance to make the change in the most helpful manner. CEDOs that maintain good relations with local businesses will be in a position to

discover and take advantage of that willingness in order to gain benefits for the local economy.

There is a second scenario in which succession can pose a threat to a community. This may occur when a local or distant corporate owner in the normal course of business decides to sell to another corporate owner that is not a part of the community, or perhaps with a poor reputation. New and distant owners frequently do not make good local citizens, at least without assiduous courting and monitoring by community leadership. However, such transfers may be virtually impossible to influence, except under the circumstances of regulatory restrictions. That is, certain industries (such as media or resource-based) may require regulatory permission for a transfer of ownership of facilities or other assets. When the community is host to one or more of such industries, it can consider a strategy of succession planning using such regulatory strategies. However, this is by far the least likely scenario in problems of succession and will not be dealt with in detail here. (See, however, Appendix A for the story of the Revelstoke Community Forest.)

Benefits

The major potential benefit of good succession planning is the retention of jobs and of the commitment to the full fabric of the community that long-term resident-owners represent. Moreover, with proper succession planning the business can avoid the natural weakening effect of an elderly or ailing owner's gradual lessening of effort and attention, so that when transfer does take place it is the transfer of a still strong company. And finally, the new ownership may be spread throughout the community, making the company an even more integral part of it. That can happen both with worker buyouts or with sales of shares to local residents.

Major challenges

Time is sometimes critical, especially if a commercial broker is involved and the owner is contemplating sale to an outside buyer/corporation. CEDOs are better prepared if, with an **Early Warning System**, they are able to foresee the potential threats of ownership transfer.

Also, it is only natural that an owner who may have built the business himself or herself is reluctant to face the facts of age and health and the necessity to make plans. (It's like everyone's reluctance to make a will.) Thus it may be a delicate task to approach such an owner, and that task will require the careful choice of just the right person or persons to start the discussions.

Some practical steps

1. Create a working team or committee that takes responsibility for succession planning issues.
2. Establish a system by which local firms can be surveyed and analyzed for possible succession problems. This should be integrated with the CEDO's **Early Warning System**, if any such is in effect. Depending upon the size of the community, the identification of potential problems can be relatively informal, or it can take the shape of a carefully designed survey of all local firms. (For a free copy of a sample survey and methodology, contact Commonworks, 821 Euclid Avenue, Syracuse, NY 13210.)
3. If a formal survey is adopted, use it as a means of publicizing the CEDO's interest in offering succession planning; and offer introductory information in specially arranged meetings. The CEDO may find that some owners will approach the group spontaneously on their own.
4. Identify the specific firm or firms that should be approached to offer succession planning.
5. Choose the appropriate representative to initiate contact with the firm in question.
6. Ascertain, insofar as possible, whether the owner (or owners) are indeed contemplating giving up the basic ownership. (Some owners may also be considering partial ownership, as long as they have no responsibility for management.)
7. Offer explicit assistance in the task of succession planning, being candid about the CEDO's motivations. This assistance will vary with the situation to include: introductions to specialists (lawyers, accountants, business brokers, etc.), outlining possible transfer scenarios (employee buy-outs, a joint venture with the CEDO, etc.), locating some potential local buyers, helping to assemble a reasonably accurate valuation of the business, designing the specific transfer plan, and so forth.
8. In all this, take the necessary actions to keep the community and the workers in the firm appropriately apprised of what is happening.

Resource organizations & contacts

- Some provinces, like British Columbia, have supportive programs (including tax credits) for successions that follow certain provincial guidelines. For British Columbia the provincial Job Protection Commission can be key (604-775-0168).
- To review a model program of brokering and assisting in succession transfers, check with Chicago Focus, a for-profit group with church ties (at 312-332-5100).
- For communities dealing with a transfer in forestry, the Enterprise Centre (Revelstoke) is the key organization (Doug Weir at 250-837-5345).
- The British Columbia provincial Employee Share Ownership Program (George Kennedy at 604-660-1045) deals with the succession tax benefit for worker buy-outs.

Publications

Intervening with Aging Owners to Save Industrial Jobs (1989). Published by Midwest Center for Labor Research, 3411 West Diversey Avenue, Chicago, IL 60647.

Worker Buy-Out

Description

A worker buy-out occurs when an established firm (or a facility of an established firm) is sold to the employees for the specific purpose of maintaining the jobs of those employees. This strategy is appropriate to the cases in which the community threat is the closure or potential closure of a firm or business facility. However, such closure is sometimes associated with possible bankruptcy or greatly reduced profitability; thus considering a worker buy-out is appropriate only when there is reason to believe that adequate profitability is possible. For example, a firm may plan to close a facility primarily because the rate of profit, say, 8 percent, does not reach or is not projected to reach higher corporate targets of, say, 15 percent. Under worker-ownership however, that same rate of 8 percent would be adequate to maintain the facility where jobs rather than maximum profits are the major consideration. In that situation, the workers and the community are well advised to consider purchasing the facility and running it as an independent business.

There are two types of structures that can be used for a worker buy-out. One is that of the Employee Stock Ownership Plan by which workers may buy different amounts of the company shares; and the other is the general format of the worker co-operative in which each worker-owner buys an equal share. Each of these formats has its own financial attraction. In the ESOP approach in B.C., the worker can receive an annual tax credit, for 20 percent of the investment, of up to \$10,000 a year to a maximum of \$50,000. In the co-op approach, dividends to workers are not taxed at the corporate level..

Worker buy-outs may proceed under pressure from community and/or employee sources or simply be a routine offer from a retiring owner, or may even be motivated by a retiring owner's appreciation for his community and workers. One such case was that of Hugh Hamilton Ltd. of North Vancouver, which sold forestry consultation and mapping services. Although the owner had received other offers, he worked with a negotiating committee of employees who would take over when he retired. Today the business is larger than ever before.

Benefits

In addition to the important result of job retention in the locality, worker buy-outs can have the advantage of increasing productivity by enlisting the commitment and energy of the employees when they feel they genuinely govern the venture. Often, even financial performance can be shown to improve in an established venture that becomes worker owned. Also, as mentioned, there are provincial and federal tax benefits that are targeted to co-op and other worker-owned ventures.

Two case reports will illustrate powerfully the benefits of the worker buy-out. One of these is of a co-op format, the other of the corporate share format. The detail of these cases will also help make clearer the worker buy-out model itself.

Among the successful co-operatives that have evolved from worker buy-outs is an automobile service centre in Moncton, NB, that the six employees purchased when the owner (a co-op itself, ironically) determined, after some years of unprofitable operation, that it should be closed. All of the worker-buyers were very experienced, two of them in their 60s, including the manager who had previously owned his own business in the field. With technical assistance from the original co-op owner and a co-op TA consulting group, they developed a business plan as well as financing (from the local credit union and from their own capital) in two months time from when they were notified of the projected shut-down; and then began operations which were profitable in the first year. Now, the new co-op is ending its second profitable year, having expanded and bought new equipment in the meantime. Another full-time employee has been hired as a mechanic, with an option to buy in as a equal owner. A full-time woman clerk and occasional part-timers in the shop have also been hired.

Especially in the beginning, it meant long hours for the new owners. "If it wasn't our own business, we would never have put in those hours," the manager has commented. He added that two other keys to success were managing without being afraid to carry out agreed-upon policies, even if co-workers are friends; and having clear basic guidelines on what each job consisted of. Workers Coop Auto Centre, 7 Foundry Street, Moncton, NB (David Longaphee, Mgr.).

Among the successful share corporation buy-outs is Algoma Steel, the major industry in Sault Ste. Marie, Ontario. Here the corporate owner in 1991 planned a major downsizing for a facility where it had had a history of very poor labour relations, including strikes, lockouts, layoffs, and walkouts. The union proposed employee ownership and produced a business plan. While originally the corporate owner and the banks were unfavorable, federal and provincial financial aid and firm support from the community helped clinch a deal within less than a year and a half. Employees got 57 percent of the ownership and a system by which

workers had wide participation in company governance, including representation of the board of directors. To maximize the jobs retained, the workers took a 14.5 percent pay cut together with reduced vacation and a bonus freeze. Worker training for the changeover led to a continuing training program at \$7 million annually. The company became the most profitable of its kind in North America. All workers with recall rights were re-hired, and the pay and benefit cuts were reversed, while job satisfaction and productivity steadily increased. Three years later, needs for capital led the employees to reduce their holding to 30 percent, but this was accompanied by strengthening worker participation in company decision-making.

Major challenges

The process for worker buy-outs is difficult and complex, and for that reason almost certainly the group of workers must have outside specialized technical assistance and other support to accomplish their goals. A local CEDO may offer some of that support, as would national and regional specialized technical groups, accustomed to aiding worker-ownership efforts.

Moreover, the worker-owned structure (whether as a corporation or as a co-operative) places a premium on the skill and capacity of the workers to collaborate in management decisions, including any delegation of management responsibilities to a sub-group or individual. Thus key to success, quite apart from the conventional issues that any business must confront, is the initial training of the organizing group of workers, so that they are oriented to the perspective and tasks of group ownership and management. Also, a program of on-going training must be maintained for both continuing and new workers.

An additional major challenge for most buy-outs is to reach an early recognition of the tasks involved in taking over the firm. Most frequently, the circumstances of a company (or facility) that is about to close do not allow much time for its workers, management, and extant owners to solve all the necessary problems of a transfer of ownership. Thus the swift entry of appropriate technical assistance responsive to the workers will be important.

And finally, it is unfortunately true that all too frequently the established firm that is closing a facility in the community but expects to continue operations elsewhere will be reluctant (for good or bad reasons) to enter into negotiations with the workers (or others) interested in a buy-out. The task of even getting consideration of a buy-out may require extended and strenuous negotiations, never mind the terms of the buy-out. It is in that task that broad community support is critical.

Some practical steps

1. Employees must organize themselves to consider and decide on whether to pursue a buy-out.
2. They will need to seek out technical assistance organizations that are experienced in the process of worker buy-outs; and they will usually need to enlist the friendly aid or sponsorship of community organizations, unions, and even political figures.
3. The current owners must be approached to ascertain the degree of willingness to negotiate; and, if possible, the owners should be gotten publicly committed to at least considering a potential buy-out.
4. A formal feasibility study must be carried out to determine if the business can be successful under worker ownership; and a business plan will have to be developed, based upon the feasibility analysis.
5. As part of the feasibility and planning effort, it will be necessary to explore the availability of financing, beyond what the workers themselves can provide.
6. All through this process, the workers will need to be teaching themselves, with the help of technical consultants, the ins and outs of the business and its management tasks.

Resource organizations & contacts

- Specific consultation on starting a buy-out as well as on later managerial problems can be obtained from Employee Ownership and Incentives Association (EOIA) in Vancouver (toll free: 877-387-3767). They also have such aids as legal templates and basic publications. EOIA is affiliated with a similar Ontario group and with the National Center for Employee Ownership, 1736 Franklin St, 8th Floor, Oakland, CA 94612-3445 (tel: 510-208-1300; fax: 510-272-9510, e-mail: nceo@nceo.org, website: www.nceo.org).

Other contacts for corporate structure cases include:

- For B.C. projects, the provincial Employee Share Ownership Program (George Kennedy at 604-660-1045); Employee Share Ownership and Investment Association (Julia Markus at 604-687-3767);
- The Niagara Enterprise Agency (Glenn Stansfield at 905-687-8327).
- General assistance is also available from the non-profit Worker Ownership Resource Centre (604-520-3341).

For co-operative structure cases:

- Canadian Co-operative Association (CCA), B.C. Region (John Restakis at 604-662-3906).
- Diane Fitzgerald, Atlantic Cooperative CED Institute, P.O. Box 1872, Truro, NS B2N 6C7 (tel.: 902-899-0070; fax: 902-893-0109).

Publications

- EOIA (above) has many useful publications, particularly the *Employee Buyout Handbook*.
- *Employee Ownership: An Ontario Perspective* (Niagara Enterprise Agency, see above).
- Frank T. Adams and Gary B. Hansen, *Putting Democracy to Work* (Barret-Koehler Publishers, 155 Montgomery Street, San Francisco, CA 94104), 2nd ed. 1993.
- For potential worker co-ops, CCA/BC (address above) has an array of materials.

BUSINESS OR ENTREPRENEUR SUPPORT SERVICES

Business Incubator

Description

Contrary to a common idea, a business incubator is a program, not a building. The program (in variable formats) fosters the start-up, evolution, growth, and ultimate sustainability of new (or very early-stage) businesses. True, it will always have a home in a building somewhere in the community, and in that building many, even all of its client enterprises may initially be located. But it is the combination of business development services (including providing space) that makes the incubator a very effective tool. Thus the over-all aim is to offer a set of helpful services to local entrepreneurs. All, even the provision of space, could be and sometimes are offered independent of an incubator. It is just that the most powerful incubators integrate all necessary tools into a single tool.

The successful incubator, like other successful initiatives, will have a clearly defined goal and a clear strategy for achieving the goal. For a business incubator program, that means clarity about *what sorts of businesses will be aided in what ways in order to add what sorts of strengths to the community*. Answering this multiple question carefully results in different sorts of incubators for different communities, depending upon what is determined to be the local gaps for new businesses to be started successfully in the community. In short, the incubation program is tailored to what the community needs for business development, and those needs are specifically assessed, not just assumed. However, with its focus simply on business, even the most comprehensive incubator clearly is only one part of an overall community economic development system.

Among the many different strategies that an incubator may choose as central to its program is concentration upon a single industrial specialty, perhaps related to the major local resource or to an extant local tradition of specializing in a particular trade or industry. The

aim of the incubation program may include explicitly fostering a flexible manufacturing network of many independent but interlocking firms in that selected sector, or others. Or it may choose simply to be ready to respond to any entrepreneur who appears to have a reasonably good idea, no matter what sector it concerns.

As noted, the kinds of services geared to the selected market of entrepreneurs can vary. For example, they can include assisting with **Feasibility Studies** or merely referring the entrepreneur to a consultant. A **Community Revolving Loan Fund** may be part of the available services, or instead the incubator staff may merely promote entrepreneurs to conventional sources of credit. Again, the choice would depend upon analysis of what is truly needed by local entrepreneurs to create the businesses that will strengthen the community economy. Almost always the incubator offers a range of common office services such as a joint receptionist, photocopying, fax machine, etc. Customarily the rent charged for business space is below market rate initially but rises with the growth or age of the business.

Within that context of goals and a selection of services, the incubation process itself with each business firm/entrepreneur will be a constant moving between supportive tactics and demanding tactics, to encourage each firm into the most promising position. And that too will depend upon analysis of the needs and assets in each case.

Benefits

The potential benefits of an incubator program are an increase in the local rate of formation of businesses; an increase in the rate of survival of new businesses; an increase in the growth rate of businesses; or even an increase in the efficient re-distribution of the assets of businesses that have failed. An example of the latter is encouraging the promising but failed entrepreneur to try again or, in a less promising case, to encourage the entrepreneur to seek employment instead of business ownership.

Major challenges

The major challenge *in establishing* an incubation program is to conduct an adequate analysis of what the *community* really needs, instead of just assuming that the main need is, for example, ample cheap space for new businesses. The major challenge *in carrying out* an incubation program is to analyze what each actual *entrepreneur* really needs. In both instances, the temptation is to move with what is immediately apparent, when in fact what seems to be a real need may not be, or another need may be more significant. For example, almost any entrepreneur will say that s/he needs financing, but that does not mean that the incubator should set up a credit or equity investment arm. A variety of financing strategies actually may be available locally, but the firms may not know about what fits them, or may

not be able to argue their case effectively. Those are quite different matters, and they must govern the incubation process, not a premature decision to establish a loan fund.

When the incubator assesses the local situation, it may determine that establishing partnerships with other services will be most effective. The Enterprise Centre in Dawson Creek, B.C., sponsored by the local Kiwanis, illustrates this conception. In operation for 13 years, it began with idea of fostering businesses as such, but now sees itself more in terms of systematically fostering a local entrepreneurial culture that will ultimately lead to more and stronger local businesses, and so it built a close relationship with the local high school. Students are brought in to a two-year course at the Centre's own building, to start them off in the business of thinking about their own businesses. (See [Youth Entrepreneurship](#).)

The high school level courses are paralleled by other training, open to all local citizens. The Centre also leases space to businesses and to such agencies at the regional Community Futures Development Corporation, which itself offers a range of services for businesses. The Centre is a self-supporting institution, living off the revenues derived from providing services and space, and from contracting for the delivery of business training services for government agencies. It is a non-profit organization, totally independent from any other organization, including its close partner, the local school district, and the original Kiwanis sponsor. Its board of directors is chaired by the principal of the high school, but almost all other board members come from the business community. This is indeed a very distinctive incubator, but then all incubators will be as distinctive, shaped as they must be to the individual circumstances of each community.

Some practical steps

1. As stressed here, the initial task is to assess the community situation. Perhaps, in fact, an incubation program should be far down on the list of priorities for increasing community resilience. Indeed, perhaps business formation in itself is not so important at the moment as is business retention.
2. Next the question must be addressed, What is the specific gap (or gaps) that the incubator should work on?
3. With a clear idea of the specific goals, then a strategy can be worked up that will use the incubation technique appropriately.
4. Since an incubator is itself like any other business, it too must be able to sustain itself. And so the next step is to determine whether or not the idea is truly feasible. Can it be financed? Can a competent incubation manager be recruited? Only with full answers to these sorts of questions should a CEDO move ahead to implement and test out its plan.

Resource organizations & contacts

One of the most recent annual conferences of the (U.S.) National Business Incubation Association focussed on launching a new incubator; the association may be contacted at: 20 E. Circle Dr., Athens, OH 45701, tel. 614-593-4331. Be sure to check their website (www.nbia.org) which has a very helpful list of 50 topics on which you can get further information.

Publications

G. A. Lichtenstein and Thomas S. Lyons, *Incubating New Enterprises: A Guide to Successful Practice*, published by the Rural Economic Policy Program of the Aspen Institute, Washington, DC (tel. 202-736-5804). An essential resource.

Feasibility Studies Support

Description

Both CEDOs and local entrepreneurs can have what seem like good ideas for a viable business, but they need to be tested before much time, effort, and money is invested in them. Feasibility studies are that sort of test. While it is usual to think in terms of a single thorough test of the business idea, in fact the process of feasibility testing sometimes implies a series of tests, each a little more demanding than the previous.

Unfortunately, people who have a business idea that seems good (to them) may have difficulty subjecting their idea to a stringent enough test. It is under these circumstances that the entrepreneur or other sponsor needs to have some assistance in carrying out necessary feasibility studies. Moreover, the results of the testing need to be spelled out so that relevant others (such as a loan officer) can evaluate them. It makes good sense to invest some careful time in analyzing and reporting the facts about a business idea before going to the time and expense of developing a full plan to start the business.

Some business proponents need only a little guidance, perhaps just suggestions for a workable format or procedure for conducting their own testing process; but they all need someone to review what they come up with and raise any necessary further questions. It is that service that CEDOs may wish to provide. At the least, a CEDO must be able to conduct feasibility studies for its own projects (or carefully collaborate with a feasibility consultant).

Benefits

Feasibility tests assure that resources are efficiently spent on the tasks of developing each particular business prospect. Also, a CEDO offering business services needs to be understood as seriously interested in the facts and figures, not just the dreams of new business.

Major challenges

As implied before, it may be difficult to get a business proponent to do the hard work of pinning down whether the business idea has real merit or just sounds good. This can be the case whether the proponent is either an aspiring entrepreneur or a CEDO staff or board member urging that the CEDO take on the venture project. Further, doing the needed research is hard work, and it must be done systematically. Luckily, there are guides to make it a reasonable task. Still, it is probably worth noting that even well done feasibility studies that turn out reliable positive results do not guarantee that the business or other development project is a good idea. The feasibility study can, however, be a useful source of information to strengthen the business and identify where the unavoidable risks and problems are.

Some practical steps

1. This, like the services in **Business Planning Aid**, needs to be a part of the larger CEDO business development activity picture, and it is necessary to determine just how important in that picture is offering aid on feasibility studies versus some other expenditure of CEDO resources. In any case, the CEDO staff should be aware of the salience of feasibility studies for business start-ups and communicate that to any entrepreneur who approaches the CEDO.
2. Systematic assistance itself can be arranged for entrepreneurs through other providers or, if a community survey justifies it, through the CEDO's own staffing. Incidentally, sometimes help can be arranged for free from a local businessperson.
3. In all cases, CEDOs must be clear that the study has to be done as far as possible by the entrepreneur, not just by a consultant, if it is to have credibility to the entrepreneur and increase her/his ability to create and manage the business.
4. In those instances in which the study is being done on the CEDO's own project, there still needs to be clear delegation of responsibility to the staff member who is the project's proponent.

Resource organizations & contacts

- If there is a nearby Community Futures organization, or Business Development Centre, it will likely be a source of help for any proposed ventures that would fall within its

catchment area. Of course, the CEDO should have already established a good working relationship with any relevant BDC.

- You can check out the (often limited) provincial programs at the Canada/BC Business Information Centre (800-667-2272) or similar agencies in your provincial government.

Publications

- “The First Stage Analysis of a Product or Service Venture,” an appendix in Stewart E. Perry, *Developing a Business Venture: A Manual for Community Groups* (fax 617-497-7614). Provides a format for doing a feasibility study to uncover any of the “fatal flaws.”
- Most local libraries will have a range of guides. CCE Bookshop (toll-free 888-255-6779) will have suggestions for CEDOs.

Business Planning Aid

Description

An entrepreneur may have a pretty good idea of how to build the business, and good plans may be worked out in her/his head; but s/he may not be good in getting them down on paper. Yet that process is key to communicating the appeal of the business to potential financiers. Further, a well worked-out plan can be critical for a successful start-up and continuing, effective management.

Business planning assistance is fairly accessible in larger communities but not in smaller ones, mainly because it is not frequently enough sought out. Thus a CEDO (or a CEDO partner) might establish itself as a source for arranging for such help, even if they do not provide it themselves.

As important as the plan is, it cannot be the sole focus of a business development strategy for the CEDO. There are too many other potential services for business assistance that need to be considered. And business planning aid must be merely an integral part in the whole process.

Many Community Futures Development Corporations with their Business Development Centres specialize in offering many different services, including loans up to \$75,000. Some CFDCs take a strongly hands-on approach to helping clients prepare their plans and seek capital; others may restrict their technical assistance simply to explaining the workings of their own loan programs.

The oldest and one of the most successful CFDCs working with businesses is the CFDC of Central Island (Nanaimo, B.C.), which has taken as its focus the special needs entrepreneurs – women, youth, the disabled, long-unemployed, and the like. In the average month a

business analyst here may receive 80 inquiries, of which perhaps 20 are further considered in detail, and then a selection of these eventually get help from the analyst and even members of the board of directors to work out a full business plan.

Although business planning is described here in terms of its relevance to potential entrepreneurs, the same elements are applicable in the planning done by CEDOs on their own business ideas for their own ventures. For example, Kitsaki Development Corporation, a CDC in Saskatchewan, systematically searches for business opportunities (usually in joint ventures), performs feasibility studies, and then produces a detailed business plan before investing their funds in the venture.

Benefits

In a locality where bank branches do not usually practice relationship banking, the banks will place more emphasis on the paperwork. So offering business planning assistance helps to facilitate the use of available financing mechanisms at such credit sources. And of course the CEDO in general wants local businesses to succeed, and good business planning is one way to help assure that. Again, the same requirements will attach to the CEDO's own business projects.

