

SOCIAL ENTERPRISE, PROCUREMENT AND FINANCE: AN ECO- SYSTEM APPROACH

Presented by Kristi Fairholm Mader
October 16, 2018

kfmader@scalecollaborative.ca



Scale Collaborative



Our work:

To assist non profit organizations to financially diversify from grant dependency by integrating enterprising revenue streams

To build socially enterprising eco-systems that incorporate social enterprise, social procurement and social finance



Connecting 'social' ideas and concepts

Social finance-
investing in impact

**Social
procurement-**
leveraging and
generating demand

Social enterprise-
enterprising and sustainable
models

Social innovation-
new and disruptive ideas



**Positive
Social
Change**

Social entrepreneurship-
innovative and change focused, market
based not required

Community-based Social Enterprise Eco-System

Social

procurement-

increase market demand
for business for good

Social enterprise-

provide blended returns and
community benefit



Social finance-

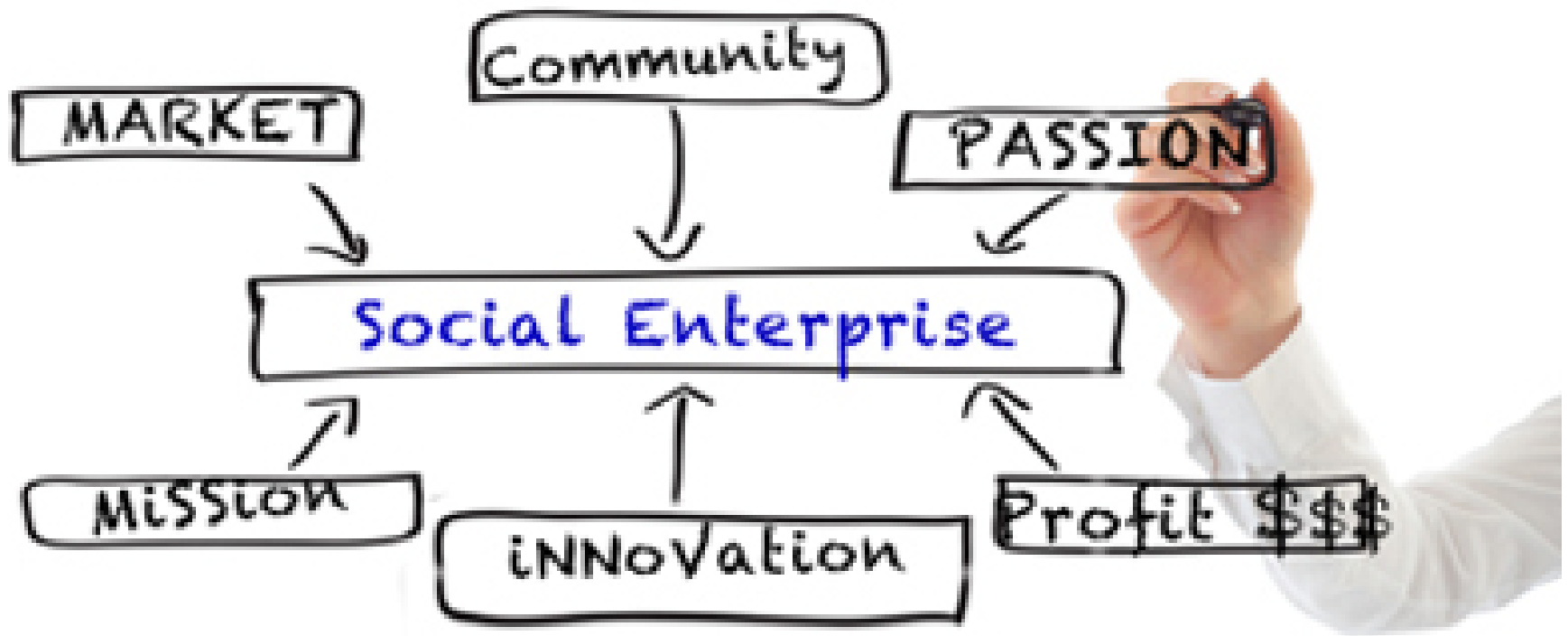
investing in business for
good



SOCIAL ENTERPRISE

... the little engines that can and do

What is social enterprise?

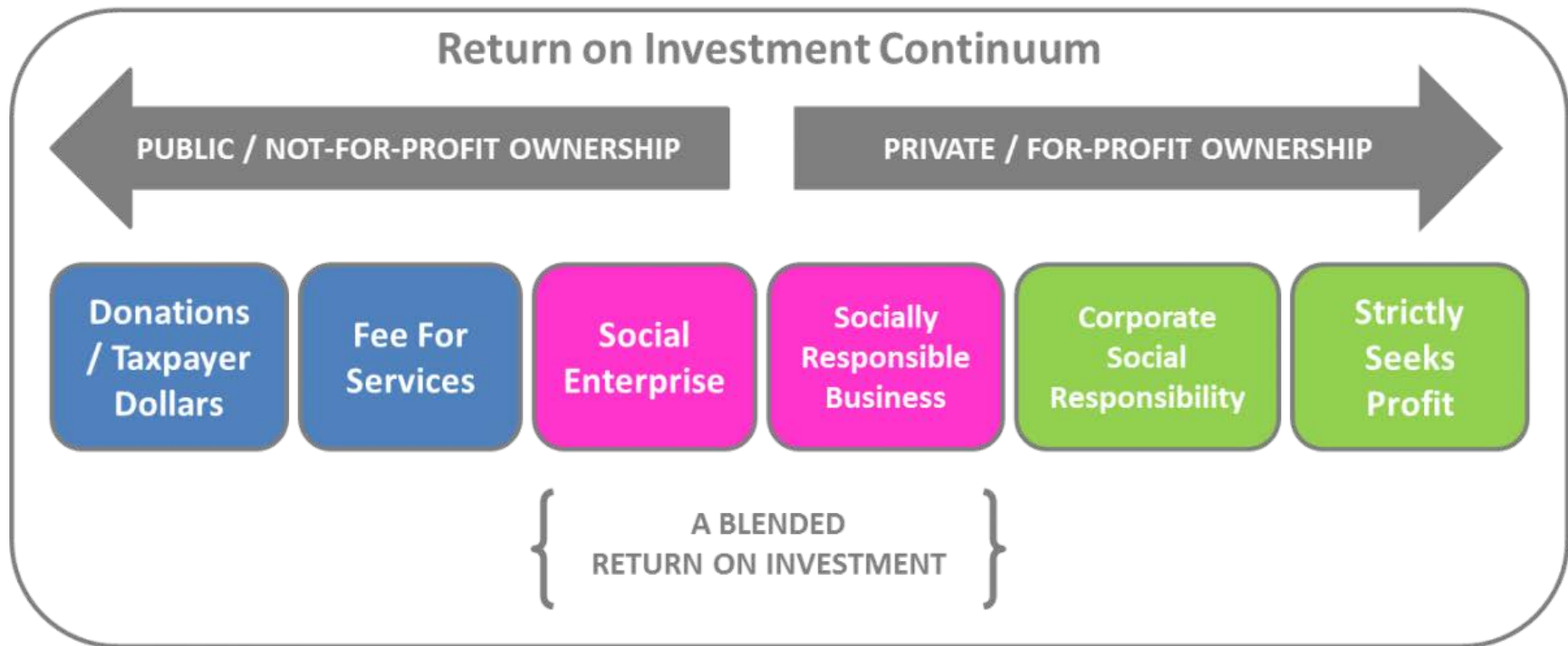


Shifting landscape for 8% of GDP