Major challenges

Just because the plan is on paper does not make it a useful tool for the entrepreneur. All too often, a consultant will write up a beautiful looking plan with all the cash flows, etc., but it means very little to the person who is going to be running the company. Ownership in the plan, as well as a full understanding of its limits and its potential pitfalls, is critical to getting any benefit out of it. The major challenge in reducing a plan to paper is to make sure that it matches the ideas and, yes, feelings of the business owner/manager. Business planning services have to create a close give-and-take with the entrepreneur and involve him/her (and any partners) in every element of the plan. The entrepreneur must have a full understanding of the details, especially in those parts where s/he may not have been the initial source of those details.

Some practical steps

1. Assess within the business creation priorities of the community whether technical assistance in business planning is a significant need. Interviews on this with bank loan officers as well as business people will be required.
2. Depending on the size of the market for such services, search out consultants or consultant groups who are readily accessible and willing to serve your community's

- entrepreneurs. Carefully check out references (prior clients and the banks that have reviewed those clients' plans).
3. Or if the local market justifies it, recruit a business specialist/planning advisor to join the CEDO staff and to offer other sorts of business assistance as well.
 4. In short, make this very limited sort of technical assistance fit as a part of your broader system of aid to local businesses, as determined by your analysis of the local setting. And whenever the CEDO is itself involved in starting new businesses, the specialist will be able to serve the organization, as well as the individual local entrepreneurs.

Resource organizations & contacts

- Since ordinarily a CEDO will promote this service as part of a wider array of business support services, it may find help from the technical assistance organizations that serve CEDOs. Among these particularly are the Community Futures groups.
- Other organizations can be accessed through the Canadian CED Network (toll-free 877-202-2268).
- The Canada/BC Business Service Centre (800-667-2272) may also be helpful. Each of the four western provinces offer such a government one-stop site.

Publications

- Applying a perspective congenial to the CED approach is John Olsen, *The Business Builders Manual* (CCE Bookshop, toll-free 888-255-1922).
- An aid that has been widely used is Stewart E. Perry, *Developing a Business Venture: A Manual for Community Groups* (fax 617-497-7614); this includes a 28-page Appendix, "How to Prepare a Business Plan For Product or Service Ventures."
- A fine presentation of planning with a focus on marketing is "Effective Promotion for Small Business" (Manitoba Women's Enterprise Centre: 204-988-1860).

Entrepreneur Network Facilitation

Description

Business people often do not have enough time to organize themselves into special networks or associations that go beyond the Rotary, Kiwanis, and other service clubs, even when they recognize that getting together for one or another business purpose could be of value to them. So CEDOs can take leadership and help out by devoting the time and energy to that sort of task. Such networks are intended to have a fairly specific focus, in contrast to the more conventional and general business organizations, like a Chamber of Commerce. That

is, the potential network members will share some more specific common status, such as just starting out in business.

For such entrepreneurs, it is usually a simple enough matter for a CEDO to get them together if the aim is clear and likely to be helpful. But a more complicated form of the task may also be addressed - namely, the facilitation of a flexible manufacturing network (FMN) to serve firms in a very specific field. The latter brings together individual businesses or entrepreneurs to co-ordinate the production of a good or service that has many parts, each of which (but not the entire ultimate product) can be produced by one of the members of the network. Here again the CEDO can assume a crucial leadership role in helping the entrepreneurs consider whether and how to work together in a FMN.

The Kiwanis Enterprise Centre in Dawson Creek, B.C., (see [Business Incubators](#)) has promoted two networks that are moving toward FMN activities, as well as others that are less ambitious. It deliberately chose to foster relationships that focussed on the two main local resource products, in order to facilitate economically more valuable exports. There is a Value-Added Food and Agriculture Association, engaged in establishing a food processing centre which will meet strict health standards to allow members to produce for commercial markets in the U.S., as well as throughout the province. The Value-Added Wood Products Association has been working on the idea of a common kiln that would do the specialized drying process for hardwoods, the most significant local forestry product.

Benefits

Entrepreneurs are often isolated in the pressing demands of their businesses and need the chance to share the problems, the feelings of reward, and the general experiences of their world. Such sharing helps to mitigate the isolation and stresses of bearing total responsibility for the firm, and often it can bring new ideas to bear that are directly helpful. In the instance of networks other than FMNs, the members find primarily a comradeship, which perhaps even family members cannot offer.

If, as in the case of youth or women entrepreneurs, a certain social status makes the career even more challenging, such networks can be especially helpful in discovering common issues and common solutions. Women and Rural Economic Development (WRED) in western Ontario makes the promotion of networking a key element of its program of fostering new enterprises established by women. They have found this activity to be a major support for the business owners who otherwise are fairly isolated in their rural settings; the networking is crucial for business survival since it also leads to shared marketing and production information.

In the case of the FMNs, the entrepreneurs get an even greater benefit. That is, they may be able to expand or to meet changed market demands more easily if they can integrate their operations with others. The FMN can actually create a whole set of new businesses as the entrepreneurs divide up the production of a new (at least to them) product.

Major challenges

The FMN sounds like a simple enough idea, but in some ways it may actually run counter to the usual entrepreneurial culture. That is, it requires the FMN members to give up some of their independence as they integrate their production, sales, prices, etc., so as to get smoothly to the ultimate joint product. Since most entrepreneurs are in business because they particularly value the independence of running their own show, this kind of co-ordination with others can be a real challenge. Moreover, it requires valuing collaboration rather than the usual competitive attitudes.

In the instance of the networks that are primarily for sharing information and experiences, the challenge is probably confined to carefully maintaining the conditions for sustained contact. That is, the main task is simply assuring the routine arrangements that make it convenient for the members to meet regularly and productively, without requiring them to deflect excessive time from their businesses.

Some practical steps

1. The CEDO will need to survey a set of firms to ascertain whether there is sufficient interest or need for the particular type of networking.
2. A council of broadly respected entrepreneurs should be assembled to promote the idea of the network and to determine the precise purposes to which it should be devoted.
3. Initial meetings will offer a wider opportunity to shape further the aims and activities of the network.

Resource organizations & contacts

- The Niagara Enterprise Agency (NEA) in St. Catherine's, ON (905-687-8327) offers services to establish networks and the supporting organization.
- Also, the staff with the two organizations cited can offer some of the best information: Kiwanis Enterprise Centre (250-782-5745); WRED (519-273-5017).
- At the University of Georgia, Dr. Mary Anne Alabanza Akers has specialized in flexible business networks (706-542-3350).

Publications

- ***Case Study:** “Flexible Business Networks.” A leading consultant discusses how to build and maintain an effective, community-based FBN, and especially, how to choose the all-important network advisor.
- ***Case Study:** “New Directions for Microenterprise.” The experience of ACENET in Appalachia shows how networks of support for market-focussed microentrepreneurs can be a way to engage traditional community institutions in economic revitalization.
- *Flexible Manufacturing Networks for Microenterprises* (published by the National Congress for Community Economic Development, tel. 202-234-5009).
- C. Richard Hatch, “The Power of Manufacturing Networks,” pp. 33-40 in: R. Scott Fosler, ed., *Local Economic Development: Strategies for a Changing Economy* (Washington, DC: International City Management Association, 1991).

VENTURE FORMATION

Community-Owned Venture Development

Description

As an alternative to a program solely fostering traditional privately-owned local businesses, the CEDO may decide to create its own ventures. The CEDO becomes the entrepreneur and, like any entrepreneur, goes through the entire process of launching a business. Here is meant a business wholly-owned by the CEDO, in contrast to a CEDO joint venture with a partner (see **Joint Venture**) or a venture for which all initial shares are sold off to community residents. As has been mentioned in the discussion of various services for business development, CEDOs involved in creating their own businesses need to go through the same processes of venture development as any entrepreneur.

Perhaps the best known instances of this sort of CED initiative are the ventures started by the Human Resources Development Association (HRDA) in Halifax, Nova Scotia. This organization originally found its capital in grants from the municipal welfare department which provided funds on condition that social assistance recipients were hired as workers in the ventures. This innovative financing was a key capital ingredient, but the businesses otherwise are outstanding cases of CEDO-originated and –owned ventures. More than 15 business have been started over the years since HRDA was founded in 1978. Not all have succeeded. Some were simply closed as losing too much money; others were sold off as

unlikely to grow sufficiently. But over-all profitability has been enough to start new businesses, without capital grants.

Benefits

Instead of having to rely upon the uncertain evolution of businesses by private individuals, the CEDO can push the creation of local jobs by itself starting businesses. Quite apart from the number and quality of jobs created, the business can represent a way to earn future revenues for the CEDO. Generally speaking, however, such revenues will be far down the road as surpluses will initially be required for re-investment and expansion in the venture itself.

Among the other possible benefits for the CEDO are a favourable visibility in the community and a favourable status for relations with banks on other projects. For the community itself, the firm can represent opening a new type of industry (diversification); tax base enhancement; increasing the variety or range of price and quality in the local supply of goods and services; leverage and competition with firms that need to improve their community citizenship; etc. Also, each CEDO business may stimulate private entrepreneurs into their own ventures or into expansions, perhaps to serve or complement the CEDO's firm. Thus the community-owned venture can give momentum to the private process of local business development. And still another pay-off with this CED tool is the fact that the business can be started and run in accordance with local values and needs, for example, with regard to environmental considerations or employment of people with disabilities. The CEDO will be making the decisions, not someone who is simply concerned with making a profit.

Major challenges

As with conventional businesses, a CEDO-owned venture has the critical task of assuring sustainability - that is, not just breaking even but generating surpluses that can strengthen and expand the business and make it last. If it were so easy to start and run a profitable business, there would be a lot more of them!

An additional problem for a CEDO, in contrast to private sector firms, is the fact that it must justify itself in the private market as being just the same as any other business - i.e., paying taxes, following the laws, etc. - even though it is also maintaining social goals in its launch and management of the venture. Too often, community-owned businesses are criticized improperly as unfair competition for conventionally-owned firms. It often derives from the erroneous assumption that the CEDO somehow has government behind it because it (often) has received some government grants at some point in its life. In spite of the fact that government supports of all kinds (including even grants from time to time) go to private businesses, critics may single out the CEDO as somehow especially favoured. That mistaken but potentially dangerous criticism has to be headed off, from the beginning.

Finally, as with any entrepreneur, a CEDO can really get fixated on a particular venture idea and pursue it blindly when the signs have already pointed to its necessary rejection.

Some practical steps

1. The CEDO must establish its criteria for selecting one venture idea over any other for exploration. There are many possible considerations that can govern venture selection, including the degree of risk, the capital needed, the job types to be created, the industry sector in relation to existing local industry, the CEDO's own management resources, etc. All these criteria must be weighed for their relative significance to the CEDO, its goals and its community in order to develop meaningful venture selection criteria.
2. Once the choice is made, then responsibility for exploring and developing the business must be clearly located. Committees do not make good business developers. So usually some chief individual must be designated - even if s/he must have the help of others, even if who that chief person is may change along the way, and even though the CEDO board must always assume ultimate corporate responsibility.
3. Thereupon the feasibility process begins.
4. If the checkpoints of the feasibility activity turn out, then a full-scale review that results in a business plan is undertaken.
5. Since it is rare that a CEDO can make the total necessary investment from its own resources, others will be solicited for participation.
6. A final deal is negotiated, and ultimately approved by the CEDO board.

Resource organizations & contacts

The type of venture will suggest the kind of expertise that must be called upon. If the project is a shopping centre, there are specialists in that; if it is a lumber mill, the same is true. In all instances, however, specialists are used to working with private firms, not CEDOs. For this reason, it is useful to seek out technical assistance groups that work with CEDOs, acting as generalists in the process, with specialized content experts recruited, depending upon the industry and project structure. The Canadian CED Network offers entry to virtually all the relevant technical assistance groups. (Call toll-free: 877-202-2268.)

Publications

- Stewart E. Perry, *Developing a Business Venture: A Manual for Community Groups* (fax: 617-497-7614). An accessibly written introduction that is widely used.
- **Case Study:* "HRDA Enterprises, Ltd." Using social assistance funds as capital, in ten years the Human Resources Development Association helped more than 1400 Halifax residents go from welfare to work. HRDA is a good example of the power of capital under the management of a mission-driven, community-based organization. (A wide range of

other relevant publications may also be obtained through the CED Bookshop toll-free 888-255-6779).

- ***Case Study:** “Crafting Sustainable Development.” The use of venture development filters to secure specific community benefits (in this case, businesses that are sustainable socially, economically, and environmentally) has been well demonstrated by Coastal Enterprises, Inc. of Maine.

Co-operative Employee Partnership Program

Description

In one sense, the Co-operative Employee Partnership Program is a very specialized business development program arising from a complex partnership among Nova Scotia’s Department of Community Services, individual co-operatives, the Credit Union Central of Nova Scotia, the Regional Cooperative Development Center (RCDC), other provincial departments and other co-op actors. However, while its structure in Nova Scotia depends upon provincial government assistance, the general principle does not require government partnership. So the model is presented here as a CED tool that could be deployed anywhere. Essentially it involves the sponsorship by a successful co-op of a totally new business that is organized, manned, and owned primarily by former social assistance recipients or other job-needy residents.

In the Nova Scotia model, the sponsoring co-op identifies a business opportunity, gets the feasibility determined by an outside consultant and the Credit Union Central (as an in-kind contribution to the enterprise), and gets referred to it a cadre of potential owners who have been screened by the Department of Community Services. The sponsoring co-op also offers initial management services to the new venture (at a fee capped at 10 percent of sales, as well as some profit-sharing as agreed to by the new venture’s board).

The Department of Community Services provides each worker-owner with an equity of \$20,000, repayable from the venture’s earnings. If the business requires more equity than that, it will be organized as a joint venture with other equity holders. RCDC manages the entire process and makes the final decision on implementing the new business.

The sponsoring co-op maintains the managerial contract with the new business until the workers have repaid their equity allowance to the Department of Community Services; it may continue managing thereafter but only upon a new agreement with the now full-fledged owners of the new co-op. Another critical and on-going support to the business is an initial training program in operations and management for the workers and thereafter an annual supplement of 50 hours of training for each worker.

The basic elements of this business creation process are:

- a highly experienced business/sponsor (a successful co-op) that fully vets the new business opportunity and agrees to manage it in its early stages at a reasonable cost;
- a financing scheme that offers equity to workers, on a repayable basis;
- a careful screening and training program; and
- effective co-ordination and direction of all elements to the point of launching the venture.

Benefits

The major pay-off of this inventive financing and job creation process is the employment of people who have suffered from joblessness even to the point of being on social assistance. The full array of indirect benefits accrue to the community when it is home to a new business that is so carefully launched and when previously unemployed individuals begin spending their expanded income from employment.

Major challenges

To use this technique for job creation requires partners who are willing to make a substantial contribution to job creation. That implies that leadership and collaboration is at a high level in the whole process. A somewhat similar business development approach was invented in 1978 with social assistance capitalization by the municipality of Halifax, under sustained and innovative leadership and collaboration. (See [Community-Owned Venture Development](#).) This history, as well as that of the Co-op Partnership Program, definitely demonstrates that leadership is the prime element in this ambitious sort of activity.

Some practical steps

1. Gather together a set of representatives of organizations which can contribute to one or more of the basic elements, as cited above.
2. If it turns out that potential contributions to all elements are not included (for example, there is no organization ready to provide the initial capital), the next task will be to recruit such an organization, using the commitments of all the other partners as the basic argument for joining up.
3. The potential co-op business and its sponsor should be selected and the process of vetting it begun.
4. As the venture is determined to be in fact a good bet, then the potential owners can be selected and introduced to the venture idea and the opportunity for employment.
5. The training of the new owners is conducted, and the various financial and legal decisions taken.

6. The venture itself is launched under the management of the sponsor, while training continues.

Resource organizations & contacts

Diane Fitzgerald is the key person for this model. She is at the Nova Scotia Cooperative Council, P.O. Box 1872, Truro, NS B2N 6C7 (tel.: 902-893-8966; fax: 902-895-0109). The Council is now heading up this program and producing other such projects, because the Regional Cooperative Development Center is no longer active in the field.

Publications

***Case Study:** “Co-operativism at Its Best.” An introduction to CEPP, the self-employment program in Nova Scotia that counters chronic joblessness by integrating government money with the entrepreneurial and community spirit of regional co-ops.

Joint Ventures

Description

In this context joint ventures are local business enterprises (in any field) that the CEDO enters into with one or more private sector corporations or entrepreneurs. (Or the CEDO may join in a business like that described in **Co-operative Employment Partnership Program**, as an equity investing partner.) The structure of the deal may vary in any number of ways (e.g., the business itself may be a partnership or a corporation; the revenue streams may come from more than one type of operations, etc.). However, the usual case is that the venture is organized to be managed by the private sector participant, for whom the particular business field is usually familiar, while it is typically a new field for the CEDO. That can be a critical feature, and it should be understood at the outset of working on the venture.

The fundamental rationale for a joint venture is that each party brings to it something that the other party needs for a successful business. Ordinarily that something is not just an infusion of dollars, which would be merely an investment; rather it is some other advantage, such as access to natural resources or political influence or a special market or crucial experience in the field.

In the instance of the CEDO's entry into a joint venture, the CEDO ordinarily brings to its private sector partner special access to the community's resources (including community access to certain government capital) and a certain credibility as an actor in the community, without either of which the business probably could not get started. For the CEDO the partner reciprocates these advantages by bringing a high degree of expertise as well as access to

private or other capital to finance the business. Sometimes the CEDO will bring its own share of capital to the deal, although typically CEDOs are capital-starved. Occasionally a CEDO may bring along to the venture access to a labour force or to ways of relating to the labour force that the partner has no skill in. For example, a CEDO may be able to screen local job applicants better than the partner.

For both partners, there is a sharing of the risk of the venture, and so for both partners a real investment in its success; but success can mean different things besides simple continuity of the business, depending upon how the deal is designed. In a joint venture, the deal is critical.

Benefits

Quite apart from participating in an income stream from the business, the CEDO can realize a number of significant community benefits: job openings in operations and management; access to new skills; prestige as a business partner in a major venture; and, depending upon the business, a market for local products/services or other inter-locking economic exchanges.

Major challenges

In any joint venture the big problem is finding, choosing, and qualifying the partner. While that is as true for the private sector partner as for the CEDO, the CEDO probably has less experience in the matter. That means it is a harder job and ordinarily will require some experienced consultative assistance.

A second major task is negotiating the deal, for which again advice will almost always be necessary. Thirdly, there is the job of monitoring the performance of the business and the deal itself. Because a joint venture is more complicated than a wholly owned business, more effort is required. And finally, there is the human or psychological commitment and trust that is required. If you are worried that you can't quite trust your partners, then you should never go into business with them; on the other hand, if you have decided to be partners, then the project deserves a relationship of mutual respect and trust. At the same time, that trust does not take away from your responsibility to check everything, absolutely everything, before the deal is signed and to expect and demand the kind of on-going reports that the deal will require.

These four challenges may seem severe enough for many community groups to give up on using the technique of joint ventures. But the joint venture is an incredibly valuable way to increase the reach of a CED strategy.

Some practical steps

1. You need to take a look at the business simply as a business. What are the prospects of the business to make money, to stay in business? Are all the elements of feasibility present?
2. Would you go into this business if you could do it alone? In other words, you will need to determine whether the business itself fits the over-all CED strategy. No matter what a good deal it might be, if you lose the sense of priorities that guides your strategy, you could be in trouble. Yet it just may be the opportunity of a lifetime! The analysis here could be tough.
3. Begin the process of checking out your partner. It is not something that is done once and for all; it may require repeated inquiries into all sorts of things, from financial record to references to inspections of equipment, all the way until the actual signing of the final deal document.
4. Budget what the whole research and negotiating costs are going to be.
5. Seek absolutely competent legal and negotiating help. Check them out thoroughly.
6. From here on things get technical, but you'll need a community back-up team to work with your negotiators and lawyers.

Resource organizations & contacts

- The Centre for Community Enterprise (tel. 250-723-1139) has had significant successful experience in developing joint ventures where the CEDOs were First Nation groups.
- There are probably no other Canadian resource groups that have a background in CED joint ventures. However, appropriate private sector lawyers and negotiators experienced in the joint venture field can be sought out, through your local bank or CEDO legal counsel.

Publications

- Mike Lewis and William J. Hatton, *Aboriginal Joint Ventures: Negotiating Successful Partnerships* (CCE Bookshop, toll-free 888-255-6779). Although the focus is on First Nations, this offers the best source of information, adaptable to other settings.
- ***Case Study:** "Anatomy of a Joint Venture." A detailed explanation of how a Yukon First Nation used the process outlined in the book *Aboriginal Joint Ventures* to negotiate a joint venture with a junior gold mining company.
- ***Case Study:** "From Theory to Practice." In a complex joint venture with a multi-national corporation, five First Nations on Vancouver Island have launched a development corporation to act as both a developer and a steward of Clayoquot Sound.

New Generation Co-operatives

Description

Agriculture, forestry, fishing - industrial sectors based on natural resources - have been significantly affected in recent years by changes in the way commodities are produced, processed, and marketed. In their struggle to survive, commodity producers are looking to different organizational models to secure more control of their costs and market share. For CEDOs based in natural resource-dependent communities, the new generation co-operative (NGC) is one model to which they may look to encourage value-added activities that will benefit the community.

Value-added is the key term here. The NGC strives for vertical integration of commodity producers into the chain of processes to the ultimate consumer, so that the original producers can capture a larger piece of the profits generated in that chain. For purposes of this entry, the agricultural sector will serve as the case. Thus, for example, the NGC might take the peas produced by its members and process them in a canning factory and market the canned goods to distributors or to retail outlets.

The scale of the NGC can be large or small depending on the industry and the number of members and investors involved. It retains the collective ethic of the old co-operative structure, in that the producers pool resources to meet a common need more efficiently than they could on their own, and each member has only one vote, no matter how much capital the member may have invested. But the structure adds an entrepreneurial (if non-egalitarian) edge to secure the equity and volume required to make the enterprise viable.

The traditional producer co-operative is a voluntary organization open to all persons able to use the services. The NGC membership is restricted to those who can supply the designated product at a specified quality level; however, non-members may also buy shares, participating as part-owners but not as producer-members. The board of directors of the traditional co-op is elected by the membership. In the NGC non-member shareholders can also elect some of the board.

The traditional producer co-op is limited to joint marketing and joint purchasing, but the NGC producers will also add value to their product collectively. Other aspects of the NGC are:

- Restricted membership provides stability for producers and the processing plant.
- Quality of product is the focus for producers and co-operative.
- A large consistent pool of quality product makes it easier for the co-operative to develop markets.

Capital is a particularly distinguishing feature. In a traditional co-op the members buy shares or pay membership fees or offer member loans for the initial capital. Surplus revenues for services/products are the sole other source of capital, unless the co-op borrows from outsiders or enters a joint venture. In addition to such forms, in the NGC, capital may also be raised by the sale of various other types of shares to non-members and members alike. The NGC may issue common or preferred shares, as well as a special class of preferred share for members only, called "member right shares." This share obligates the producer to provide and receive a good or service from the co-operative. While in most traditional co-ops, shares cannot increase in value, in the NGC it is not uncommon for equity holders to enjoy capital gains.

The initial price of the shares can be based on the amount of capital needed divided by the number of units of product that can be processed in the facility. NGCs require a higher equity investment by members than traditional co-operatives. Typically, NGCs have raised 30-50% of their capital through a share offering to members and non-members.

NGCs attempt to build a strong commitment from their producers to deliver consistent and quality product. To accomplish this, NGCs feature a unique delivery contract between producer and co-operative.

Essentially, NGC members make an equity investment in terms of "delivery rights." Producers purchase member right preferred shares in order to obtain the right to deliver a specific quantity of product to the co-operative. For its part, the co-operative agrees to purchase a predetermined amount of product from each of the members based on the number of member right shares the producer purchases. However, the producer contract will also include provisions that govern conditions when the producer is unable to deliver, as well as when market fluctuations require that the processing plant reduce operations. The co-operative is not obligated to accept poor quality product or more product than the producer has delivery rights to. Producers who do not deliver product as specified in their contract may not receive a dividend.

To make this work, obviously the co-operative must have a firm idea of the number of units of product needed to be financially viable, and sell the requisite number of shares. Additional product that the membership cannot supply, the co-operative may purchase from non-members.

Benefits

When the producers are pretty much able to get guaranteed purchase of their commodity and, in addition, participate in the rewards of the second (and possibly succeeding) stages of the food chain process, the benefits to them are obvious. For the community, the NGC

captures an income stream (and new jobs) that otherwise would escape it. In addition, because residents are involved in the NGC and its facilities, the community's economic activity is more likely to be stable.

Major challenges

As with all co-ops the success or failure will depend heavily on the capacity of the members to work together, to develop honest and open communication, and to find among themselves the leadership to see the project through to its fruition and to continue to confront the co-op's inevitable problems creatively. Also, the innovative structure does not do anything to mitigate the demands of the marketplace and of the basic requirements of feasibility and business planning.

Some practical steps

1. Provinces have different legal and financial structures that specify, e.g., how equity can be raised, so a thorough understanding of relevant provincial and national legislation is needed. While legal and business consultants abound, it is critical to begin with some one who is fully familiar with the concepts and experience of co-ops.
2. While the potential members may have a general idea of how they hope to add value to their commodity, they must spend the time to specify clearly their goals and the steps they must take to reach them.
3. Because the number of potential members may be larger than can practically guide the process of organization, an executive or co-ordinating committee will probably have to be established, and a budget designed to handle the expenses of organizing.
4. The usual procedures of feasibility studies and business planning must be undertaken. Special attention will be paid to the issue of initial capital and the sale of shares.
5. Whatever funds the members may raise through member and non-member shares, financial institutions will probably also have to be found for supporting credit and/or equity.

Resource organizations & contacts

There are at least three organizations that have focussed on NGCs and their particular issues:

- The University of Wisconsin Center for Co-operatives. Website: www.wisc.edu/uwcc/
- The Canada Saskatchewan Business Service Centre. Website: www.cbsc.org/sask
- The Centre for the Study of Co-operatives at the University of Saskatchewan. Website: www.coop.studies.usask.ca

Publications

Among those available at the resource organizations and elsewhere:

- ***Case Study:** “New Generation Co-operatives for Value-Added Projects.” With reference to a number of western Canadian experiences, this article explains how NGCs can infuse commodity processing with equity, innovation, and member commitment.
- Robert Crop, “New Generation Co-operatives Defined” (Univ. of Wisc. Center for Co-operatives, Madison, WI, 1996).
- W. Patrie, *Creating “Co-op Fever”: A Rural Developer’s Guide to Forming Co-operatives* (U.S. Dept. of Agriculture, Rural Business-Co-operative Center, Service Report 54, July 1998).
- Brenda Stephanson et al., *New Generation Co-operatives: Rebuilding Rural Economies* (Centre for the Study of Co-operatives, Univ. of Sask., Saskatoon, SK, 1995).
- Cindy Thyfault, “Developing New Generation Co-operatives,” *Rural Co-operatives* (1996) 63, 4.

Nonprofit Enterprise Development

Description

There is almost a contradiction in the very name of this approach - almost but not quite. A nonprofit business is indeed a business, even though it is intended primarily to provide a social benefit. As a business it must attend to the key fact of how many dollars go out compared to how many come in. In short, while profit is not an aim, sustainability for providing the social benefit is; and that means surpluses (a useful substitute name for profits in a nonprofit group) need to be generated. Those surpluses are required as insurance against occasional temporary losses and as a source of capital for re-investment in the business (including such things as expanded advertising) so that it can provide the social benefit even more effectively and broadly.

The source of the surpluses will vary from case to case. In one instance, revenues derived from the sale of the goods or services marketed by the nonprofit enterprise may be the sole or major source of extra cash not immediately needed for operational expenses and loan payments. In another instance, gifts and grants may be the major source of capital for emergencies and/or expansion, but that source can never substitute in total or over the long term for the on-going revenues that should be generated to defray on-going costs.

The extent of surpluses will vary from case to case too, primarily upon the basis of the degree of success in marketing the product/service. However, as a nonprofit, the business may come

under unfriendly tax scrutiny if surpluses are very large, unless they are clearly destined for the two purposes already mentioned. Again, if they are too skimpy, the venture is very much at risk.

Products and services can be virtually any marketable item. Generally speaking, the businesses are in relatively low-wage sectors, where it is likely to recruit relatively unskilled workers who otherwise might not find jobs. Historically, nonprofit enterprises have offered a great variety of products or services. They have baked bread, repaired bicycles, managed computer services, manufactured furniture, built housing, run cleaning services, re-painted commercial vessels, etc. The choice will be made in each case on the basis of both what is feasible and what fits best the social purposes or benefits to be derived. Clearly there is no point in entering a market that will not support the enterprise. But equally, some lucrative services or products (say, a liquor store where a demand but no competition exists) will simply not be tolerable to the CEDO or other sponsor.

The selected social benefits can also vary widely, depending upon the organizers' goals and the needs of the community. However, they are usually concerned with employment and training for those marginalized in the traditional labour markets.

For a CEDO, developing one or more such businesses is basically no different from developing a for-profit enterprise. The same feasibility studies and business planning approach is required, the same reliance upon relevant expertise, entrepreneurial skills, and initial capital; and there will also be the same requirement for 'after-care' of the growing business. Perhaps the main variation is that the social benefits are apt to be more specific and precisely identified, particularly in terms of the category of potential employees (say, young offenders) or other low-income beneficiaries.

It is appropriate to stress that the nonprofit enterprise is not necessarily an element in a CED strategy. It may instead be pursued by another sort of agency primarily as an aid to a very specialized category of needy residents - for example, consumers of the mental health system. Thus social agencies concerned with such specialized clientele may be the most likely to consider a nonprofit enterprise to serve them.

As a means of dealing with an unskilled and/or welfare-dependent population however, a CEDO can make a significant impact on community resilience with a nonprofit business that serves that group. Ordinarily the impact is not so much directly by the business itself or the employment generated by it as it is in improving the chances of its workers for later employment elsewhere with the experience they have gained in the nonprofit enterprise.

Benefits

As implied earlier, the nonprofit enterprise has the advantage of paying more specific attention to the target group of needful potential employees of a particular background. While all CED businesses will merge social and economic goals, the nonprofit enterprise clearly puts the social benefit at the forefront, even though surpluses too must be generated. As such, it may acquire special support from those who have some personal or institutional reason to be concerned with the particular target group.

Major challenges

Sponsoring groups, which have a special and strong interest in a particular clientele, usually come out of a tradition that downplays the business approach. So, maintaining a steady commitment to developing revenue surpluses tends to be very difficult. It is all too easy to assume that others should somehow financially support an enterprise (buying from it or otherwise supporting it) when it is so obviously worthwhile as a social endeavour; and the managers may depend on that assumption rather than on careful businesslike revenue generation. Interestingly enough, even some funders may not be sensitive enough to this facet of developing such an enterprise.

Another troublesome matter is that simply maintaining the enterprise as such is often not enough to serve the targeted clientele. Those marginalized in the labour market ordinarily have multiple problems and most often just landing a job does not work out for them. Thus managers of a nonprofit enterprise must carry out or have access to a comprehensive set of supportive services designed for the common problems of the target group. Without attention to all the surrounding life issues, the enterprise cannot be effective in its main social objective. And yet those supportive services have their own costs. How are they to be met? That can be a major challenge.

On the one hand, without the potential definition of for-profit status, quite often the enterprise may have greater difficulty in finding capital for pre-development and start-up costs. On the other hand, this may be counter-balanced by the attractiveness of the venture to government and other funding support for the social objectives chosen.

Finally, nonprofits in business often run up against a prejudice from the traditional business sector. That is, conventional businesses in the same field often complain of “subsidy” or special treatment, which they experience as unfair competition. If indeed the nonprofit venture receives anything like subsidy support or special treatment, it should be easily possible to link that to the special costs that the venture accepts that conventional businesses do not. However, to make that case is not necessarily easy, and there have been instances in which the nonprofit has been forced out of business on these improper grounds.

Resource organizations & contacts

- The National Center for Social Entrepreneurship (612-831-5506) offers workshops, consultation, and other resources.
- The Canadian CED Network can refer groups to technical assistance sources (toll-free: 877-202-2268).

Publications

- *New Social Entrepreneurs: The Success, Challenge and Lesson of Non-Profit Enterprise Creation*, published by the Roberts Foundation Homeless Economic Development Fund (415-561-6533). This essential resource has over 400 pages and even includes a list of recommended CD musical recordings to listen to when you are working on the project! There *are* also additional helpful recommended readings.
- ***Case Study:** “The Struggle for Sustainability.” A principal in Waterloo, Ontario region’s Opportunities 2000 project reflects on earned income and other financial strategies for nonprofit community-based organizations. Some are less “exotic” than others, but all require specific capacity in-house. (The entire issue of Spring 2000 issue of *Making Waves* is devoted to nonprofit enterprise.)

Recruiting Outside Firms/Entrepreneurs

Description

This is the classic strategy for improving the local economy: Search out firms that will relocate or establish a local branch; or encourage an entrepreneur to come live in the community and establish a business there. Reliance upon this technique has been roundly criticized now for some years as an uncreative solution to economic development - merely shuffling facilities or firms from one location to another. Moreover, “smokestack chasing” puts communities into an unproductive competition, leading also to undependable, transient firms, which can leave behind onerous unfunded costs, such as the new infrastructure that the community provided. Even though merely constructing a shell building that could serve one or more re-locating firms might be an important inducement, it entails risks and challenges in construction costs and in marketing the location.

Nevertheless, any community that does not consider its attractiveness to outside firms or offer at least an orientation service to firms or entrepreneurs who may be looking for a new location is handicapping itself. This does not mean that the community has to offer financial inducements (a dubious tactic with hidden and unexpected as well as obvious costs), but it surely ought to seek to increase and publicize its attractions.

Industrial or other business recruitment is ordinarily the responsibility of municipal and other governments, but CEDOs (and other local business organizations) should take a very close look at what is being done and help to shape recruitment efforts so that they are appropriate to the needs of the community. So what is described here is not so much the technique of recruitment itself, but what community organizations might do to contribute to that technique, from their own points of view. (When CEDOs are directly recruiting outside firms, it is usually with the idea of a joint venture in mind. See [Joint Ventures](#).)

Benefits

Taking an interest in the recruitment efforts of government departments (or others) will help to assure that tax dollars are spent more wisely and that the firms that are recruited fit the vision that the community has of itself.

Major challenges

Naturally, when the action is being taken by other entities, the opportunity is there only to influence that action, not direct it. So the major challenge is to develop a good working relationship with the recruiters to make sure that the conventional approach is properly attuned to community needs.

Some practical steps

1. The most important preliminary is for the CEDO to consider recruitment within the context of its over-all business development strategy. That is, what priority is represented by that technique, as distinguished from others to be used? It may well be that the CEDO determines, for any number of reasons, that the recruitment efforts are of only minimal interest, in comparison to other sorts of business development activities. And this will suggest what level of resources should be devoted to working with the recruiters.
2. At a minimum, however, the CEDO must recognize the recruiters as partners in a local effort at building community resilience and therefore should spend the necessary time to know about and understand the recruitment campaign as it is being carried out locally.
3. More proactively, the CEDO can establish its own plan (or more precisely, its own sub-plan within its overall plans for business development) for contributing to the recruitment process. This can include introducing potential firms both to the CEDO's own work and to positive dimensions of the community that may otherwise get overlooked. Or it can even include seeking [Joint Ventures](#) with these outside firms and entrepreneurs.

Resource organizations & contacts

- Economic Developers Association of Canada (EDAC), Mississauga, ON tel. 905-891-8771.

- Economic Developers Association of Canada, 7 Innovation Drive, Flamborough, ON L9H 7H9 (tel.: 905-689-8771; fax: 905-689-5925; email: edac@bigwave.ca; website: www.edac.ca). Contact: Penny Gardner. Through their website you can reach the provincial associations for Alberta, British Columbia, Ontario, and Saskatchewan.
- National Association of Development Organizations, 400 North Capitol Street, NW, Washington, DC 20001 (tel.: 202-624-7806; fax: 202-624-8813; website: www.nado.org; e-mail: info@nado.org). This is the trade group for regional development organizations for rural districts or small metropolitan areas. They offer training and publications.

Publications

- For insight on the shell building inducement, see Heinz Stuck, “Shell Buildings as Development Tools,” *Economic Development Review* (1998) 16:55-58.
- Cal Clark, *135 Great Ideas on Economic Development* (Kansas City, MO: UtiliCorp United, 1999). Single copies at US\$12.95 from UtiliCorp, P.O. Box 11739, Kansas City, MO 64138-1800. Although not particularly useful for CED broadly, this book of 138 pages has several (very) short but helpful chapters on the recruitment topic: Chapters 8, 10, 13, & 14.
- Edward J. Blakeley, *Planning Local Economic Development*, 2nd ed. (Thousand Oaks, CA: Sage Publications, 1994), see Ch. 7, “Locality Development.”

Women Entrepreneurship

Description

Historically, women have experienced special problems as entrepreneurs or aspiring entrepreneurs. It probably is still true in some locales that women cannot get business loans without a husband's or father's co-signature. For this sort of reason, specially focussed programs for women can be important for a community to obtain the full benefit of this important sector for business development, quite apart from questions of equity.

Programs in women entrepreneurship may, but ordinarily do not also serve men, although much of the content of such programs would be no different if they happened to be organized for a group of men. For example, there are, of course, no gender differences in the processes of feasibility studies or market analyses. However, an emphasis, for example, on networking among solely women entrepreneurs provides a significant support for sharing experiences with gender-related obstacles and techniques for dealing with them. Moreover, seminars and other training sessions restricted to women probably offer a greater opportunity for the participants to gain from them than if the usual pattern of male-dominated interactions in the school and other training settings must otherwise be countered.

In rural communities, families on farms must seek supplementary income, and the woman who considers a side-business is particularly a potential client for an entrepreneurship program. Similarly, women dependent upon welfare supplements are another client base when these seek some means of self-employment in a very restricted labour market.

A women entrepreneurship program should not be limited to working with individuals or groups of entrepreneurs. An important function for such a program is to act as a collective advocate for women in business in the local community or in wider venues, including the province and the nation. For example, WRED (Women and Rural Economic Development) has been especially active in advocacy at the provincial and national level. It has also addressed the problem of credit for women businesses by getting a credit union to establish a loan program. In this instance, WRED offered to guarantee loans so as to encourage the credit union's participation. (See [Loan Guarantee Program](#).) Through WRED's advocacy efforts the lenders are also making some financial contribution by offering the loans at minimal rates.

Benefits

All too often the ideas, energy, and effort of women have been denied by and to a community's business development activities. This onerous handicap can be overcome by the techniques considered here. Thus today's national trend in which most new businesses are being started by women can be capitalized on in a CED strategy that promotes women entrepreneurship.

Major challenges

The biggest problem to address is the need for comprehensiveness in programming, especially in rural areas. It is not enough to simply encourage women to start their businesses; they will need a variety of supportive services to sustain the businesses, including access to capital. And probably most important is access to continuing consultation as they try to grow their businesses. These, of course, are the needs of all new businesses, but in rural areas, the infrastructure of support is so sparse. Thus a women entrepreneurship program, to be most effective, has to step in to do a variety of tasks that in urban settings are being addressed by other agencies or groups - e.g., basic numeracy and literacy training. Or failing that, the program would have to restrict its clients to those who do not need the full range of supportive services and preparatory training. In that case, the program neglects those who most need aid in moving into self-employment, particularly considering that they are least able to access any government programs.

Resource organizations & contacts

- WRED (519-273-5017) offers consultation to local groups who want to start their own loan funds or women entrepreneurship programs.
- The (Winnipeg) Manitoba Women's Enterprise Centre (204-988-1860) does not do consultation but is generous with its publications and training materials.

Publications

- Western Economic Diversification Canada has published "Services to Women Entrepreneurs: The Western Canadian Case." (Call 780-495-4164 or check their site: www.wd.gc.ca.)
- *Case Study: "Local But Strategic." In southwest Ontario, Women and Rural Economic Development (WRED) uses business networks to combine the grassroots energy of women microentrepreneurs with strategic direction.
- A research report by Barbara Orser, *Growth Intentions of Women Business Owners: Implications for Policy and Training*. Available from Manitoba Women's Enterprise Centre: (204-988-1860). Offers insights for curricula to orient aspiring or current women entrepreneurs to venture growth.

Worker Ownership (for new ventures)

Description

Worker ownership is a term applied in the instance of a business owned in majority part or in whole by most or all of its employees, through either a joint-stock (share) corporation structure or a co-operative structure. [A simple proprietorship or partnership in which, also, ownership is vested in those who are working in the business (usually family members or close friends) is not ordinarily considered an instance of worker ownership.] The term carries with it an implication of concern for a democratic workplace in which the employees have a substantial input into business decisions; this is particularly the case in co-operatives. However, many joint-stock worker-ownership structures do not embody full worker control and governance - for example, especially when stock ownership is also heavily vested in non-workers or in some third party such as a trust or when only a few of the employees, typically mostly managers, own most of the stock.

Worker ownership can be used to achieve either local Job Retention (saving a venture that might otherwise be liquidated or greatly downsized, see [Worker Buy-Out](#)) or for new local jobs (establishing a totally new venture that the employees own). The case of new jobs is

dealt with here: The employee invests in the venture and thereby expects to create a job for himself/herself.

The process of instituting worker ownership (either for worker buy-outs or for forming new ventures) is difficult and complex, and for that reason almost certainly the group of workers must have outside technical assistance and other support to accomplish their goals. Local community economic development organizations may offer that support, as may national or regional specialized technical assistance groups.

Benefits

In addition to the important result of job expansion in the locality, worker ownership can have the advantage of enlisting the full commitment and energy of the employees, when they feel they genuinely govern the venture. This can mean better financial performance in some co-ops, as studies have demonstrated, comparing worker-owned co-operatives with conventional firms in the same industry. Financial performance is also apt to improve in an established venture that becomes worker owned, according to other studies. Moreover, there are federal and provincial tax benefits accessible to co-ops and other worker-owned firms. For example, British Columbia has a unique tax advantage (a tax credit, for 20 percent of the investment, of up to \$10,000 annually for a \$50,000 maximum), for employee owner-investors. (See also [Co-operative Employee Partnership](#) for another model of assistance for worker-ownership.)

Major challenges

The worker-owned structure (whether corporation or co-operative) places a premium on the skill and capacity of the workers to collaborate in management decisions, including any delegation of management responsibilities to a sub-group or an individual. Thus key to success, quite apart from solving the conventional problems that any business must confront, is the initial training of the organizing group of workers, so that they are oriented to the perspective and tasks of group ownership and management. Moreover, a program of on-going training must be maintained for both continuing and new workers. A special problem is that the co-op structure does not qualify owners for the capital gains exemption that ordinary shareholders can get, although steps are underway to change that legislation in various venues.

Some practical steps

1. Someone must recruit and assemble the group of people who want to consider the idea of starting a company in order to create their own jobs and to share business decision-making with the other potential job-holders.

2. Although the composition of the group may and often will change over time, it needs to organize itself for continued meetings.
3. A decision should be made as to the general field/industry of the firm to be established and whether a co-operative or a share corporation structure best fits the philosophy of the group members and best fits the likely process they will pursue.
4. Then the group will have to zero in on precisely what the business will be.
5. On the basis of all these decisions, the group needs to select a technical assistance organization to aid in starting the company/co-operative and to plan and assist in the necessary training for worker ownership. More than one provider might be selected, e.g., a local community organization and a business consulting firm that works with that organization.
6. Feasibility studies and business planning must be carried out and involve the organizers directly rather than be fully delegated to the technical assistance providers.
7. As a part of the feasibility and business planning process, potential sources of financial support need to be surveyed, the management structure designed, and the legal organization finalized.
8. Upon completion of the plan, the group will probably want to offer the plan to one or more friendly experts (outside its technical advisors) for a critique, and then to make adjustments accordingly.
9. Ultimately the group will need to finally assemble the assets in finances, management structure, facilities, professional supports (legal, accounting, banking), etc., before initiating the business.

Resource organizations & contacts

For worker ownership in co-operative structures:

- Canadian Co-operative Association, BC Region (John Restakis, tel. 604-662-3906).
- Government of British Columbia Co-operative Development Program (tel. 800-988-8289).
- Regional Cooperative Development Center, Moncton, NB (tel. 506-858-6041).
- National Center for Employee Ownership, 1736 Franklin Street, 8th Floor, Oakland, CA 94612 (tel: 510-208-1300; fax: 510-272-9510). This is the senior organization in the field, and its founder and director, Corey Rosen, is available for consultation aid in Canada. They have a website (www.nceo.org).
- ICA Group, Inc. (Newell Lessell, tel. 617-338-0010), a U.S. organization, has helped launch many worker co-operatives for previously unemployed or low-income workers, and it has pioneered a Mondragon-type of co-operative structure that deals with the capital retention and re-sale issues which often dog even successful co-ops.

For worker ownership in share corporation structures:

- Employee Ownership and Investment Association Canada (EOIA), with offices in Vancouver, BC (Julia Markus, toll free at 877-687-3767), is a premier source of assistance for CEDOs as well as for employee groups;
- the British Columbia government's Employee Share Ownership Program (George Kennedy at 604-660-1045) offers a broad set of aids and information on worker ownership tax credits.
- Consider also the Worker Ownership Resource Centre (604-520-3341).

Publications

- From the B.C. government (above): *B.C. Business Co-operatives*. A long and helpful list of resource organizations.
- *Model Incorporation Documents for Worker Co-operatives in British Columbia*. From the B.C. region Canadian Worker Co-op Federation and the Canadian Co-operative Association (252 Bloor St. West, Toronto, ON M5S 1V6, tel. 416-923-6641)
- *Starting a Worker Co-operative: An Introduction*. From the Worker Ownership Development Foundation (357 College Street, Toronto, ON M5T 1S5 tel. 416-928-9568) and the Canadian Co-operative Association (above).
- EOIA Canada has many helpful publications, including "Employee Ownership for Small Business."

Youth Entrepreneurship

Description

Investing in a program that promotes exploration of the business creation process by young people (usually pre-college age) is mainly a community's way of developing entrepreneurial resources for the future rather than of producing actual new businesses. While it may occasionally result in some sustainable and significant business ventures started by the participants during the program, self-development for the participants in general is more likely as the major outcome. Nevertheless, the North Okanagan Community Futures Development Corporation recently found that 15-20 percent of the youth enrolled in their program in 1999-2000 remained involved in thriving businesses.

Youth entrepreneurship programs are generally co-sponsored by business groups, schools, or service clubs, and thus costs can often be minimized for the CEDO interested in starting this activity. In fact, this sort of program can be spun off relatively easily to the other sponsors, once it has demonstrated its possibilities.

Program content is designed to encourage the participants to explore their motivations, opportunities, and skills. Training in the basic tools of accounting, feasibility research, and planning will be included. Access to information on business ideas and business exploration tools, as well as to counselling and market research assistance will be necessary. In addition, participants will need to have access to capital, although their requirements are usually relatively limited.

The Kiwanis Enterprise Centre of Dawson Creek has compiled a fine record, working with young people. While the Centre is, as a matter of fact, an operating business incubator for all local entrepreneurs or potential entrepreneurs, it began as a youth program, co-sponsored by a high school, on the grounds of which the Centre ultimately built its offices and service areas. The Kiwanis “Millionaires Club” program has been an integral part of KEC’s youth activity.

The youth businesses are generally what one might expect a young person to try: candy production, grass cutting, etc. It is a two-year program, beginning in the 11th grade. By the end of that school year, the participants will have produced business plans, which are judged by a Rotary Club panel. The business plans are simplified one-page documents, and the capitalization is not expected to be more than \$100.

In the model of setting up a 4-H project, the entrepreneurs will thereupon create their businesses and, as appropriate, set up a booth at the local trade fair or otherwise market their products and services. It is not expected that the businesses are sustainable upon graduation, but rather that primarily the experience will build self-reliance and confidence in the participants. (However, one graduate of the program did eventually start a thriving computer business.) Many will go on directly into the self-employment program that is sponsored by the local CFDC, Peace-Liard CFDC (tel.: 250-782-8748). Like this and other such activities in self-employment, the KEC program is probably most successful in aiding the young participants in finding and keeping their initial long-term job.

Benefits

For most communities that have determined to pursue a CED strategy, a major stimulus is the threat that too many of the young people are leaving the area or will have to leave in order to find good jobs. An entrepreneurship program offers young people another hope, another alternative - experience in creating their own jobs and a record that employers can value.

Major challenges

For this sort of program to work effectively, a lot of time must be spent by mentors working individually with each participant. True, group activities can be significant learning

experiences, but in the end it is usually a single participant who must hit on an idea for a venture and try to develop it into a business. And that young person will need individual mentoring attention all along the way. To find people who are willing and able to devote that time and coincidentally to provide the young entrepreneur with enough freedom to develop is the great challenge for this program.

Some practical steps

1. Reconnoiter the community to find the kind of support that you need from other organizations, such as the school system, business service groups, youth agencies, government departments, colleges, banks, and the like. Determine how much interest there is in such a program and in the process talk it up. Naturally, if there is already an entrepreneurship centre, then it might be appropriate to link on to it.
2. Put together the team of partners who will co-sponsor the program. Not all partners may be financial supporters; they may give help in other ways.
3. Together with the team create a plan with short-term and long-term goals that the community can broadly buy into. The most fruitful approach will not concentrate so much on generating new ventures as on creating an entrepreneurial culture for youth to enter into. Do not base your indicators of success simply on the number of youth business start-ups. As a matter of fact, the youth centre can become a place for engendering entrepreneurial atmosphere for the rest of the community too - perhaps even becoming an incubator for other entrepreneurs.
4. If there is not already a project leader, that person must be selected as the one with the passion and commitment as well as a business background and the capacity to work with young people.
5. From here on the plan and its program can be designed and launched, with all the necessary space and equipment that building businesses will require - fax machine, internet facilities, office space, even including a boardroom, etc. How elaborate the scope that program begins with - including, for example, a loan fund - will depend upon the plan, but the centre can be expected to change and grow over time.

Resource organizations & contacts

- The Canada Youth Business Foundation (40 Dundas Street West, Suite 323, P.O. Box 44, Toronto, ON M5G 2C2 - tel. 416-408-2923) promotes local loan programs for start-up youth ventures, which may be founded by an individual or by a group. Other eligible businesses may be a project of a nonprofit agency that offers jobs and perhaps managerial experience though not ownership to young people. A CEDO can approach the foundation to establish a partnership to offer loans and mentoring. The regional office for the western provinces is in Calgary (tel.: 403-240-5561).

- North Okanagan CFDC, #302 – 3105 33rd Street, Vernon. BC V1T 9P7 (tel. 250-545-2215).

Publications

- Issued in 1998, *A Study to Identify Gaps in Youth Entrepreneurship Development in British Columbia* is available through Whalebone, Suite 1607, 1166 Alberni Street, Vancouver, BC V6E 3Z3 (tel.: 604-688-2424). This is also the office for B.C.'s provincial association of CFDCs.
- *Supporting Youth Entrepreneurship in Your Community: an action planning handbook* is available through the Venture Development Centre, 555 Seymour Street, Vancouver, BC V6B 3H6 (tel.: 604-432-8372).
- "I Was a Teenage Capitalist," *Canadian Business* (December 1994), pp. 58-63.

Almost all CED capital strategies are geared to business development tasks, although some may be adaptable for property development as well. Nevertheless, even a focussed business development fund can vary considerably, depending on the goals set for it and the techniques used to achieve those goals. So the first step to be taken by any CEDO contemplating the use of any of the strategies here is to zero in on exactly what goal or goals should be addressed.

Note especially, financing may not necessarily be the prime problem for the projects of a CEDO. For example, it may be more important for the CEDO to be able to design and analyze its potential projects so that they could indeed qualify for conventional capital assistance. If the CEDO is not adept at **Feasibility Studies or Business Planning**, it can never obtain needed financing. Similarly, private businesses may not be as capital-starved as they are limited by their own business practices.

The financing tools described in this section have been selected primarily to model what can be done with no (or minimal) government participation. There is no doubt that governments at any level can and often do play an important role in facilitating the availability of capital, or even actually providing capital for community investment purposes. Thus it could be useful to document all the existing federal or provincial programs that CED groups could take advantage of. For example, some of these involve tax credit provisions (such as BC's incentives for worker ownership or Nova Scotia's community investment fund incentives). However, the range and number of all such programs is beyond the scope of this publication, although, actually, some tax incentives have been dealt with tangentially under four entries, **Co-operative Employee Partnership Program**, **Worker Ownership**, **Worker Buy-out**, and, in this section, **Community Equity Investment Fund**.

Other government interventions that directly supply capital are not readily accessible to community groups or do not require organized community action (such as the credit available from the Small Business Development Bank) or are primarily municipal investments in infrastructure (including industrial parks). There are interesting and useful models of programs developed in some provinces that could be replicated in other provinces, but these obviously entail future legislation and so forth, and since *Tools & Techniques* is designed for immediate use by all CED groups, such models are omitted.

Community Development Loan Fund

Description

These are locally based and locally capitalized private nonprofit sources of credit for community projects, generally for affordable housing but in some cases for other activities,

such as small businesses that will employ local residents. The CDLF may be organized by a CEDO or by an informal group of local citizens.

Ordinarily, CDLFs offer credit only, but some have expanded their operations to include equity investments and even financial management services. (Instead of calling themselves loan funds, they may use some other term, such as community capital fund. Funds in Canada similar to these are included as a **Community Equity Investment Fund**.)

The community served by a CDLF is ordinarily more regional than local - for example, an entire metropolitan area rather than a neighbourhood - primarily because a reasonable scale of operations requires a larger target area. This will come to be the case even if the CDLF begins as a neighbourhood project. Thus a CDLF in a small town or rural setting will likely be designed to serve a region much bigger than its immediate locale.

The core operation of the CDLF is re-lending the capital that has been specifically loaned to it by (mostly) private sources to tackle some of the capital needs of social housing or other community projects. Over all, borrowers from the CDLF ordinarily pay about two to three percent more than the interest that the CDLF has to pay to its own lenders. The spread helps to meet the transaction or administrative costs of making the community loans.

While capitalization originally will come from private sources, some CDLFs have also eventually obtained capital from governments. In either case, the capital is loaned (or from some sources, given or granted) on concessionary terms that permit the CDLF to make loans to projects that cannot qualify for traditional financing and/or cannot pay back loans on the traditional terms. The community loans may or may not be at below-market rates, but they will often offer other advantages (such as an initial moratorium in the re-payment schedule).

The Community Loan Association of Montreal (ACEM) in 1990 was the first CDLF organized in Canada. Like many of those in the US, it benefited from technical assistance from the Institute for Community Economics (Springfield, MA), which pioneered the design of CDLFs. (ICE has also been an early proponent and technical aid for a **Community Land Trust**, for the financing of which, in fact, CDLFs were originally proposed.) ACEM originally fostered two successful loan circles for those on welfare to create microenterprises for self-employment. Later it also offered bridge financing for community groups which were handicapped by late arrival of government grants already committed.

In contrast with most U.S. CDLFs, ACEM has concentrated on financing businesses that have a social dimension rather than on affordable housing. One of its early loans was to a community-based music school, which with the record of payback of its ACEM loan thereafter qualified for bank loans. The school offers free concerts and low-cost classes and stresses multi-cultural indigenous music. Other loans have gone to a low-priced restaurant that trains

young people and to a co-op that produces environmentally-friendly diapers. ACEM has been severely handicapped by a very small capital pool, but it has established itself as a socially effective financial tool.

CDLFs like ACEM are managed for self-sustainability, but quite often even with concessionary capitalization and the spread in interest charges, they cannot meet administrative expenses without subsidies. This is the case because their level of activity (scale of capitalization) is simply too low. It has been estimated by the Institute for Community Economics that with \$1 million in capital, a CDLF can earn at the maximum only about three percent (\$30,000) for administrative expenses, which is clearly not enough to cover basic costs.

The record of performance of CDLFs has been very good. According to a study of activity in the U.S. from 1975-93, the cumulative losses for all CDLFs amounted to less than one percent of their portfolios (approximately \$190 million). This may be due to the fact that their portfolios have been heavily weighted toward housing mortgages and thus are usually well collateralized. Nevertheless, this record is far better than that of the **Community Revolving Loan Fund (CRLF)** model, which deals primarily in business financing. CRLFs usually are capitalized by non-repayable government grants, while CDLFs are ordinarily capitalized primarily by private loans that must be repaid.

Benefits

As private nonprofit institutions, CDLFs operate without the government regulation that depository institutions like banks or credit unions must comply with. That allows them to make deals that traditional financial institutions ordinarily will not, although most of the transactions do not differ as much in terms from those used by traditional banks as they differ in clients. In short, CDLFs can serve community clients that, for whatever reasons, are not served by conventional financial institutions; moreover, CDLFs do not have to earn profits for shareholders. Thus policies can be geared merely to sustainability and community service.

Major challenges

As with any other financial institution that is devoted to community development, the biggest hurdle is prudent management that will sustain the institution and still bridge the community gaps left by traditional financial services. Thus CDLFs have a big job to make sure that they can find a way to cover the inevitable transaction costs of their loans; this requires either subsidies or a much greater scale of operations than is usual for a CDLF.

A further difficulty is to match the terms and conditions of the loans received for their capital with the terms for what is being loaned out. For example, lenders may require mid-term

repayment, but a multi-family housing development may require long-term payback arrangements. Juggling these conflicting terms is a chief management challenge.

Some practical steps

1. Organizing a CDLF assumes that a special credit gap in the community has been identified; and that private sources are willing to provide capital at concessionary rates to fill this gap. In short, the private financiers for CDLFs (usually churches and their pension funds, local citizens who can afford to get less than market returns, corporate social responsibility funds, etc.) will have to be mobilized; and these must share a consensus with the organizers on what are critical community credit needs. Only then is it appropriate to begin the formal organization process for the CDLF.
2. Since this kind of private capital at a sufficient scale is rarely available (especially in the early stages of CDLF operations), the organizers will have to develop a business plan that is based upon realistic assumptions of subsidies for transaction costs at varying levels of operation. The subsidies may be in cash or in reliably available essential services (for example, *pro bono* legal services pledged at specified levels of effort). In addition, it will probably make sense for the CDLF to assume that it will initially operate at a very low level of activity, increasing only slowly over time.
3. Joining the initial community representatives, board and loan review committee members should be recruited particularly from among those who are supplying the capital as well as from those who have the technical skills to manage the fund.

Resource organizations & contacts

- The prime technical assistance group is the previously mentioned Institute for Community Economics (ICE), 57 School Street, Springfield, MA 01105.
- The long-time former head of that group is also a resource, now as an independent consultant: Chuck Matthei, RFD #1, Box 430, Voluntown, CN 06384.
- ACEM itself can be an important source of counsel (tel. 514-872-8401), and the Canadian CED Network may have suggestions for other contacts (toll-free, 877-202-2268).
- In the US, the National Community Capital Association is the trade group for CDLFs (924 Cherry Street, Philadelphia, PA 19107).

Publications

- *Community Economics* is the newsletter of the Institute for Community Economics (tel. 413-746-8660).
- Operations Guide for Community Development Loan Funds (Philadelphia, PA: National Community Capital Association, 1996). This is about 440 pages in all, at \$200 to non-members, but individual chapters (16-28pp.) can be purchased separately.

- ***Case Study:** “Making a Significant Impact with a Community Loan Fund.” The Montreal Community Loan Fund (ACEM) demonstrates how a community-based financial institution can integrate goals of social and business development without reliance on government funding.

Community Equity Investment Fund

Description

CDLFs, in some instances in the U.S., have evolved an equity subsidiary, but Nova Scotia is the only Canadian site where community funds have been organized to include community equity investment functions. Cape Breton Island was the locale for an independent self-started group that began with raising solely private funds of \$500,000 in 1990.

BCA Holdings Ltd., as it is called, was organized as a not-for-profit corporation by a group of local citizens, most of whom had been associated with New Dawn Enterprises, the first CDC in Canada. (For many years, New Dawn had been exploring the possibilities of a local investment fund.) While it holds not-for-profit status as a legal entity, it does, of course, offer a return to investors who supply its capital.

BCA also received substantial support from church-related CED investors. It had been given cause to believe a federal agency loan of \$500,000 would be forthcoming after its private capital was raised; but in the end it took long intense negotiations over three years to get the additional capital. BCA contrasts with other community equity investment groups more recently organized in Nova Scotia in that it is not-for-profit, only for community benefit. Moreover, it did not depend upon government participation to get started. And it has never had any government support for its operational costs. BCA manages to operate without any direct dollar subsidies by strict cost controls and by using volunteer efforts for most of its analytic and deal-making activities. Its independence from the need for subsidies is cherished by its organizers.

Other community investment groups have arisen in Nova Scotia in response to provincial legislation, effective in 1998, that offers a tax credit, a partial guarantee, and RRSP/RRIF eligibility status to investments by individuals. Within the provincial program, these are called CED Investment Funds (CEDIFs). They are for-profit entities, empowered only to make equity investments, not to lend (except in a subordinated debt format).

There are two types of CEDIFs under the program: One is in a co-operative format, the other in a corporation format. There is also another Nova Scotia program that offers equity financing (repayable) for social assistance recipients to start their own business, under a

specialized arrangement with a sponsoring co-op in their community. (See [Co-operative Employment Partnership Program](#).)

BCA is currently trying to take advantage of the tax credit provisions, which would enhance its capacity to raise capital. For this purpose, it is organizing a for-profit subsidiary for which it has raised about \$800,000 in private funds. Nevertheless, because it began without government help, it remains a powerful model for community-minded investors, showing that government participation is not necessary, even if the potential of later government participation will be a strong motivation to raise private financing.

Originally, BCA was stimulated by a history in Cape Breton of businesses that, upon retirement of the owner or because of troubled financial status, were sold to outside investors who often moved the firm off the Island. The BCA organizers believed that such losses in jobs and economic activity could, in some cases at least, be prevented if there was a group that would buy the assets and maintain them on the Island, at least until they could be divested to a resident entrepreneur. (In fact, in a sort of pilot of the model, one of the organizers had earlier been personally motivated to save a long-established firm, and bought it up himself without expecting to make a return so much as to protect a community asset.) So “banking community assets” was the theme that animated the initiation of BCA Holdings and gave it its abbreviated name.

BCA Holdings is now the umbrella for a number of subsidiaries, some for-profit, some not-for-profit, with a total capital base of about \$1.3 million (not including the new tax incentive-related capital). It uses both equity and credit instruments. It has invested in the development of: a commercial centre that shored up the historic first credit union in the Atlantic region and gave the credit union necessary and attractive new quarters; a rope factory that is now very successful with a branch on the US West Coast; a hotel; a ski hill; a cement block factory; and a radio station. In each of these it has mobilized outside expertise and partners. It now has most of its capital committed, and so it is exploring the new source of capital from people who would be attracted by the tax credits.

The critical features of the CEIF, in this model, are:

- It is incorporated in a not-for-profit status, which protects it from outside investors and ensures it will always be able to concentrate on local financial opportunities.
- It minimizes operational expenses by depending heavily upon volunteers with financial and business expertise, who generally serve on its board or the board of a subsidiary.
- It stresses partnerships with people or firms that are specialized in the particular field of the investment, rather than specializing itself in one particular field, as do most venture

capital firms. In this manner, it can respond to any opportunity and thus deal with threats to any of a variety of local closures or transfers, as well as promote new ventures.

These features are joined, of course, with the usual concern for general management competence, careful financial controls, and so on, as befits any sustainable business or financial institution.

Benefits

The CEIF offers the flexibility of using the equity format, which is more powerful than credit for business development and therefore job creation or job retention. Without a new equity investment, many businesses cannot be helped over a temporary problem, or expanded at a critical juncture, or saved from closure.

Major challenges

Equity investments are by nature much more risky than credit arrangements. So it is much more difficult to raise that sort of capital, especially for a not-for-profit entity. Also, like any other development finance instrument, it poses a central problem in balancing community benefits with sustainability of the capital program itself.

If, as with BCA, the fund takes all business sectors as its scope, it is stretched to find competence and expertise in every different sector it enters. As a community institution it may take on such a broad responsibility, but that certainly is a challenge that no conventional venture capital group would accept.

Some practical steps

How a community might go about establishing a CEIF will depend in part upon its existing resources. With a CDLF or other credit fund already operating, it may well be the best strategy to begin from that base. BCA began independently, but it arose by virtue of helpful collaboration with institutions (like New Dawn and the University College of Cape Breton) which had already been active parts of the local CED scene. A CEIF will, in short, be more likely to arise out of a local CED tradition, relying on leadership from those who have an established reputation for CED accomplishments.

Resource organizations & contacts

BCA itself, and its key organizer, Greg MacLeod, are probably the best sources of orientation to this strategy (tel. 902-539-1777).

Publications

- BCA itself is described by Greg MacLeod in “Breaking the Rules,” *Making Waves* (Autumn 1998) 9, 3:20-22 (tel. 888-255-6779); and in more detail by Harvey Johnstone, “Financing Ventures in a Depleted Community,” Chap. 5, in Gertrude MacIntyre, ed., *Perspectives on Communities: A Community Economic Development Roundtable* (Sydney, NS: University College of Cape Breton Press, 1998).
- The second edition of *Guide to Community Economic Development Investment Funds*, under the Nova Scotia Equity Tax Credit program, Nova Scotia Economic Development and Tourism, is available by telephoning: 902-424-1259.

Community Foundation

Description

Community foundations are charitable or nonprofit endowments that are restricted to supporting projects in a specified community or region. For smaller towns and rural areas it is a very long-term process to establish and grow a substantially endowed grant-giving instrument, and so it behooves the organizers to enlist a number of partner communities to extend both the potential financial resources and the regional scope. The aim, of course, is to create a permanent source of funds for community purposes. Grants (or other financial supports, such as loans or program-related investments) are generally made solely from the earnings of the endowment, without invading the principle.

The financial function of a community foundation may be supplemented by its sponsorship of conferences or other meetings on community issues, by issuing publications, and by offering community leadership training opportunities. It might also provide technical assistance to community groups. As an organization, the foundation may have contributing members, but not necessarily. It can be run by a board of volunteers who do all the required work in the absence of any staff. However, a foundation is apt to grow faster if there is at least one full-time person devoted to its development. Key to its reputation will be a full transparency of operations and a highly competent and respected board.

The sources of the endowment are usually local wealthy individuals and families or local businesses. However, municipalities or other government agencies may, on rare occasions, supplement the private funds; and union, corporations, or banks with local branches are additional sources. Sometimes other national foundations will assist in building the endowment of a community foundation.

Many community foundations act more or less as a manager for endowments of other charitable groups, and most will accept earmarked funds for particular purposes. In all cases, however, tax regulations require disbursements only to other charities. Recent consideration by Revenue Canada of changes in its regulations relevant to CED may make it easier to use charitable funds for broader CED purposes.

Benefits

The foundation offers a ready opportunity for people to give back to their community in a permanent way and for the community to support high-risk and other projects that may not qualify for other funding sources. Even a small foundation may be powerful as a source of initial or seed funding that will allow projects to attract other financing. A vigorous foundation can be a centre of community leadership in meeting community needs.

Major challenges

Amassing an endowment of some reasonable scale may be especially slow and difficult, unless there just happens to be some interested families or businesses of considerable wealth to start the process going. Nevertheless, the foundation must be seen as a community-wide enterprise and not just the toy of a limited group. So all local citizens should be encouraged to contribute to the foundation. Also, making financial awards requires a respected process of assessment and a high degree of transparency so that local residents feel sure that all projects receive a fair evaluation.

Some practical steps

1. Founders must construct a plan that lays out the legal status and goals of the organization over time, as well as the aims for the use of the funds.
2. At least a preliminary board should be assembled to encourage and guide fund-raising.
3. It would probably be useful to engage the assistance of one or more other community foundations as mentors in the entire process.
4. Prime givers must be identified and then approached for participation.
5. Once launched, the foundation can follow out its plan for growth and for contribution to community resilience.

Resource organizations & contacts

Community Foundations of Canada, 301-75 Albert St., Ottawa, ON K1P 5E7 (tel. 613-236-2664; website: www.community-fdn.ca) publishes an occasional newsletter; manuals; etc.

The quickest and most accessible consultation is likely to come from nearby community foundations. In the province of British Columbia alone, there are 20 such groups, some in small cities and towns, for example:

- Vernon (Vernon and District Foundation, 250-542-7503);
- Port Alberni (Alberni Valley Community Foundation, 250-724-4503);
- Kamloops (Kamloops Foundation, 250-554-5072);
- The recently organized Revelstoke Community Foundation (250-837-5345) can be expected to be especially relevant to its CED context.

In Vancouver there are two:

- The VanCity Community Foundation (604-877-7553), an offshoot of the VanCity Credit Union, is especially active in CED projects. It focusses on the general region of Vancouver. Its endowment has been pretty much limited to contributions from VanCity and its members. Of note is that the Foundation has provided grants, loans, and technical assistance to nonprofit groups, social housing, and community-based nonprofit businesses.
- The Vancouver Foundation (604-688-4170) concentrates of course on the city, but it offers grants throughout the province and is probably more active in CED than the small foundations.

Publications

Karin E. Tice, Community Foundations Serving Rural Areas,” *Rural Research Report* (1996) vol. 8, no. 1. Published by the Illinois Institute for Rural Affairs, Western Illinois University, Macomb, IL 61455.

Community Revolving Loan Fund

Description

In a sense, virtually all loan funds are revolving loan funds. That is, as the amounts loaned out come back to the fund, they will be used to lend out again. But for communities seeking a steady supply of financing for local businesses, a stress on the revolving aspect is important, ruling out the idea of drawing off any earnings for the operation of the fund. Moreover, whatever the original source of capital for the fund, the revolving feature also suggests that the capital is never returned but continues to be used in the community. This may imply that the capital has been a grant or gift rather than a loan.

Not planning on returning the capital to its funders is a feature that distinguishes the revolving loan fund from the **Community Development Loan Fund**, whose capital is generally re-payable, even if on very concessionary terms.

The central aim of CRLFs is to fill a gap in the business financing needs of the community, where there are credit demands that are not filled by conventional finance institutions like banks. Community-based revolving loan funds can be set up to be independent, or they can be administered as an integral part of a CEDO's business development/job creation program. The latter format is usual for Community Futures groups. In either instance, a precise definition of the target area provides the initial criterion for eligibility to access the fund. Other screening criteria may be established that limit clients to those in a particular industry, to microentrepreneurs, to youth, etc. Then, within the category of those eligible, clients are chosen under the risk/return policies of the CRLF. A CRLF may begin with just a general intent to finance local businesses or with a single special focus (say, forestry-related businesses). It may later on expand to create one or more other specialized funds (say, a youth entrepreneurship fund). Also, the CRLF may contract to administer specialized funds for government or private agencies.

Probably the oldest CRLF in Canada, the Colville Investment Corporation of Nanaimo, BC, was a separately incorporated subsidiary of a CEDO organized in 1975 with a grant from HRDC's predecessor federal agency. Now organized as the Community Futures Development Corporation of Central Island, it also administers two other funds, one in partnership with the Nanaimo Credit Union. A very specialized rural CRLF was established by a CEDO in Maine: Coastal Enterprises, Inc., capitalized a \$1.4 million fund to finance daycare centres, drawing grants from the Ford Foundation as well as state and federal government agencies. Coastal Enterprises, Inc., also operates other more general funds, including an equity capital company. The Community Futures Development Corporation of Strathcona (B.C.) administers two of its own funds and four others on contract, one for the labour-sponsored Working Opportunities Fund and three for government agencies, both provincial and federal.

The scale of operations and lending of CRLFs can vary considerably, and unless it has a portfolio of perhaps \$3,000,000, it will require subsidies for its operating expenses. For example, the small-town or rural Business Development Corporations, as initially funded by the federal government, received up to \$1.5 million, but also received operating grants.

Any initial capitalization of the CRLF may or may not be added to at any time by fresh infusions from the same or other sources. Earnings are ordinarily expected to cover any losses so that the fund can continue operations, but if earnings are not expected to cover (or do not in fact cover) administrative costs, then those costs are usually expected to be

underwritten by the loan fund's sponsor. In short, the intended (as well as actual) financial return from operations can vary from fund to fund.

The Strathcona CFDC mentioned earlier attacked the problem of declining federal funds for its small business lending by recruiting capital from B.C.'s Working Opportunities Fund (a labour-sponsored investment fund). Thereby Strathcona's scale of operations has increased with a resulting increase in earnings. WOF had excess capital to put to work and offered up to \$1 million to Strathcona for its small business lending (which is typically at prime plus three percent). The federal Western Economic Diversification agency pitched in with a \$200,000 loan loss reserve account at Strathcona, where the interest earned on that account could offset most losses (a fair assumption since the CFDC has achieved a historical loan loss rate of three to five percent). Strathcona will earn 40 percent of all the interest it charges on the \$1 million, with the other 60 percent going to WOF.

Benefits

The community maintains a source of financing directly targeted to the needs of its local businesses. Terms and eligibility criteria can be adjusted to local needs, rather than set by traditional requirements for profits or low-risk management or unrestricted public eligibility. Also, such funds do not have to conform to all sorts of legal regulation that banks, credit unions, and the like must abide by. In short, given the necessary prudence for sustainability, the CRLF can do just about anything that seems appropriate to it to provide credit to local businesses.

Major challenges

The significant challenge for all CRLFs is the same as for any development finance institution, namely, to balance its own institutional sustainability with its mission to fill a community financing gap. The record in the US of CRLFs is very mixed, with some funds clearly not able to manage themselves without losses that threaten continued operations. Yet other funds manage to achieve the same loan/loss ratios as ordinary banks. The question is, again, does the CRLF that operates with a bank-level loan/loss ratio actually fill needed finance gaps, or is it merely making loans that would be made by any bank?

The Community Futures Development Corporations (CFDCs) administer a specialized Canadian version of the CRLF which is subject to the same potential mistake. However, an evaluation study of their performance indicates that, at least from the opinion of their loan clients, they have mainly made loans that banks would not have. This and other research suggests that the best performing CRLFs are going to be those associated with a comprehensive program of community economic development, in short, associated with an

effective CEDO. Thus free-standing CRLFs will have a greater challenge to survive and continue good work.

Some practical steps

1. CEDOs and other sponsors of a CRLF must first determine carefully exactly what the development mission is for their projected fund. Merely to assume that it will fill a business lending gap is not enough. Sponsors must have a very clear idea of which gaps under what circumstances appear in the local lending scene, and then decide which of these identified gaps will be the priority targets for the CRLF. Such clarity is key to CRLF performance. Moreover, the choice of targets may be related to accessibility of capital for the CRLF. That is, some sources may have conditions on providing the capital - for example, that the CRLF serve microentrepreneurs solely. Other capital sources may have even more stringent requirements, ultimately tending to supervise all loan decisions.
2. Having matched likely capital to the general CRLF policy framework, the CEDO should approach the over-all design and organization of the CRLF in much the same way as a CEDO might approach any business that it sought to launch. (See **Community-Owned Venture Development**.) That is, it must recruit the lead officer or officers, carry out close feasibility studies, and ultimately prepare a detailed business plan for the CRLF.

Resource organizations & contacts

The CFDCs and their Business Development Centres have their own provincial associations, which are likely sources of information and orientation to the tasks of the CRLF. In B.C.: Community Futures Development Association of B.C., #1607 – 1166 Alberni Street, Vancouver, BC V6E 3Z3 (tel. 604-681-7130, Ron Trepanier, Managing Director).

Publications

- ***Case Study:** “Capital, Community, and Jobs.” An overview of the range of actors and approaches (including CRLFs) being taken to increase capital for community economic development in Canada. For a more detailed description, consult the source of this article, *Capital, Community and Jobs: Local Solutions for Financing Investments in a New Economy* (Canadian Labour Market and Productivity Centre, 55 Metcalfe St., Ottawa, ON K1P 6L5, telephone: 613-234-0505).
- The Corporation for Enterprise Development has a detailed report on all revolving loan funds in Ohio, which is probably illustrative of those elsewhere in the U.S. It is available on its website (www.cfed.org).
- An abstract of the CfED study is available as an email issue of the newsletter published by the Community Extension Service, at the University of Wisconsin: CENewsletter, No. 270,

April 1999. It is just one of a great many other useful items available on the [website](#)

Comprehensive Finance Institution

Description

This is the most ambitious undertaking that could be considered among all the approaches to capital: the creation of a multi-functional financial institution able to carry out the full range of capital and financial services that may be required in the community and its region. This strategy is clearly a multi-million-dollar affair. So it is not hard to understand that it is rare that any such project has been contemplated and then brought all the way to fruition. There are only two in the U.S. and none so far in Canada. (However, the First Nations Bank of Canada operates nationally to serve aboriginal communities, and a group of credit unions have considered founding a CED-oriented bank to serve all of Canada.) The models in each case are quite different, but it is convenient to lump them all together and abbreviate the category here as CFIs.

The first CFI focussed on community revitalization (Shorebank in Chicago's deteriorated South Shore district), despite years of painfully slow progress, has made an outstanding impact upon its target area, the housing, the businesses, and the people. Its record, in fact, led to the founding of the second US model, targeted to the rural delta region of Arkansas/Mississippi.

Rather than beginning with the goal of starting a CFI from scratch like these models, most communities are perhaps more likely to consider how and whether an existing community-based financial institution might be expanded and re-designed to more or less fill this comprehensive role. For example, a local credit union could be the focus of such attention, with the aim of establishing related entities or subsidiaries to fulfill the necessary functions that ordinary credit unions shun, or are legally restricted from serving.

The VanCity Savings Credit Union has in fact been evolving toward more and more varied community financial services for its service area. It has been successful so far because of the very large and active market area it is focussed on. Clearly, such a comprehensive program cannot survive in the limited market offered by a small town or even by a region of two or three small towns. It is precisely that problem of scale that handicaps smaller towns and less-populated regions in the realm of capital and financial services. And thus the scenario of creating a multi-functional development finance institution will be attractive, if it seems possible to design it for a large enough market that can include many small centres not adequately served.

Some CEDOs in the U.S. have bought or organized a bank (commercial or savings and loan) as a part of their over-all development programs. In some instances, other development finance mechanisms such as a Community Revolving Loan Fund (CRLF) might concurrently be a part of the CEDO's activity. Thus, the CEDO itself might be conceived of as a CFI - organizing and managing a variety of development finance subsidiaries. This might be considered as an alternate approach or format for establishing a CFI.

Benefits

The major benefit is that the CFI (in any format) can offer a full range of investment services, and so communities can contemplate and plan a full range of projects, including quite major development projects. They will know that it is a reasonable possibility that all the pieces of a financial package can be constructed with the aid of the CFI, especially if the CFI has developed effective partnerships with traditional finance institutions. Thus, a very ambitious and far-reaching CED program, entailing the collaboration of many community-based partners throughout a region, can be practical in these circumstances. Further, as a more powerful and evolved institution, the CFI has a better chance of constructing new partnerships with other, more conventional organizations, such as the commercial banks, thus increasing its reach on behalf of the communities.

Also, the effect of the interlocking and mutually supportive functions of a CFI makes it a stronger institution. When a community financial organization is focussed only on a single function, as is the case with a **Community Revolving Loan Fund**, it stands more or less on its own, and thus vulnerable in part because it does not operate in an environment of supportive partner institutions. This is why it should at least be linked to a CEDO, for best performance. Of course, precisely the same struggle is faced by any co-operative that tries to operate on its own, without the support of other co-operative institutions that share its values and aims. The CFI does not face that problem because it is, by definition, a complex of many mutually supportive finance services. It is probably true, however, that even the powerful CFI is made more effective by alliances with one or more CEDOs.

Major challenges

There are two sets of major challenges. The first is focussed in the organizing stage. It is much easier to find capital for limited development finance programs like a CRLF than for a comprehensive development finance institution - partly because the amount of capital required for a CFI is, of course, so much larger and partly because the idea is so ambitious. A CFI implies such a very substantial capitalization that it becomes meaningful to start thinking about starting such an institution only if, for some unusual reason, the organizers already

have a good idea of where a critical portion of the money will be coming from. That is the history of the existing U.S. models.

In addition, the scale and complexity of operations is such that CFIs need to attract the best and most sophisticated development finance talent, but because the field is so small and new the pool of such talent is extremely limited. CFI staff must also be prepared to stay the course for many years in order to stabilize such an institution.

The second set of challenges have to do with the major managerial task, that is, managing the tension between sheer survival and the unavoidable risks of development finance. There are six outstanding questions to be handled:

- How to target investments for the greatest impact, that is, using available capital for the greatest socio-economic effect - e.g., by carefully constructing the strategic plan, by efficiently targeting a specified market (type of investment), etc.
- How to reduce the risk in an investment - e.g., by carefully structuring it so that the project can handle the price of the investment, by careful monitoring, by providing or arranging for technical assistance, by sharing the investment with other financiers, etc.
- How to increase the return from an investment - e.g., by making sure that it is not under-priced, by taking the role of project developer when appropriate, etc.
- How to decrease the burden of transaction costs for making investments - e.g., by accessing subsidies, by passing on transaction costs to the client projects whenever possible, etc.
- How to actually decrease transaction or operational costs - by holding on to competent staff, by on-going staff training, by specializing in particular investment types, etc.
- How to access additional capital - e.g., by increasing the return to investors, by increasing capital recruitment efforts and the necessary expenditures, etc.

Some practical steps

As implied earlier, the potential organizers of a CFI will have to begin with a pretty firm idea of where the initial millions in capital will come from. This suggests that it is more practical to consider a long-term process of re-designing or expanding the reach of an existing well-capitalized institution, like a substantial credit union, rather than creating a totally new one. Re-orienting the horizons of a conventional credit union means that the current members must be prepared for this new view of their banking institution; therefore, organizing the members to elect a board intent on this goal is an essential preliminary. The basis of such an organizing effort will be a reasonable vision of a powerful development finance strategy; and a reasonable approach to such a vision will rely upon consultation with those who have pioneered the model.

Resource organizations & contacts

- Shorebank Corporation, 7054 S Jeffery Boulevard, Chicago IL 60649, (312-753-4702).
- Southern Development Bancorporation, 605 Main Street, Arkadelphia AR 71923, (870-246-3945).

Publications

- ***Case Study:** “Moving The Mountain.” The role which banks must perform in the life and health of small towns is key, not ancillary. For the past ten years Southern Development Bancorporation has been acquiring and repurposing banks and other assets in order to turn them into the “sharp end” of a major initiative to revitalize rural Arkansas and parts of Mississippi.
- Brian Kelley, “Rebuilding Rural America: The Southern Development Bancorporation,” *Annals of American Academy of Political and Social Science* (September, 1993, vol. 529, pp. 113-127). This is an earlier, but more analytical treatment of this organization’s approach.
- Richard P. Taub, *Community Capitalism: Banking Strategies and Economic Development* (Boston, MA: Harvard Business School Press, 1988). A case study of the Chicago’s Shorebank.
- *Community Development Finance: Tools and Techniques for National Banks* (Washington, DC: US Controller of the Currency, 1989). This is an overview of what conventional banks have done to help facilitate community revitalization, and thus it offers some conservative suggestions for CFI design.

Equity Match-Making

Description

This tool works to provide a range of substantial investments (from perhaps \$100,000 on up) in local firms, by finding possible equity sources and brokering an information exchange between them and the local ventures that need capital. The process begins with taking considerable responsibility for helping a local firm to analyze and present itself fully and competently, so as to offer a ready opportunity for investors’ interest. If the CEDO goes through what is essentially a “due diligence” inquiry, it can then be an advocate for the venture with potential investors.

Investors are sought through the standard institutions like the major banks and regional venture capital companies, but probably a key to success is just what a CEDO can be expert in: namely, contacts with potential private investors in the region. Institutional investors,

especially those at a distance, will usually wait until a community-based private investor is in the picture, just because a local person will have a better sense of the potential and the risks of a local venture. Further, once one private investor has been satisfied with a venture brought to him/her by the CEDO, that investor will in later deals bring along others in his/her own personal network. Properly armed with the necessary information on government programs, a CEDO will also help the private investors get access any government incentives for their investment in the local venture. Such incentive programs can sometimes be quite valuable to an investor.

Currently there are about 20 formal community equity match-making organizations operating in Canada, partially funded under a 1996 Industry Canada program. These are the Canada Community Investment Programs or CCIPs. A CEDO in a region targeted by a CCIP may be able to work through one of these rather than establishing its own match-making program. In British Columbia, three Okanagan CFDCs (based in Penticton, Kelowna, and Vernon) sponsored a CCIP themselves.

Benefits

Most local firms or entrepreneurs have little capacity to contact potential investors and properly market themselves for expansion or start-up equity funds. Even very successful ventures that could reach a major new stage with the help of outside investors ordinarily do not know how to take that step. If the CEDO can shepherd them along the way, it can achieve a significant impact in strengthening the local economy.

Major challenges

This tool is appropriate primarily for major investments, and as such it requires a painstaking analysis and presentation of the investment opportunity. All too often the key entrepreneurs and managers are unable or even unwilling to do the work that is required to make their business investment-ready and are, moreover, often reluctant to accept or even recognize the adjustments they must make to obtain the outside investment they need. For example, they may not wish to release any participation in ownership or guidance to the investors. The CEDO may find that the hardest part of the job is in working with the venture, not in finding potential investors.

Resource organizations & contacts

- The CCIP sponsored by the three CFDCs is Venture B.C. (tel. 250-860-9515), general manager, Ray Strafehl.

- The Niagara Enterprise Agency in St. Catharines, ON, which operates a CCIP there, is especially aware of CEDO needs, and CEDOs might want to contact its general manager, Glenn Stansfield, for advice (905-687-8327).

Publications

There is a website for Venture BC (www.venturebc.com), and following out the Industry Canada link from it can lead to general information on the CCIPs (search CCIP).

Individual Development Accounts

Description

An IDA program is very simple: It encourages the habit of saving (especially for asset development) by lower-income people by matching their savings with additional dollars, while at the same time helping them understand the problems and practices of saving. This strategy is based on the fact that governments have had policies (such as the RRSP in Canada or the IRA in the U.S.) that encourage the accumulation of assets by the middle and upper classes, but there are no policies to similarly encourage the lower-income strata. (Indeed, quite the contrary, if on welfare, they are penalized for saving.)

Yet with increased assets, lower income families would have a better chance of permanently moving to an improved economic situation. So this strategy is specifically an anti-poverty effort, focussed on particular individuals participating in the IDA program. The ultimate pay-off in IDA programs is that it helps people establish a capacity to save over the long term. To do this an IDA program has to assure a good grasp on what may be called financial literacy, for families who have never had a good chance to develop such skills.

The IDA approach has attracted much support and activity in the U.S. In Canada, a pilot project is about to begin to test whether an IDA program can be successful and thus lead to legislative proposals for federal support and related policy changes. But government support is not a requirement for using this strategy today. As a matter of fact, one of the demonstration sites for the planned research is Calgary, where the Mennonite Central Committee has already established an IDA program, with matching funds obtained from an anonymous donor through the United Way.

Thus the essential element, matching funds, can depend on private sources just as aptly as government funds. In fact, banks could well participate simply out of self-interest, with contributions for matching funds that encourage the low income family to open a savings account that builds to a potential down payment on a home for which the bank will offer the

mortgage. Thus any community, if it can mobilize bank (or other private) support for the matching funds, can begin an IDA program.

The asset goal of the family need not, however, be materially embodied in a home or business equipment. The goal may be to finance a sustained educational program, which of course can be the door to better income prospects over the long term. Indeed the savings can be directed at any goal that could substantively improve the family's economic situation. That may even include (depending upon the program design) diversion to handling a family emergency instead of, say, the saver's initial goal of a business investment.

Benefits

In addition to the economic changes for the individual, there are the linked positive changes in self-perception and hopes and plans for the future. Successful well-publicized programs can also stimulate a more optimistic general community feeling for the future. More generally still, the changed economic circumstances of low-income people who find new opportunities to work, to earn, and to contribute positively in their communities mean a significant benefit overall to the economy - e.g., avoiding a call upon social assistance, unemployment, or other government programs. In short, the cost/benefit ratio for society is likely to be very favourable. A study in the US in fact estimated that for every dollar that the federal government (hypothetically) invested in IDAs it would earn \$2.71; and the state or local governments where the individual accounts were located would earn \$4.79.

Major challenges

Saving is not possible for everyone; some families simply will not be able to participate effectively in this sort of program. Moreover, the prospect of saving is a difficult thing for low-income people in any case, so that marketing the IDA is not a foregone conclusion. It may take many months or longer to generate enough clients for a program. In fact, interest in it may, paradoxically, be easier to spark in those who are willing to put up the matching funds.

Of course, finding matching funds can be an exceptionally large task when there is no successful local program underway to illustrate the positive use of contributions. Start-up in any case will be hard. Since the Canadian experience is thin and only few people have worked on the problems, the technical tasks of start-up can be formidable. Presumably that will change over the years.

The experience of Lutherwood CODA in two ultimately concurrent programs offers an illustration of the complexities of initiating and designing a program. The first program was begun in April 1999 and the second in that August. The April program serves 14 single mothers who aim to save \$21 a month, with 3-1 matching funds from The Cooperators

(insurance company). The majority of the participants have some sort of (in some instances not very precise) educational goal, including self-employment skills.

The second program of 19 families who aim to save \$30-\$40 a month explicitly to buy computers (\$1700 fully equipped) was adjusted on the basis of the beginnings of the April group. The first group was initially not particularly effective (poor savings performance, spotty attendance at the meetings, inadequate financial skills development). CODA had then restructured the group meetings in accordance with suggestions from the participants (meal meetings, child care, transportation support, slower-paced weekly meetings instead of bi-weekly). Things then began to change for them. So the August group was begun with those new features.

Another lesson CODA learned was in the matter of recruitment. CODA had tried to recruit enough participants through the organization's social services, and failing in that, sought out others not using the services. Anyway few, if any, knew each other. But in the August group, CODA recruited through a community organization which had a computer centre. In short, the group was community-based as well as family-based, and the (more precise) goal is shared by all participants, most of whom had known each other at the centre. Moreover, child care arrangements were set up from the beginning.

As this episode demonstrates, the success of IDAs is not divorced from a complex context of pressures and relationships. A further complexity that CODA addressed was to get a waiver on social assistance regulations that would have penalized participants for having savings, by reducing their welfare allowance. Despite the success of that waiver and the improved status of the participants, the Ontario restrictions have yet to be permanently changed. Presumably a success in the demonstration project getting underway nationally will have some effect in other provinces if not Ontario.

Some practical steps

1. Naturally, the first step is to discover a probable source of the matching funds. While that may not be finally pinned down before going on to other steps, clearly the matching contributions will be key.
2. Because the tasks of design are challenging (as the CODA experience demonstrates), it will be most appropriate to line up technical advice, presumably from one or the other of the existing IDA programs.
3. Even so a considerable amount of energy will need to be spent on designing the program. This will include a marketing plan and a curriculum, so to speak, for financial literacy.

Resource organizations & contacts

- Peter Nares at Self-Employment Development Initiatives (416-665-2828, ext. 29) has been most active in introducing the IDA idea in Canada; he runs the national demonstration project.
- The director of the Calgary project is Rod Myers (403-272-9323).
- The director of the Lutherwood CODA project is Donna Buchan (519-749-0977, ext. 239).

Publications

- Best reading materials will be found at the internet sites for the groups mentioned: (www.sedi.org and www.mcca-ed.org and for the U.S. experience, www.cfed.org).
- Michael Sherraden, *Assets and the Poor* (Armonk, NY: M.E. Sharpe, 1991). This book was the first to explore the underlying issue of poverty and the accumulation of assets.
- *Case Study: "Assets and Savings of Poor, Working Poor, and Unemployed Canadians." An introduction to the principles and practice of individual development accounts, with special reference to the Opportunities Development Account created by Opportunities 2000 in southwest Ontario.

Loan Guarantee Program

Description

Loan guarantee programs are a way to provide business credit to local ventures without actually making and administering the loans. That is, instead of directly lending the dollars, a CEDO will recommend that a loan be made by a conventional lending institution, a bank or a credit union, and remove the risk of the loan by guaranteeing its repayment. The guarantee is secured by a deposit by the CEDO at the lending institution. This technique is used primarily for short-term to mid-term loans of a relatively modest size for individuals or for peer groups. For the rural or regional setting, the individual loan format is more practical than the group peer lending format (see [Microenterprise Loan Fund](#)), simply because of the distances separating the borrowers.

The CEDO does all of the preliminary work in qualifying the borrower and his/her venture, using whatever screening and application procedures are deemed appropriate by the CEDO. Such procedures tend to vary greatly from one loan program to another. In some instances, there may be no formal application, other than submission of a short business plan. In some circumstances, the program may include considerable preliminary consultation with program staff or consultants; in others, there may be none at all, until the ultimate qualifying interview with the CEDO's loan committee.

Once the borrowers have been approved, they will be directed to the bank, credit union, or other lender with which the CEDO is working, to get the loan and to make the arrangements for repayment to the institution on the schedule approved by the CEDO. In short, the lender acts as an agent of the CEDO, but does not do the work of analyzing the loan to determine whether it should be made or establish the loan conditions, terms, and amounts.

It is the risk-reduction preliminaries (screening procedures) that are the most costly part of making loans, and the CEDO absorbs those costs and further reduces the lender's risk by the guarantee. These are key to providing loans that would not otherwise be made. The lender receives payments of interest on the loan to offset all or some of its own administrative costs.

The actual terms of the arrangement between the CEDO and the lender can vary considerably. For example, they may share in different percentages the interest paid by the borrower. Or the standard guarantee may be only partial, say, 80 percent of the total loan, so that the lender accepts 20 percent of the risk. And there may be other varying terms in the contract between CEDO and lender, for example, having to do with the size of the deposit that must be made by the CEDO and the interest, if any, that the lender must pay on it. In many instances, lenders will offer concessionary terms to a CEDO, simply as their contribution to a CED effort in what is, after all, their community too.

The six different guarantee programs established by WRED (Women and Rural Economic Development) in its target region of rural and small town Western Ontario illustrate the variety of arrangements that can be made. Two of the programs are with credit unions and the rest are with three Community Futures Business Development Companies. All arrangements depend upon a 100 percent guarantee, but the lenders may accept collateral from the individual borrower and thus reduce the needed guarantee. WRED got most of its initial guarantee dollars from a faith-based coalition. (See [Program-Related Investment](#).) The program has had about a three percent loss ratio, with total loans around \$100,000.

Benefits

The prime benefit of this technique is that the CEDO can get loans to reliable people who would not otherwise get them. And sometimes it can get out more in loan dollars than it would be able to on the basis of the actual amount of loan capital it has on hand. That is, by arrangement with the lender, the CEDO's dollar deposit at the lender may be somewhat less than the total amount being lent out at any one moment under the program. The reasoning on this is, of course, that even though a few loans may turn out to be bad, the call on the guarantee deposit would be fairly low. For example, most loan guarantee programs turn out to have a loss ratio not much more (and sometimes less) than the lender's own usual losses on business loans. And the dollar leverage of the CEDO's capital may be increased even more

if the co-operating lender does not require a 100 percent guarantee on its loans for the CEDO.

Additionally, the CEDO is relieved of the bookkeeping and other responsibilities of administering the loan, generally including the usual procedures for following up on late payments or non-payments. It can instead allocate its time to helping its borrowers avoid such lapses and to qualifying new potential borrowers.

Major challenges

The major challenge to the CEDO stems from the nature of most would-be borrowers targeted by this strategy. Namely, they are often not fully prepared to do the best job in their own businesses. That is, they usually need a lot of technical assistance (and perhaps even formal training) in setting up or re-shaping their venture so that it will be creditworthy, even under the friendly terms offered by the CEDO. Just to make out an application form may be a struggle for the would-be borrower. So somehow the CEDO has to manage the extra services required for qualifying the entrepreneurs. These are expensive of time and specialized attention. It is quite possible to help a significant number of businesses into viability, but it is costly. Of course, to the extent that the CEDO is unable to allocate resources for this task, it limits the potential new ventures in its community.

Some practical steps

1. Naturally, the first task is to garner the dollars that will be placed on deposit for the guarantee purposes. The size of the fund will depend upon the projected demand. Perhaps a minimum of \$15,000 would be a reasonable target figure until a greater demand is discovered.
2. Concurrently with raising the fund, the CEDO should be establishing its guidelines and procedures for qualifying borrowers.
3. With the fund and procedures in hand, a lender can be formally approached to negotiate a relationship. Actually, the CEDO may have already had preliminary talks with potential lenders to sound out possibilities.
4. Once an agreement is reached with a lender, the program can begin accepting applications for loans. Whether or not the program actively seeks borrowers or merely depends upon referrals, e.g., from the lender, will depend upon its capacity and the demand otherwise for these loans.

Resource organizations & contacts

While there is a trade association of those concerned with microenterprise loans (the usual type associated with the guarantee programs), probably the best source of advice will be those groups in Canada that have successfully launched a guarantee program:

- WRED (contact Julie Birch at 519-273-5017).
- The Calmeadow Foundation is known as an innovator in this field (telephone: 416-362-9670).

Publications

Rural Enterprise Loan Fund Guidelines, produced by WRED, (519-273-5017) is focussed on the guarantee arrangement but can be used more broadly for direct loan fund programs.

Microenterprise Loan Fund

Description

This business lending technique is targeted to the smallest ventures (microenterprises), requiring very modest amounts of capital (say, from \$500 up to \$5,000). Generally, the usual sources of business finance will not deal with such small-scale business loans, principally because the administrative costs are no less and sometimes more than for larger loans and thus reduce the net return to the lender. Therefore, CEDOs in their concern for this significant business sector, especially in rural and small town settings but also in inner-city neighbourhoods, will address the financing gap by instituting their own loan fund program for these businesses. Such programs may not begin with enough capital (and technical support) to do direct lending and so, initially, may simply qualify, refer, and guarantee loans to be made by a collaborating conventional bank or credit union. (See [Loan Guarantee Program](#).)

Microenterprise lending began as a technique used in lesser developed nations (starting in Bangladesh with the Grameen Bank), where tiny businesses are the mode of survival for many impoverished citizens and where the cost of credit to them (usually through individual money-lenders) is extraordinarily high, often with interest rates at several hundred percent. In these circumstances, groups of micro-loan borrowers were assembled for mutual support, for collecting their loan payments, and for cross-guaranteeing each other's loans. This so-called peer lending technique was first adapted for the Canadian setting by the Calmeadow Foundation in 1985 and used in First Nation communities and later in other communities. The concept has been adopted and adapted by other organizations including CEDOs. However, not all microenterprise lending is done in the peer group style. For the rural

context, where borrowers are widely distanced, individual lending is the only practical approach; and even in more populated settings the peer group technique is not necessarily used.

Lending to micro-ventures requires a support system of technical preparation and counsel all along the way. It is simply not enough to offer credit to microentrepreneurs without recognizing that almost every one of them will need technical assistance before, during, and after the loan process. (See [Self-Employment Training and Support Services](#) and [Entrepreneurial Self-Assessment](#).) And technical assistance in this context includes much psychological guidance and support as the entrepreneur explores a new identity and way of working.

Benefits

This lending program is key to strengthening what is a foundation stone for the economy of a small community—the very small businesses that residents pursue as their livelihood (often only one part of it). The credit itself is otherwise virtually unavailable, and the support system that should accompany it helps to assure that the benefits of the credit are long-term. A microenterprise program of some kind is almost essential in the smaller communities to fulfil a meaningful commitment by the CEDO to job creation.

Major challenges

There are three high obstacles to starting and maintaining a successful loan program. The first is obviously the capital needed for lending. The second is the careful construction of a support system to accompany the credit. And the third is finding and keeping staff who know how to do a job that combines skilful assessment of business prospects as well as sophisticated and understanding human relations approach to technical support.

Some practical steps

1. As with any financing program, the CEDO needs initially to specify rather precisely what sorts of ventures and entrepreneurs it is targeting.
2. These choices may determine the sources of capital that will be accessible. At any rate, the CEDO must then begin the process of assembling the capital, or at least systematically assessing the likelihood that sufficient capital will be available.
3. The loan program should be conceived in the same terms as a social enterprise/nonprofit enterprise. That is, it may not be expected to turn a surplus, but it must be structured so as to budget for needed subsidies to make it sustainable. In short, the loan fund ought to have the same stringent business plan and search for appropriate leadership that must mark any CEDO business venture.

4. As a project of the CEDO, an evaluation plan should be instituted to deal with the nonfinancial as well as financial outcomes of the program.

Resource organizations & contacts

- The trade association for all those concerned with microenterprise is the Association for Enterprise Opportunity, 70 East Lake Street – Suite 620, Chicago, IL 60601 – Tel. 312-357-0177. Their annual conferences are the scene for all sorts of workshops.
- Calmeadow Foundation is at 95 Wellington Street West, Toronto, ON M5J 2N17 – tel. 416-362-9670.
- The Charles Stewart Mott Foundation has very substantial resources devoted to its program in microenterprise: FIELD (Fund for Innovation, Effectiveness, Learning and Dissemination), 1200 Mott Foundation Building, Flint, MI 48502 – tel. 810-238-5651; toll free for publications: 800-645-1766.

Publications

- Relevant to a community development loan fund approach as well as microenterprise is a large compendium of materials prepared by Diane Meyerhoff, “Starting a Micro-Business Program: Background Materials and Planning Kit,” published in 1998-99 by the Center for Community Futures (P.O. Box 5309, Berkeley, CA 94705 – order from their website: cencomfut.com). Their program assessment materials are particularly good.
- A very useful analysis of program assessment is Salome Raheim et al., “Evaluating Microenterprise Programs: Issues and Lessons Learned,” *Journal of Developmental Entrepreneurship* (1996) 1,2: 87-103.
- ***Case Study:** “Microenterprise Lending 101.” For microloan funds to prosper, they have to perfect (not just create) alternative systems and procedures of lending, capitalization, and evaluation. One of several articles on the microenterprise approach have been published in *Making Waves* over the past couple of years.
- *Rural Enterprise Loan Fund Guidelines*, produced by WRED, (519-273-5017) is focussed on their loan guarantee arrangement but can be used more broadly for direct loan fund programs.

Program-Related Investment (by churches, etc.)

Description

Program-related investments are made by churches, foundations, corporations, and other organizations, which offer equity or credit for projects that are specifically relevant to what the institutions are engaged in. Thus, for example, if a foundation specializes in programs for

children, it may provide a market-rate (or less than market-rate) loan to a CEDO to establish a daycare program; such a loan would be an item in the endowment investments of the foundation, not merely an action of its program staff. Similarly, a corporation that produces toothbrushes, say, may offer an equity investment for partial ownership in a CEDO firm that produces the plastic used for toothbrush handles; and such an investment will be merely one of the firm's supplier relationships.

Program-related investments contrast with gifts and grants made for the same purposes. The investments are *intended* to produce a financial return and to be repaid or perhaps eventually divested, according to the terms of the original investment agreement. For foundations, churches, and other nonprofit organizations, a program-related investment allows them to use certain funds that may not be available for grants. For example, a church pension fund is not legally authorized to make a substantial grant but could make a loan of the same size, if it were prudent. A foundation may not be permitted to make a grant for a CEDO business, but may be permitted to allocate some of its endowment funds for an investment in that business. For a potential for-profit investor (a corporation or bank), the investing group, by policy, would not make a large grant but could make a large investment, if it was a prudent and effective use of funds in terms of shareholder interests.

While this kind of investment has been widely used in the U.S. for CED purposes, it is not a familiar technique in Canada. However, a group of Canadian Catholic organizations formed a social investment alliance in the early 1980s: Canadian Alternative Investment Cooperative (CAIC). It is open to all charities to become members, and it now has a couple of Protestant church groups involved. The religious organizations place some of their endowment funds through CAIC with the specific aim of investing in socially valuable projects that would return an income (albeit perhaps less than some market returns). They have four separate funds that represent different levels of risk: commercial-rate real estate investments (which may be CMHC insured); other real estate mortgages; CED investments; and other socially significant projects. Note that this arrangement has not run afoul of Revenue Canada restrictions on charitable groups. One of the most recent CAIC investments was in Margaret's House, a proposed residence for women psychiatric survivors, established by Life*Spin in London, Ontario.

Benefits

As suggested, program-related investments provide funds that would not otherwise be available for the CEDO's projects. This sort of financing can be particularly suited for affordable housing or other property development.

Major challenges

Because the tool is unfamiliar in Canada, a CEDO may have to orient a target investor to the potential of a program-related investment, pointing out that the money would not only earn an income but ultimately return to the investor. Of course, it is incumbent upon the CEDO to prepare its project plans so that the risks are reasonably calibrated to the sorts of returns offered; and that indeed can be a demanding task.

Some practical steps

The critical step in seeking a program-related investment is, as just suggested, the design of the project so that it is soundly conceived and well-operated to produce the expected return. In short, it should be investment-eligible from any source, but because of its nature it is intended to be particularly attractive to the investor(s) to be approached by the CEDO.

Although the CEDO must always avoid tailoring its project priorities to the potential funding, it is perfectly appropriate to shape the project so that it fits the potential investor's needs so long as the CEDO's priorities are maintained. Note that a CEDO may initiate planning on a project without the intention of structuring it so that it can be attractive to an investor. Yet upon continued examination and analysis, the project can be seen as potentially investment-eligible.

Resource organizations & contacts

- CAIC, 146 Laird Drive, Toronto, ON M4G 3V7 (tel. 416-467-7797).
- Canadian Centre for Philanthropy, 425 University Ave, Suite 700, Toronto, ON M5G 1 T6 – tel. 416-597-2293.

Publications

- CAIC has an occasional newsletter. See CAIC's website: www.caic.ca
- **Case Study*: "Investing for Social Change." An overview of the Canadian Alternative Investment Co-operative and how it manages to run a high-impact operation on a low budget.

Royalty-Based Financing

Description

With this tool a CEDO receives investor financing for a venture from which the return is paid back through royalties (a percentage of each sale or of overall sales receipts) over whatever period of years is needed to provide the agreed-upon pay-back to the investor. This contractual relationship can finance either starting a company or expanding one. Royalty-

based financing is appropriate for a venture that has considerable promise for long-term success and a high margin per sale, but does not entail an expectation of fast growth or large scale expansion - features usually required for conventional venture capital.

This venture capital technique actually has only rather infrequently been used, although it would seem to have interesting advantages, both for investors and for the business owners. Historically, it has been a technique for economic development programs of a few states in the U.S. Because governments are ordinarily less interested in major financial returns and do not seek large, quick returns, royalty-based financing is more easily accepted in the public sector than in the private sector. To the contrary, however, if the government or economic climate changes, such patience may no longer exist; and the most active programs in fact lapsed with the troubled economy of the late 1980s-early 1990s.

Private venture capital firms investors have virtually ignored this technique. The (U.S.) private investment firm (capitalized at about \$3,000,000) that is known for its inventive specialization in this technique has been successful in obtaining its target return of five times its original investments within five years. This is attractive, but not as great as what conventional venture capital equity investors expect.

For the investor, the deal would conventionally be structured as a note secured only by a claim against sales receipts until the agreed-upon multiple was reached. The risk for the investor (aside from failure of the company) is an unexpectedly long payback period. There are many advantages for the owners, including the fact that they do not have to give up any ownership stake and that the payments are not fixed but fluctuate with the annual sales level of the company. That is, payments are geared to the firm's success. Also, accounting conventions permit the company to charge as an expense some portion of the annual payments and, ultimately, all payments over the original investment principal—i.e., as an analog to interest on a loan.

While a CEDO might seek this sort of financing on behalf of a local company, the concept is especially appropriate for financing the CEDO's own venture, if in fact the business is likely to have the kind of sales that make the deal attractive to an investor.

Benefits

The main advantage of this technique is that it provides "patient money" - that is, the venture does not have to begin to pay back until it is selling successfully. That is a major aid in start-ups or expansions which need to restrict the drain of early costs. Also, the fact that no loss of ownership rights is involved can be a big selling point for community-owned ventures.

Major challenges

Because royalty-based financing is not a frequently used tool for investors, finding a friendly capital source that is familiar with this technique may be the most difficult task. However, if the CEDO has general access to potential patient money, it can suggest the royalty format as an alternative for the investor. Again, this technique is appropriate only for products/services with a high profit margin - typical of successful new software, for example.

Some practical steps

There are no particular specialized steps for this sort of financing agreement, as opposed to any other. It will entail the same sort of negotiations as any investment agreement. Naturally, the foundation of the agreement will be the strength and prospects of the target venture, most particularly a reasonably firm projection of scale and timing of sales.

Resource organizations & contacts

The private firm that has used this technique, Royalty Capital Fund, is located in Lexington, MA – tel. 781-861-8490. Consultation for a fee is available from the president, Arthur Fox.

Publications

- Julia Ann Parzen and Michael Hall Kieschnick's book, *Credit Where It's Due* (Temple University Press, Philadelphia, PA, 1992), discusses royalty-based financing in the format of an economic development finance fund. But the same principles prevail for an individual investment.
- "Hidden Treasures," an article by Eleena de Lisser in the *Wall Street Journal*, March 30, 1998, describes innovative investment strategies, including the Royalty Capital Fund.

Focussing on Special Sectors

Depending upon the local situation, the CEDO may have a particular opportunity to capitalize on the resources and history of its region by fostering ventures or other significant activities (like flexible manufacturing networks) in a selected sector of the economy. Thus, even though, for example, the local forestry sector is in a depressed state, there may be opportunities for some forestry-related products and ventures that are quite different from those in decline. Or there may be a sector that particularly requires attention, such as elder health services that happen to be excessively scarce in the community. Further, there are certain sectors that have been a useful target for a number of CEDOs and thus seem to suggest similar opportunities for other community groups. The entries in this section

represent a range of opportunities that seem most likely to beckon, according to the experience of some successful CEDOs. Whether any of these special sectors are appropriate to your community economic development strategy will depend, of course, upon your research and analysis and the resulting strategic plans.

Community Land Trust

Description

A community land trust (CLT) is a nonprofit corporation, established to hold title to land in perpetuity so that a selected community will never lose access to that land for family homes (and, in some cases, for income opportunities by working the land). The CLT is governed by a board elected from the community served, and like any corporation it will have both a charter that describes its aims and powers and a set of by-laws that set out its governance procedures. The land itself is usually received as a gift or bought at below-market prices from sellers who share the CLT's values.

The term "trust" emphasizes the responsibilities of stewardship for the community and its marginalized citizens. Central to the vision of the CLT is that it can better adjust the legitimate but often competing claims of individuals and of their community as a whole, in arrangements that do not depend upon market forces.

The CLT provides lifetime leases to selected residents for purposes of homes or agricultural and other acceptable working uses, thus assuring the residents of a security they would otherwise be unable to gain and the community of a stability that it could not otherwise maintain. The lease fees are typically based upon the use value of the land and will represent a fair return to the community as a whole from those who have been permitted to make use of the land for individual purposes.

The lease can usually be passed on to heirs, and any improvements made by the lease-holder may be sold to recover costs (with adjustments for inflation, depreciation, etc.), under arrangements regulated by the CLT. Usually the CLT has first option in any sale. The regulations are to assure that no seller will get any unearned profits, and targeted potential buyers will not be priced out of the market. In short, all appreciation accrues to the trust itself. Such appreciation can be used to reduce the fees for those residents who, under the policies of the CLT, may need subsidies.

Note that the CLT is not organized so much for common ownership as for ownership on behalf of the common good. It is a specialized instrument to deal with the fundamental

issues of allocation, continuity, and exchange of land-holdings and the associated rewards - for all of which low-income people are unequipped.

CLTs are found in both rural and urban districts. In the latter, housing for low-income residents will be the chief concern with protection from gentrification, but recreational and other common facilities may also be involved. In both urban and rural settings, the processes of speculation, gentrification, and over-development are countered by a CLT. However, the CLT must be distinguished from so-called conservancy trusts, by which lands are held primarily to avoid environmental degradation or development.

The CLT has a history in North America of less than 40 years, arising as part of a movement to redress the rights of low-income people who typically lose the homes they have rented or even owned, usually for reasons of outside market forces, but sometimes because of economic and racial discrimination. Thus the first CLT was an effort to protect the rights of black tenant farmers in southern U.S.

Every CLT comes into being by a different route. Rarely does it start *de novo*: Usually a community has gone through some other process of organizing and perhaps protest on other issues and then becomes concerned with stability and the problem of homeownership. So there is a social base upon which the CLT is built. Thus a CEDO might turn its attention to the issues of land tenure long after it has started dealing with other economic development issues. This was the history of a CLT organized by the West Bank CDC in Minneapolis to hold title to land which it hoped to develop on behalf of the community.

Benefits

The usual patterns of land tenure, appreciation, and transfer frequently deprive the community of the economic value of the land, passing it instead to outsiders or to a privileged few residents. The CLT maintains the economic value within the community. However, the most direct and visible benefit of the CLT is the opportunity for secure homeownership for people who rarely have that chance. And any community wins if it has a stable and committed citizenry.

Because the CLT is likely to be one of the significant landholders in the area, it can use its influence to promote good policies beyond its own boundaries. The CLT thus is a good citizen for its region.

Major challenges

As with all community groups, the CLT must maintain a businesslike approach to its income/outgo processes. Large mortgage payments can threaten the CLT's land tenure, and in fact were disastrous for the first CLT in North America, which today is but a small version

of what it once was. Any development process carried out on the land has its own potential financial pitfalls, such as unanticipated costs in water and waste systems. In short, the major capital investment represented in a CLT brings with it extremely onerous and unrelenting demands for effective and efficient financial controls.

Some practical steps

1. All CLTs start with a coalition of credible leaders who articulate the issues underlying threats to stability and homeownership. They will reach out to allies and mobilize the community to deal with land tenure problems.
2. Careful research will underlie any attempt to begin to control the targeted land. What parcels are involved? Who owns them today? What are the facts about the owners and their use of the land? Are there any owners who would be sympathetic to the idea of a CLT? What is the assessment and tax situation? All these and many more questions will need to be answered in order to plan on land acquisition.
3. The CLT must be established legally so that it can take action and, after all, hold title to property. The legal format must also solidify and promote community control of the CLT.
4. Ideally the CLT will have established a financial plan (including income estimates and funding sources, attorneys' costs, etc.) before beginning a land acquisition process. But sometimes circumstances may urge proceeding without such care! For example, a gift or a very low-cost purchase opportunity may arise. However, the CLT must beware of getting property that it cannot support.
5. Before going too far down the line of acquisition the CLT must have established policies for leases and selection of residents.
6. The process of land acquisition will differ in an infinite number of ways in different communities, and this will be the impetus to creativity and careful fact-finding and analysis. The techniques will vary: outright purchase, tax sales, installment buying, donations, lease with option to buy, and so on.
7. When specific parcels are contemplated or finally acquired, there must be a plan for the use of the land, a development plan that lays out not only what will be done with the particular parcels but also how they can be financially managed for sustainability. If houses are already on the property, are they habitable or what sorts of reconstruction will be required and how will that be financed?

Resource organizations & contacts

- The Institute for Community Economics, 57 School Street, Springfield, MA 01105 (tel. 413-946-8660). The Institute has grown out of a long history of work in this field and is the prime source of sophisticated technical assistance.

- Zedingle Ghebremusse, a municipal social worker, has specialized in CLT issues: City of Edmonton Community Services, 10320 - 102 Avenue, Edmonton, AB T5J 2R7 (tel.: 780-495-5869; fax: 780-496-2995; e-mail: Zedingle_Ghebremusse@gov.edmonton.ab.ca).
- Ecotrust Canada, 1226 Hamilton St, Suite 202, Vancouver, BC V6B 2S8 (tel. 604-682-4141).

Publications

- *The Community Land Trust Handbook* (Institute for Community Economics, 1982). This is the standard reference and includes a variety of detailed case studies, as well as the basic how-to's.
- *Case Studies: "CLTs, Self-Determination and Power," "Land Trust Basics," and "Affordable Housing and the Community Land Trust." Using land trusts to acquire power in order to provide for community stewardship of the natural and social environments.

Community Tourism

Description

The 1990s saw many smaller and rural communities embrace tourism and travel as a way of responding to downturns in the resource sectors. Others recognised the value of diversifying their economy and generating new jobs in the growing service industries. However, the desire for community tourism does not itself ensure success - least of all if it is viewed as a short-term solution to a chronic problem within a region's economic structure. Tourism is an industrial sector like any other. It is built on long-term commitment, good business practices, professionalism, adequate investment and ethics. And the basic feature of community tourism is that it involves local direction and local ownership.

Benefits

Tourism is labour intensive, and it provides opportunities for those who may not have the opportunity to participate in the traditional job market – including youth, unemployed women and minorities. (It is true, however, that in North America the salaries are not competitive with other industries - in contrast to those destinations where tourism is seen as a profession, e.g., France or the Bahamas.)

Tourism contributes to diversification of the local economy, and since it continues to outpace general economic growth in most nations, it has been extremely resilient to downturns and recessions. All indicators suggest that it will continue to expand at healthy 4% to 6% annually for the foreseeable future. Money brought into the community by the tourists is spread to virtually all corners of the local economy.

Well planned tourism has few of the environmentally destructive qualities of those resource extraction sectors it often replaces. Moreover, the rapid growth in ecotourism and cultural tourism has enabled communities to offer a variety of nature and heritage based tourism experience that actually contributes to protection and restoration. (See [Cultural/Heritage Tourism](#).)

A variety of other benefits include:

- opportunities for small businesses and entrepreneurs either to participate in or to provide support to the tourism sector;
- stimulating community beautification and heritage restoration;
- building community pride; and
- sustaining community facilities such as restaurants and recreation equipment with tourism revenues.

Major challenges

The major challenge to community tourism development is getting it right the first time! The tourism industry is a diverse and increasingly complex sector. While community tourism must be driven by local leadership and resident initiatives, the decisions that need to be made by those with relatively little experience in this industry may be onerous. There are many serious questions that need a thoughtful and knowledgeable response, such as: To what niche markets should we appeal, how many can we attract from those market segments, what are the best marketing mechanisms, how much should we spend, where will the money come from? However, most, if not all, of these questions can be adequately answered if the tourism business is properly and comprehensively planned, developed and operated.

Some practical steps

The most practical way of meeting the challenges of community tourism development is to undertake a tested and acknowledged planning process, such as the ten phase ECOPLAN:NAT (Economic Planning for NGO/Community Tourism Organizations) process. The ten phases are:

1. Establish a steering committee from select residents including; existing tourism operators, tourism council, economic development department, provincial/state tourism representatives, media, etc.
2. Prepare mission statement, goals, objectives.
3. Undertake resource inventory/analysis, including resident survey and carrying capacity determination. A critical and analytical assessment of all natural, cultural and built

resources provides the planners and the steering committee with a perspective on the tourism potential of the community as a gateway and/or a destination..

4. Conduct market research and analysis.
5. Undertake product/market matching and develop a theme. Link the various community and surrounding area resources with the premium existing and potential markets. Determine an appropriate theme that responds to market demand.
6. Establish the overall development concept and select appropriate products. Identify priority development areas for visitor services and attractions and priority linkages between the various development areas. The development concept will suggest a variety of product development opportunities or tourism projects that will build on the theme and attract and hold the tourists.
7. Develop products, that is, a portrait for each priority project which will include feasibility analysis, training requirements, etc.
8. Undertake marketing strategies.
9. Create implementation strategy including training, economic impact, cost estimates and time frame.
10. Launch products. Create a board that is directly responsible for meeting the activities/schedule outlined in the implementation strategy. As this is usually too demanding for a volunteer committee, consider hiring a community tourism co-ordinator or expanding the job description of the economic development officer.

Resource organizations & contacts

- Each provincial government has its own tourism department, for example, the British Columbia Ministry of Small Business, Tourism and Culture, where the Management Services Division offers information on programs and services (see their website: www.gov.bc.ca/stbc). And regional agencies of the federal government (such as Western Economic Diversification Canada) will have information on loan funds and other aids.
- The Canadian Tourism Research Institute, a centre of the Conference Board of Canada, provides interpretation and communication of travel research information. Website: www.conferenceboard.ca/ctri
- The Ecotourism Society provides market data, research papers, links and other resource information about applying the principles of sustainability to tourism. Website: www.ecotourism.org
- The Sustainable Tourism Research Interest Group (STRING) is a website directory of internet resources: www.yorku.ca/dkproj/string

Publications

Norma Polovitz Nickerson and Paula Kerr, *Snapshots: An Introduction to Tourism* (Prentice-Hall Canada, 2000, 2nd ed.).

Cultural/Heritage Tourism

Description

People have been travelling for thousands of years to experience the unique or simply different characteristics of another community. It can be argued that all tourism is cultural; people consistently travel to locations that are unlike their own. However, within the past decade community heritage tourism has emerged as a distinct travel product within the tourism industry. Hundreds of communities throughout North America (and thousands in Europe) have developed particular cultural and heritage tourism products that attract increasing tourist visitation each year.

Cultural tourism is big business; and studies suggest that it can be a major contributor to community economic revenues. A 1999 study by the National Tour Association in the US indicated that 20 percent of tourism revenues are based on cultural tourism. When Canadian travel consumers were asked what type of trip they would be interested in taking in the future, more than 60 percent said they were 'very interested' or 'somewhat interested' in a heritage or cultural trip. Similarly, while most Europeans tend to visit Canada because of the nature/wilderness character, cultural experiences still rate relatively high.

Cultural/heritage tourism can be defined as *purposeful travel that enables the traveller to learn about the history, heritage and lifestyles of others while contributing to the conservation and restoration of cultural resources and the economic well-being of the community.*

Community cultural tourism requires the integration of at least three essential components:

- The desire of a community to *share* its cultural legacy with tourists.
- An intact *cultural resource base* that can provide the foundation for a community cultural heritage product.
- An accessible *travel market* that is interested in visiting the community's heritage resources.

Benefits

A U.S. Department of Commerce study revealed that "for each \$44,019 spent in the United States for travel/tourism, on the average, one job was directly supported." This is an

impressive statistic for any community with a reasonable mix of cultural/heritage attraction. Many of them have several hundred thousand tourists passing through each year, but not stopping. By attracting a small portion of these visitors to stay more than a day dozens of jobs can be created. As with **Community Tourism** in general, many of these jobs will be accessible to those who are ordinarily marginal to the labour market—youth, women, minorities. Moreover, cultural tourism can expand a community's existing travel business into the shoulder season, maintaining existing jobs longer, because heritage attractions are not as dependent on weather conditions.

Cultural tourism as a specialty is particularly capable of attracting income and profits because it has a greater capacity to generate overnight, extended stay vacations and repeat visitation. As well, because the cultural tourism sector is experience based rather than facility based (such as luxury resorts or theme parks) most of the visitor expenditure stays in the community as salaries for performers, interpreters, artists, historians, etc. These local salaries will ordinarily be re-spent in the community to generate other jobs via the multiplier effect.

Again, like general community tourism, this tool for community resilience provides an option for economic diversification. Communities with a strong tourism base can be attractive to other service sectors.

Cultural tourism has put some little communities, such as, Taos, NM, Branson, MO, Stratford, ON, Kimberly, BC, on the map, so to speak, making them popular destinations for those seeking to live and work outside the large cities. Surveys indicate that residents of communities with a strong cultural tourism base are especially proud of their hometown.

Cultural/heritage tourism can be a catalyst for cultural conservation and capacity building. A community may benefit by improved preservation and architectural/landscape restoration from revenues generated by tourism revenues along with contributions from local businesses and interested residents. These restoration activities in turn can provide learning opportunities for residents.

Major challenges

The development of community-based cultural and heritage tourism faces many challenges that are not necessarily associated with other components of the industry. They include:

- Maintaining authenticity against pressures for reduced costs;
- Meeting the higher expectations of the cultural tourist who tends to be a discerning visitor; and

- Respecting the local physical and psychological ‘carrying capacity’ (including such routine things as trash disposal).

Practical steps

1. Execute a comprehensive inventory, classification, and analysis of *all* cultural related resources.
2. Identify a cultural tourism theme and identity.
3. Develop products that are supported by the theme and enhance it.

Resource organizations & contacts

- See the suggestions for **Community Tourism**.
- There are, of course, many specialized groups that will be relevant to the particular cultural or heritage emphases that your community might select. Consider, for example, Storytellers Foundation, a non-profit organisation based in Hazelton, B.C., which advances cultural tourism as a vehicle for the development of community capacity to exert control over economic activities on traditional lands. Contact Doug Donaldson or Anne Docharty at 250-847-6500. They have an especially useful publication: *Action 2000, A Journey into the Human and Economic Potential of the Upper Skeena*. It provides an example of one community’s social and economic planning process which identifies cultural tourism as an opportunity for community economic development, cultural interaction and self-analysis.

Publications

- *Getting Started: How to Succeed in Heritage Tourism* is available from the National Trust for Historic Presentation (California). It focusses on finding an appropriate community fit that supports authenticity, quality, and the preservation of natural resources. Website: gocalif.ca.gov/research/order
- Martin Mowfurf and Ian Munt, *Tourism and Sustainability: New Tourism in the Third World* (Routledge Press, 1998).
- Alf H. Walle, *Cultural Tourism: A Strategic Focus* (Boulder, CO: Westview Press, 1998). A text that shows how communities can make sure tourism benefits them.

Energy Systems

Description

The typical North American community is supported by a bewildering collection of utilities and engineered systems, the maintenance of which represents the largest expenditure of

community tax dollars. Yet, once constructed, there are few financial benefits that come to the community from such a sizeable financial investment. In the case of energy, for every dollar the community spends it is estimated that 70 to 90 cents leaves the community and never returns. However, if a community's approach to energy is broadened to include notions of self-reliance, of wealth generation and local employment, and of long term adaptability and sustainability, then the starting point in deciding on the form, size and inherent nature of the energy infrastructure fundamentally changes.

There are many different energy forms that a community can consider for returning greater value:

- Solar energy: This can supplement existing systems and cut as much as 75 percent of heat and electricity costs.
- Wind energy: Wind turbines may be best implemented as supplementary energy sources, but their cost is so low that they are particularly appropriate for expanding the local energy supply.
- Micro-hydro: Small-scale hydro installations can be easy to build and operate, and can pay back the investment in a few years.
- Co-generation: The simple capture and use of waste heat from thermal electric generation (or other industrial facilities) can reasonably be expected to save a great deal of money, especially in a cold climate, and will usually recover the equipment capital cost in a few years.
- District heat systems: In closely built sections of a community in a cold climate zone, such as town centres, this option makes good economic sense. Instead of each facility having its own heating plant and fuel supply, with all of its associated capital cost and maintenance and floor space requirements, one highly efficient central plant provides heat to several facilities. District heat can be combined with co-generation, especially in remote communities with closely located buildings. In cases where a local industry such as a mill or smelter has waste heat, this can be captured and distributed as a district heat utility.

A local community that identifies an interest in energy conservation can take many steps to improve its local performance. Matching needs with appropriate sources of energy and then using that energy as efficiently as possible can lead to significant savings in all end-uses. Money freed up is available to add value through investment in the economy. The starting point will be a community campaign of education and mobilization for an energy-efficient community.

Benefits

Developing sustainable energy practices not only protects the environment but is good for a community's economy. With such a high percentage of traditional energy expenditures leaving the community, the energy use practices of homes, neighbourhoods, workplaces,

shopping centres, public buildings and transportation systems should be seen as opportune places to plug leaks in the local economy. Decentralized production of energy and energy conservation initiatives stimulate the regional economy and generate direct employment. Local businesses may be able to provide the goods and services to support technological change and conservation. Similarly, technology transfer and conservation can produce income generating expertise. For example, conservation consulting and contracting is becoming a very viable business as energy prices rise.

Major challenges

Despite the tremendous environmental and economic advantages of sustainable energy practices, communities face a number of challenges in adopting them. To address some of these requires government and corporate leadership. For example, the market does not always provide appropriate incentives for efficiency and does not fully count the environmental and social costs.

Furthermore, there is unwillingness on the part of some utilities to replace existing generating capacity with more efficient formats, and many jurisdictions lack a publicly stated long-range energy vision. The utility commissions and provincial agencies are very powerful regulatory forces, particularly in relation to who can charge fees and how much these fees can be. While utility restructuring initiatives are underway in many Canadian provinces, communities are likely to face some major regulatory hurdles and will likely find themselves involved in public systems change efforts in order to move forward. Most large projects this will require the utilization of external regulatory expertise.

Other challenges are closer to home. Often people just don't understand the energy saving opportunities that exist. Community institutions, organizations and businesses may not yet see the benefit in promoting and/or adopting energy efficient practices.

Some practical steps

The Community Energy Workbook outlines a process:

1. Build a Energy Steering Committee representing different local interests to guide the planning process and secure initial sponsorship of local groups.
2. Draw the local Energy and Economic Picture including how much energy the community is consuming and what that means for the economy and environment.
3. Mobilize the community for energy planning through an effective education campaign.
4. Hold an Energy Town Meeting which attracts wide media coverage, puts energy on the community's agenda, and launches energy planning workshops.

5. Create Energy Task Forces to address residential, commercial/industrial and transportation sectors.
6. Conduct Task Force Workshops to identify assets, opportunities and barriers for improving local energy use and the connections between these; and to select project ideas.
7. Bring it all together to create a community action plan.

Resource organizations & contacts

- Canadian Wind Energy Association, Suite 100, 3553 31 Street NW, Calgary, AB T2L 2K7; tel. 800-922-6932. (Website: www.canwea.ca). Offers a newsletter, technical assistance, products, services, bookstore.
- Centre of Excellence for Sustainable Development (US Department of Energy), 1617 Cole Boulevard, Golden, Colorado, 80401; tel. (303) 275-4826; website (www.sustainable.doe.gov). Offers manuals, workbooks, bibliographies, data bases, case studies, links.
- Centre for Renewable Energy and Sustainable Technology (Crest); www.crest.org (internet information source for sustainable energy and development information).
- Earth Energy Society of Canada, #1050-130 Slater Street, Ottawa, Ontario K1P 6E2; tel. (613) 230-2232; www.earthenergy.ca (information on benefits of ground-coupling heating systems).
- Solar Energy Society of Canada Inc., 116 Lisgar Street – Suite 702, Ottawa Ont., K2P 0C2; www.solarenergysociety.ca (technical information, conferences, trade shows, publications).
- Sustainable Communities Network (www.sustainable.org) offers information on organizations, publications, tools, case studies.

Publications

- Rocky Mountain Institute. *The Community Energy Workbook* (Boulder, CO: Rocky Mountain Institute, 1995) is available via the CED Bookshop (www.cedworks.com). This has been called a “brilliantly useful compendium of ideas, techniques and information that can radically improve our cities, awaken citizenry, and transform public policy.”
- Solar Energy Society of Canada, *The Canadian Renewable Energy Guide* (Burnstown, Ont.: General Store Publishing House, 1999, 2nd ed.). This comprehensive resource provides information on renewal energy applications; case studies; and a directory of associations, on-line information, publications, companies, products and services.

Health Care Options

Description

For a variety of long-term reasons, health care has been and will continue to be a growing sector of economic activity. While some aspects of the field are, of course, highly technical and do not readily suggest themselves as options for venture or service development by CEDOs in stressed communities, others seem made-to-order for local development purposes. For example, there are orders of home health care that require specific but minimum training and thus are appropriate career possibilities for those who need jobs but have few skills to offer. Home care often depends more upon personal qualities than specific skills, and the important skills demanded can be taught in relatively short order.

The choice of project, aside from its fit with the CEDO's venture criteria, may arise from a local special condition, as it did for Life*Spin in London, Ontario. There the province was closing out a mental hospital, and there were literally no provisions for housing people who were deemed no longer requiring in-patient care; and yet these people clearly were handicapped for making their own adequate shelter arrangements. So Life*Spin organized a resource group of experts together with psychiatric survivors and community representatives to design the most appropriate setting for the women who were most at risk. Margaret's House, as it is called, was designed to be established as a building with several small apartments and an adjacent staff house and with an appropriately organized supportive program. Part of the income for the project will come from commercial space rented on the first floor of the building that Life*Spin purchased. The project itself is run by a separate board which will rent the total premises from Life*Spin.

The range of possibilities in the health sector are wide, and the experience of New Dawn Enterprises, a CEDO in Cape Breton, Nova Scotia, demonstrates several other possibilities. One of its earliest projects was the creation of dental clinics in a number of communities in the region where local people had no dental care available at all and would have to travel a couple hundred miles for attention. From its efforts, using a provincial grant program to finance equipment and space, it began a turn-around in dental care that was desperately needed.

Cape Breton is an area with a major aging population, and another early (1970s) project for New Dawn was a seniors' home, which it continues to operate - now from another, improved facility. In another venture, New Dawn inventively used a special resource (substantial duplex houses in a decommissioned military facility) to create an innovative congregate living, home care program. On one side of each duplex is a multi-bedroom apartment for three or four senior or mildly disabled residents, and in the companion unit (with a new connecting door)

live a family of the employee-caretakers who are available, even 24-hours a day, to look after the needs of the residents next door.

New Dawn also launched a home visiting program to provide attention to health problems that otherwise would often require hospital care or serious risks to home-bound patients. Initially the venture was organized as a co-operative of the workers (as has been successfully accomplished elsewhere, in low-income neighbourhoods in Boston and New York, for instance), while New Dawn provided the financial management. However, the workers ultimately decided that they did not want to do the other supervision and management tasks; they simply wanted to take care of their patients. So New Dawn converted the business into one of its own subsidiaries, and recruited a full-time manager for it.

The kinds of health care ventures that can be organized by a CEDO depend upon the market for the care, just as with any other type of venture. While there may be a local need for a certain facility, that does not mean there is a market for it. Potential clients may not be able pay for the services and governments may not subsidize the operation. Health care ventures, like all businesses, require standard feasibility analysis and business planning, which will answer questions about where the income will be derived and whether that income can support the venture adequately. The ventures can be organized as nonprofit or for-profit, but in either case they must be self-sustaining, a requirement that New Dawn strictly enforces, for example, by asking managers to submit annual plans that lay out the financial prospects and to report monthly on the ventures' financial as well as substantive progress.

Benefits

As with all social enterprises, the main pay-off for the community is a social benefit, the improved health services. However, in this instance there is likely to be a substantial job creation benefit as well, which, as suggested earlier, can target particularly those who are at high risk in obtaining employment. Also, since the private for-profit sector can make money on health care facilities, there is no generic reason why these might not generate an income stream for the CEDO too. That will depend upon the goals and policies of the CEDO, as well as the management of the venture.

Major challenges

Mostly, health care ventures will depend upon government payments for services rendered to patients, and these payments will ordinarily be in arrears, perhaps many months in arrears. So cash flow may be a continuing major problem. Other than this, a health care venture will usually have no more (and no less) challenges than any venture.

Some practical steps

1. As always, the CEDO needs first to ascertain that the enterprise fits its initial venture selection criteria.
2. A feasibility study (or studies) will have to be conducted to make sure that no hidden obstacles exist for this idea. Of special interest here is whether and how any other agency in the region provides the same or similar services, or services that complement and link to the proposed venture.
3. Once the basic practicality of the venture seems likely, the CEDO will best recruit a manager (or managing partner) who will prepare a business plan that can be submitted to the board for approval and form the basis of any grant proposals that will be submitted - or otherwise undergird the argument to other capital sources.
4. Among the issues that should be addressed by this point is how the potential client group will participate in shaping the venture and its management, since community responsiveness is surely one of the CEDO's guiding values.

Resource organizations & contacts

The CEDO will need to look for other groups (for-profit or nonprofit) that operate a similar facility, particularly in the same province. The provincial agencies relevant to the facility may also be helpful (and could be helpful in pointing out other groups).

Publications

Since there are so many different possible ventures in this sector, no one publication or set of publications can be cited. Again, the relevant provincial agency may be helpful here.

Local Exchange Trading System (LETS)

Description

A Local Exchange Trading System offers an alternative to the conventional money system when conventional money is limiting the possibilities of the community economy. The amount of conventional money available in a community depends on how much comes in from exports, visitors, investment income and government spending. Conversely, it also depends on how much money leaves through imports, travel, investment expenditures and taxes. While the conventional system does many things well, it can leave the community vulnerable to external forces that the community has limited ability to influence. It can also mean a limited supply of money circulating in the community. Since money is the means of exchange, the limited supply results in fewer opportunities for people within the community to trade goods and services.

The LETS establishes a trading network for people in a specific community who will use an internal currency alongside conventional money for trading among themselves. The users manage their own 'money supply' as a way of measuring the relative value of the goods or services sold or bought. This local currency can't leave the community and thus continues to circulate internally. Since the currency is issued by those who use it, there is always enough local currency to meet the needs of the community.

By way of example, consider a simple three-way exchange: George builds a new room for John's daycare centre for an agreed-upon fee of 5,000 local dollars, transferred into George's account from John's account. John cares for Sue's two children for the fee of 200 local dollars per week for 10 weeks, receiving 2000 local dollars. Sue does George's books for three months for 1,500 local dollars. If all three started from zero balances and did not otherwise trade during this period, George would now have a positive balance of 3,500 local dollars; John would have a negative balance of 3,000 local dollars; and Sue would have a negative balance of \$500 local dollars. They would all be equally free to continue trading with others or with the same persons, changing their balances as they went.

A LETS can operate successfully on a very small scale with only a handful of users sharing a specific activity, e.g., a baby-sitting exchange. Alternatively, it can operate as a full-scale community system with hundreds of users. In the larger scale systems, typically there is a core of active users but with many others whose participation is more sporadic. A fairly large number of users is needed in order to open sufficient trading opportunities for people with very specialized skills.

There are now hundreds of LETS established throughout the world. But the first LETS was established by Michael Linton in 1983 in the Comox Valley of British Columbia.

The essential characteristic for a successful system include:

1. Administrative costs are recovered according to the cost of transactions in each account.
2. Each account holder has control over his/her account. There is no obligation to trade.
3. Information about any participant's account is available to any other account holder. Thus participants can judge the degree of commitment, contribution and/or activity of any potential trading partner.
4. No interest is charged.
5. Local currency, in most instances, is figured in equivalents to the national currency.

Benefits

The LETS have the potential to encourage and support local trading in addition to whatever might occur in a community's conventional economy. Since individuals can become engaged

in productive activities even if they lack money, these systems can enhance the participation of low-income people in both the economic and social aspects of community life. A business can reduce its reliance on cash flow during its start-up period and even beyond.

Communities can benefit from more connections and interactions among its members; from increased levels of economic activities consistent with community needs, skills and values; and from improved community spirit.

Since the local money can only be spent within the system, it goes around and around encouraging additional trading. And because no interest is charged or accrued, spending is encouraged, as there is no incentive for people to hang on to a positive account balance. At the same time, participants are able to reduce their use of conventional money and make their cash go further.

Major challenges

The Local Exchange Trading System concept is easy to understand and very appealing to those disenchanted with the conventional monetary system. As such, there may be a temptation for a community to hastily establish such a system without sufficient attention to creating a strong shared vision, building community support, and developing the organizational capacity to sustain the administration of the system over time.

Furthermore, the LETS, like other systems, are open to abuse. It is possible for a user to take more goods and services than they contribute and then to leave the system. It is important for traders to take responsibility for assessing the character and accounts of those with whom they exchange. Account information must be easily accessible for full review and efforts need to be undertaken to build a shared commitment by the participants to watch out for those who look like they may be abusing the system.

No one or no institution is able to provide quality assurance on behalf of the Local Exchange Trading System since it is an information system not a legal entity. Individuals providing the goods or service can take on this responsibility only in relation to their own accounts. It is a matter of 'buyer beware'; the consumer must ensure that the provider is able to meet an acceptable standard.

Participants in local exchange trading systems also need to understand that there may be implications related to taxation, income assistance benefits and unemployment insurance. These need to be thoroughly explored.

There has traditionally been low participation in local exchange trading systems by established businesses due to their tendency to be conservative and motivated to avoid perceived complications in areas such as accounting and taxation. While not essential,

participation of businesses will help bring the LETS idea into the mainstream and increase broad public acceptance and participation. One innovative approach to this challenge is the Community Way initiative underway in the Comox Valley of British Columbia. Businesses donate Community Way dollars (CW\$) to support charitable projects and undertake to accept CW\$ in partial payment of a sale. Individuals then support these projects by exchanging regular currency for CW\$ which they can then use for partial payment with the participating businesses or to purchase goods and services from other users. The system encourages business participation by providing an opportunity to make charitable contributions in a way that increases customer loyalty and local spending.

Some practical steps

1. Proponents of a Local Exchange Trading System need to begin by clearly identifying their vision for the trading system. Basic agreement must be developed about the objectives, scope and organizational structure.
2. Individuals could be assigned research tasks regarding experiences and practices of established alternative trading systems in such matters as currency, account holder agreements, registries, legal issues, resources. The best sources of information seem to be available through internet and personal contact.
3. The initial vision and a basic organization and operations structure should be outlined in a clear, concise written format that can be used by the initial proponents group to build community support and participation. As this support and participation builds, some changes may need to be made to accommodate new perspectives and concerns, as well as to develop a broader sense of ownership for the system. However, it will be important to balance this against the need to begin with a system conservatively based on identified successful practices.
4. The set up and initial administration of the system will take time and have some initial expenses. Start-up funding would allow someone to have the time and resources to facilitate organizational meetings, information distribution and the setting up of administrative systems such as the system registry.
5. A clear system for ongoing system administration must be developed. Most successful systems compensate the system administrator with local currency from user accounts according to the transactions undertaken.

Resource organizations & contacts

- LETSsystems – The Home Page (www.gmlets.u-net.com) provides excellent links to sites with information about issues, administration software, organization, and user materials.
- LETS Connect, 12 Leasowe Green Lightmoor, Telford, Shropshire, UK TF4 3QX (www.gmlets.u-net.com/resources/letsconnect) is an information and support network.

- Econ-lets (www.mailbase.ac.uk/lists-a-e/econ-lets) is intended for e-mail discussion of issues surrounding the development of LETS. E-mail address: econ-lets-request@mailbase.ac.uk
- LETSAssist Software, The Cyberclass Network, P.O. Box 9333, Ottawa, Ont. K1G 3V1, tel. 613-746-9702, offers shareware software to support LETS.
- John “The Engineer” Turmel (www.cyberclass.net/turmel) provides another home page with links to articles, sites, software, press articles and book reports.
- LETS Vancouver, 617 Union Street, Vancouver, BC V6A 2C1, tel. 604-3269 #9235, provides an example of a Local Exchange Trading System. Their web site (www.alternatives.com/lets) has an account holder’s agreement, a directory of offers and requests, and useful links.
- Michael Linton, Landsman Community Services Ltd., 1600 Embleton Crescent, Courtenay, BC V9N 6N8, the initial architect of LETSystem, also can help on the design and development of organizational systems for community banking.
- Community Way (www.communityway.org) provides a new tool for charitable fund-raising, initiating community currencies and encouraging business participation in local trading.

Publications

- *The LETSystem Design Manual* provides practical and theoretical information ranging from fundamentals of the system to administration and legal issues. It can be downloaded from the LETSystems homepage identified above.
- *Local Exchanges Trading Systems* by Sidonie Seron, found in the resources section of the LETSystems Home Page (www.gmlets.u-net.com/resources/sidonie), provides a useful analysis of LETS and raises some important issues and cautions.
- *Frequently Asked Questions about LETSystems* is available from LETSgo Manchester, 23 New Mount Street, Manchester, UK, M4 4DE (www.gmlets.u-net.com/faq.html).

Appendices

APPENDIX A : REVELSTOKE B.C.

Nestled in the Rocky Mountains of British Columbia, Revelstoke was the quintessential boom town. Settled first on account of regional minerals and lumber, sustained by its strategic location on the Canadian Pacific railroad, it profited in the 1970s and early '80s from massive hydroelectric projects on the Columbia River.

By the same token, its dependence on megaprojects, over which locals had no control, had a price. Dam construction in the '60s, '70s, and '80s turned some of the region's finest forest and agricultural lands into reservoirs. Before completion in 1985 of the final megaproject, the Revelstoke Dam, the town was already suffering serious decline. Dependency on large-scale employers hit hard and deep. Revelstoke's dilapidated downtown said it all.

Yet now, at the turn of the century, Revelstoke has stemmed the tide of economic and social decline. Unemployment is down to 10%. There is a healthy demand for property. Where once existed merely a "boom mentality" which purely measured economic growth, the city has developed a identity as a vibrant mountain community with a diversified, sustainable local economy.

By revitalizing the downtown, Revelstoke rekindled local pride & confidence, & created an opportunity for a new generation of leaders to come forward & work together. (Photo credit: Centre for Community Enterprise)



To attribute this success to somebody's masterful planning and insight would be a conceit. Local people would be the first to deny it. But there are definitely elements of sustained good sense, loyalty, courage, trust, and patience which have enabled residents of Revelstoke to get and keep high-caliber leaders - the sort of leaders who can turn luck into an opportunity which local people are willing and able to seize.

These qualities are manifested in a number of organizational accomplishments: the drafting and regular renewal of a comprehensive strategy for local

change; the development of a capacity for local research; expertise in select economic sectors; the creation of a network of organizations that can and do work together to implement projects consistent with the community's strategy.

Sowing New Leaders

The sheer breadth and depth of Revelstoke's leadership - and the will of leaders to extend that capacity - is a salient part of the story.

In the early '80s - before the final crunch - a planning process commenced. In fact, it was a series of interviews with business and other community leaders which issued in two major courses of action: the hiring of a municipal economic development commissioner (1983) and the completion of a local economic strategy (1985 - one of the first in B.C.).

Significantly, the public sustained its will to follow through on these plans even when their town's fortunes hit rock-bottom. Maybe people just knew when their backs were against the wall: the completion of the dam and the closure of both a local sawmill and mine terminated over 2500 jobs within the space of 24 months. Although the Canadian Pacific Railway remained, staffing at its maintenance yards steadily declined. By 1986 unemployment was at 25%; over a third of the houses were on the market.

At this critical juncture, the economic development commission put the community's seal of approval on the principle (and cost) of municipal intervention in the local economy. The community economic strategy specified priorities for action to stem the depression: a co-ordinated effort to market the town to new forest or mining investors, to encourage local entrepreneurs, and to promote tourism.

It was tourism that got the wheels turning. A serious tourism strategy obliged residents to start thinking about their identity. What did Revelstoke really mean to them? What did it mean to outsiders? Downtown revitalization had been attempted in the late '70s. But the notion of attaching alpine facades to storefronts never caught on. 1986 was different. This time, taking advantage of a provincial heritage restoration program, taxpayers approved a major investment to restore old buildings, rather than conceal them. Retrieving the authentic beauty of Revelstoke's core literally "put the heart back in the town" - and provided the stage upon which a first generation of leaders emerged, worked together, and tasted success.

Organizational Capacity

The years 1987-92 witnessed the emergence of a number of local organizations that became key players and partners in development decisions.

Concerted efforts on the part of City Hall, the Economic Development Commission, and the local Member of Parliament led to Revelstoke's designation as a Community Futures community in 1987. It was one of the first places in the country to receive this designation

and to successfully assert a local, rather than regional, sphere of operations for the program. The Community Futures (CF) Society steered the federal assistance into a multi-faceted strategy that included a self-employment program, various community development projects, and a Business Development Centre that managed a small business loan fund.

In 1988, the Chamber of Commerce, the CF Society, the Business Development Centre, and the Economic Development Commission elected to “co-locate” in the Revelstoke Enterprise Centre. At one level, this move simply reduced overhead costs by permitting the organizations to share an office, receptionist, photocopier, and coffee maker; and as a one-stop shop for entrepreneurs and developers, it also increased the profile of all four organizations.

However, most significant - and probably the easiest to overlook - is the fact that co-location made it far easier to tightly interlink local development initiatives. Everybody could now get a precise idea of what the others were doing and dovetail rather than duplicate their agendas. The Enterprise Centre itself, moreover, began to actively promote the projects of the member organizations and connect them with additional resources and opportunities. All four began to take a hand in financing and undertaking the completion of feasibility studies, as circumstances required. ("Throwing money at the wall to see what sticks," as they say.) The Enterprise Centre epitomizes the will of Revelstoke's leading lights to plan and work in partnership, rather than compete for turf or credit.

In 1990, these same leaders started to bring the Revelstoke Credit Union on board. First as rank and file members, then as board members, they nudged the credit union toward a more activist role in local renewal. A threshold was crossed in 1996 with the selection of a manager who was particularly skilled in commercial loans, rather than residential mortgages.

That's helped to close some of the local capital gap. To narrow it still further, another community institution was launched in 1999. The Revelstoke Community Foundation will act as an administrator and disbursing agent of charitable funds donated by local people and other sources. Its board of 12 volunteers is supported operationally by Community Futures and the Credit Union. Interest from the fund's investments will be available to support a variety of designated and discretionary projects in the town.

Revelstoke Community Forest Corporation

One stumbling block to Revelstoke's recovery after 1986 lay in the paltry number of local jobs created by the logging companies active in the area. The vast majority of the harvested timber went to other towns for processing. That had to change. The City began to accumulate expertise in forest industry research and analysis, tracking the performance of local forest tenure holders and comparing it to the terms of their licenses. On several occasions in the

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years 1987-92, the City was able to challenge the companies' forest practices and impress upon the provincial government the need for local input in forest management planning. (The cutting rights of one tenure holder were actually suspended on the strength of the municipality's case.)

This in-house capacity was put to the test in 1992. Late in the year, City Hall and the Economic Development Commission acted to forestall the sale of a nearby tree farm license (TFL) to out-of-town interests. Why should local people remain "out of the loop" when decisions about the use of local resources are made? The City was able to formulate a credible counter proposal for the creation of a local community forest corporation that would assume management and harvesting of a portion of the TFL. The City and three local sawmill owners were to become partners in the venture, with a total investment of \$4 million (including \$1 million in City money).

The Province permitted the mavericks to proceed, given their mobilization of the necessary cash and public approval. The City was already in for \$200,000 - the cost of developing a

Value-added wood processing is one of the means by which local industry has created more forest-related jobs than Revelstoke ever enjoyed in the past. (Photo credit: Selkirk Specialty Woods)



quality business plan at this level of complexity. An extensive public information campaign was launched to prepare people for the referendum, including workshops, meetings with community organizations, televised public meetings, pamphlets and newspaper articles, and a radio open-line program. Instead of a mere information blitz, the events facilitated an open discussion of real options. The referendum passed with a 78% majority. The entire process, from initial proposal to the incorporation of Revelstoke Community Forest Corporation (RCFC), took about 14 weeks. Business operations commenced scarcely six weeks later.

RCFC continues to present a fine return on investment, not just in profits but in terms of local jobs. There are now actually more forestry-related jobs in Revelstoke than there were ten years ago. This testifies to both the corporation's cultivation of local talent, and to its partners' commitment to invest locally. One of them now employs 75 people at a new wood value-added enterprise, Selkirk Specialty Woods.

Community-Wide Planning

The tumult surrounding the launch of RCFC disturbed but was not allowed to derail another process of local consultation. In 1991, there was a prospect that an outside developer would turn nearby Mount Mackenzie into an international ski destination resort. The impact that this and certain opportunities in the communications sector could have on the local quality of life raised a thorny issue. What did Revelstoke want to be “when it grew up”? The initiatives taken in the mid-80s had elicited some ideas from some influential residents. Since then, new organizations and projects had dramatically increased the number of community leaders and active citizens.

To arrive at a more accurate idea of the future that Revelstoke would have for itself, the mayor struck an ad hoc committee of 40. A vision statement was drafted and presented at public meetings, but then the forestry crisis shelved the whole process. Only in late 1993 did the visioning process recommence. The distribution of a multi-page survey to every one of Revelstoke’s 3,000 households elicited a response from one in three - a deluge of information about the residents’ values and hopes for their town. Collated and analyzed, it helped to finalize a collective vision statement, which in turn shaped a second major process: a new strategic plan.

It wasn’t that the 1985 plan had been accomplished. It was just that so much water had flowed under the bridge in terms of action taken, opportunities opened up, and purposes clarified. Also, there was a need to open up the planning procedure. This time, 14 public meetings were held to discuss the ideas which different groups and organizations wished to see emphasized. Newspaper articles and advertisements encouraged broad public participation.

The finished plan, “Revelstoke Community Economic Development Strategy 1995-2005,” brought an entirely new level of precision to the town’s understanding of its situation and aspirations. In addition to a sectoral breakdown of opportunities and weaknesses was an analysis of where Revelstoke stood in terms of the basic ingredients of a healthy economy: credit and equity, planning and research, promotion and brokerage, and human resource development.

Since that time, an annual planning meeting has been introduced to keep the strategic plan tuned up. At this event the public receives reports from every major community organization (including Community Futures, the City, the Chamber, Enterprise Centre, and RCFC), and there they can discuss priorities for future action. Subsequent meetings then iron out who is to do what - not a difficult procedure, since strategic planning has become a standard

practice of all these organizations. Clearly, strategic planning and thinking has become a part of the local culture.

Preparing the Workforce

Increasing that pool of talent is the business of several training organizations that have emerged in the past ten years.

Much of the credit for this goes to the CF Society. In the late '80s its sponsorship and advocacy of employability training carried a lot of weight in a place which hitherto had no adult education programs. To start closing that gap, the Society brokered partnerships first with the school district, then with the regional college, and finally brought these and other interested citizens together into an Adult Learning Council. When provincial program funds became available in 1996, that council was ready and waiting to become the board of the Skills Centre, a focal point for employment training programs offered by the college, Forest Renewal British Columbia, and Community Futures.

With the Skill Centre in place, Revelstoke was not caught off guard when Human Resources Development Canada announced in 1997 its intention to close the local employment centre. For years, the centre had merely functioned as a distributor of employment insurance. Here was an opportunity for "value-added" of a different kind. On the same premises, with HRDC's full co-operation, a Career Centre was established which, in addition to EI cheques, could link clients to counselling, skill upgrading, job opportunities, and other employment and education information available through the Skill Centre. The Career Centre also forwards prospective entrepreneurs through to Community Futures' self-employment training program.

Another human resource project launched in 1997 was a database of local business activity to supplement information from the City, the Chamber, and Statistics Canada. Community Futures hired an intern to conduct interviews with every business person in town. Information was collected and collated on 600 enterprises. In addition to matters such as income, staff, and how long they had been in operation, the database records each business' local expenditures and purchases.

A map of how local people spend and invest is thus beginning to take shape. If updated regularly and supplemented by similar information about community organizations, it could help future planners shape initiatives that re-circulate local dollars more efficiently. An inventory of labour market information - what skills people have, and which skills local employers require (or expect to require) - is also contemplated.

It is noteworthy that Revelstoke's training resources have recently co-located after the example of the Enterprise Centre. The Community Learning Centre, as it is called, brings together under one roof the resources of the School District, the Skills Centre, and the regional college to create a one-stop shop for people looking for work and training.

The Creation of a Development System

Is this local economy too municipally driven? Some might say so, in light of the \$1 million that the City invested in RCFC. As the mayor points out, however, the City only acted when the local private sector could organize no alternative (on its own, at least). When it comes to fulfilling the community economic strategy, the municipality's rule of thumb is to wait for local volunteers or entrepreneurs to have sufficient commitment and confidence to adopt the proposed initiatives. If no one comes forward, the initiative "rolls over" into the subsequent plan.

Significantly, even though some political troubles delayed City Hall's approval of the 1995 economic strategy until 1996, it didn't really matter. As the Economic Development Commissioner had to advise the Council, its approval was just a formality anyway - local people had already undertaken many of the projects listed.

A good example of this astute application of municipal resources to private initiative is the aforementioned Mount Mackenzie ski resort. The ski area was sold in 1990 to a Toronto company for development, but the City cancelled the contract a year later when the company failed to meet performance clauses. No new takers for the project could be found nationally or internationally, and the project lay fallow until 1998. In the interim, however, some local

As owner of RCFC, Revelstoke was able to dovetail its responsibility to its Mount Mackenzie partner with local forest industry development. (Photo credit: Revelstoke Community Forest Corporation)



businessmen became quite successful transporting skiers by caterpillar tractor to slopes on the top half of the mountain. The City and the cat-ski operators agreed to become partners in the mountain's redevelopment for conventional skiers. Part of the City's obligation was to cut a \$850,000 road further up the mountain - which RCFC accomplished, and in the process harvested timber which offset one third of the road building costs. By strategically supporting private business, Revelstoke has created access to first-class facilities and snow for all manner of skiers.

Incubation, not intervention, is the rule of thumb at Revelstoke City Hall. The CF Society (now the Community Futures Development Corporation) has long followed the same principle. As

in the case of the Skills Centre, Community Futures makes a habit of helping citizens get promising ideas organized. Then, should an opportunity arise (financial or otherwise), an organizational machine is ready and waiting to shift into high gear. In 1989, for example, Community Futures assisted a group of railway buffs with planning, research, and structuring an organization. In 1993, as the Revelstoke Heritage Railway Society, those people assumed responsibility for the design and management of an outstanding railway museum in town.

This incubation of initiative and responsibility on the part of ordinary citizens has many payoffs. For one thing, the town can move fast and effectively when time is precious. When a mill in an outlying settlement shut down in 1995, the response of Revelstoke was little short of instantaneous. Community meetings were held, the credit union made arrangements for emergency loans, and training programs for re-skilling the employees were prepared. Ironically, members of neighbouring communities, affected by the same closure, had to make use of Revelstoke's services, their own institutions not being quick enough off the mark.

Likewise, Revelstoke's elected and appointed leaders have recourse to a local "grapevine." They are not the only ones in town with their ears to the ground. When unwelcome changes to the terms for the export of softwood lumber to the United States became a possibility in 1998, it was an ordinary citizen who picked up and relayed the news release to City and RCFC staff. They then organized a counter-campaign that helped protect local mill-owners. (The Ministry of Forests received 400 letters of protest from Revelstoke alone.)

What has emerged in Revelstoke is a local development system rather than just a collection of programs. All the components required for successful economic development are present:

- an equity building strategy (RCFC);
- locally accountable sources of business credit and project finance (Community Futures, the Credit Union, and the Community Foundation);
- a capacity to plan and implement human resource development programs;
- a capacity for strategic planning and research;
- and last, but by no means least, leadership that can broker opportunities and co-ordinate grassroots initiative.

Small wonder actions in Revelstoke are not attributed to the nameless and mysterious "they." People instead say "we" and "us."

APPENDIX B: EVOLVING A CED ORGANIZATION

27 Tasks for the Planning Phase

The following list of tasks suggests the things that most groups must at least consider in the process of setting up a new community economic development organization, a CEDO. The most usual format is as a Community Development Corporation or CDC, and the planning tasks outline here assume that format although almost all of the tasks would be necessary for any format chosen.

These tasks are the sorts of things that an already well organized community (urban neighbourhood or rural area) will be able to accomplish. That is, this listing assumes that:

- the community has already established an effective spokesgroup to articulate its needs;
- the community, through the group, has established a successful record of performance in solving or handling one or more community problems;
- after much consultation among community residents, the organization and its constituency have concluded that a CDC is the priority strategy they must create in order to address other problems;
- they have the financial and other resources for the initial planning tasks.

The tasks are not listed here in a strict order of precedence or importance. Each community will have its own resources, requirements, and history that could determine the significance and necessity of a particular task, and the sequences required. The ones selected here, however, appear to be fairly commonly appropriate, and some attempt has been made to list them in a meaningful order of likely accomplishment. Probably all CDCs or their parent organizations have effectively addressed all of these tasks at some point before launching a comprehensive local economic development program.

A. Legal

1. Draft articles of incorporation and review them with representative constituents and others before adoption.
2. Register the corporation and its articles, completing all incorporation procedures.
3. Draft, review with appropriate others, and adopt bylaws that will assure (a) open membership for all community residents; and (b) control by resident members.

B. Organizational and financial structure

1. Establish a responsible and capable board of directors, selecting them in accordance with bylaws.
2. Arrange for the board to have access to a general counsel and to a certified/chartered accountancy firm for annual audit services.
3. Develop a roster of business and other specialists as necessary to supplement the skills of board members.
4. Recruit the executive director (general manager, chief executive officer, or whatever the title chosen and established for this position).
5. Establish committees and procedures for carrying on the board's work: executive committee for interim board action; an investment committee to screen and recommend board action on the use of the investment funds; social programs committee to deal with projects of community development that support and are supported by the investment program; procedures for monitoring investment or community development projects; procedures for assuring review and modification of board plans, etc.
6. Establish bookkeeping and accounting systems with adequate financial control and reporting procedures, obtaining approval to that effect from the accountancy firm.
7. Obtain necessary staff or consultant assistance to support the board's planning activities.
8. Establish general personnel procedures (provisional pay scale, fringe benefits, grievance procedures, etc.) and write up as a manual for staff and board.
9. Conduct orientation sessions for board members on rights, responsibilities, and relationships of board and staff - using appropriate outside assistance.
10. Establish and maintain general records and files, particularly minutes of board meetings and public hearings conducted by the CDC.

C. Program Development

1. Establish and carry out procedures to involve a broad spectrum of residents as CDC supporters and members - especially concentrating on assuring that those who are unemployed or under-employed get representation.
2. Establish and carry out procedures to involve a broad range of members and the general public in setting the goals and objectives of the CDC.
3. Establish and carry out procedures to keep members *and* the general public appropriately informed of the CDC program, activities, and plans.
4. Gather and organize any necessary data for the development of a general program - gain access to data already collected by others.

5. Research and determine the best prospects for funding CDC operations - which government agencies, private foundations, etc., are to be approached - and make the initial contacts to get guidance on proposals.
6. Select and make explicit the community economic development goals for job creation, for equity and debt investments in local enterprises, and for other community institution building that will increase the economic resources and available job opportunities in the area, including assistance to other groups or organizations.
7. Set a specific target number for jobs to be created in each year, developing a rationale for the practicality of the target number; set similar explicit targets for other kinds of goals.
8. Formulate a preliminary plan or provisional program for attaining the goals that have been selected by the CDC board, after consultation with local residents; include plans for improving board capacity and skills.
9. Consider how investments might be made to serve multiple goals and what trade-offs (i.e., reduced benefits on one goal in order to achieve another goal) might have to be made.
10. Conduct a preliminary inquiry on potential investment projects that would be reviewed and studied in more detail.
11. Construct a detailed budget for year 1 of the operating phase and provisional budgets for years 2 and 3; review with appropriate outsiders before submitting as part of proposal for funding.
12. Prepare a narrative account of accomplishments, failures, and changes in plans as they have occurred in the planning stage.
13. Submit a formal proposal for funding an operational program.
14. Follow up on that proposal to keep it active.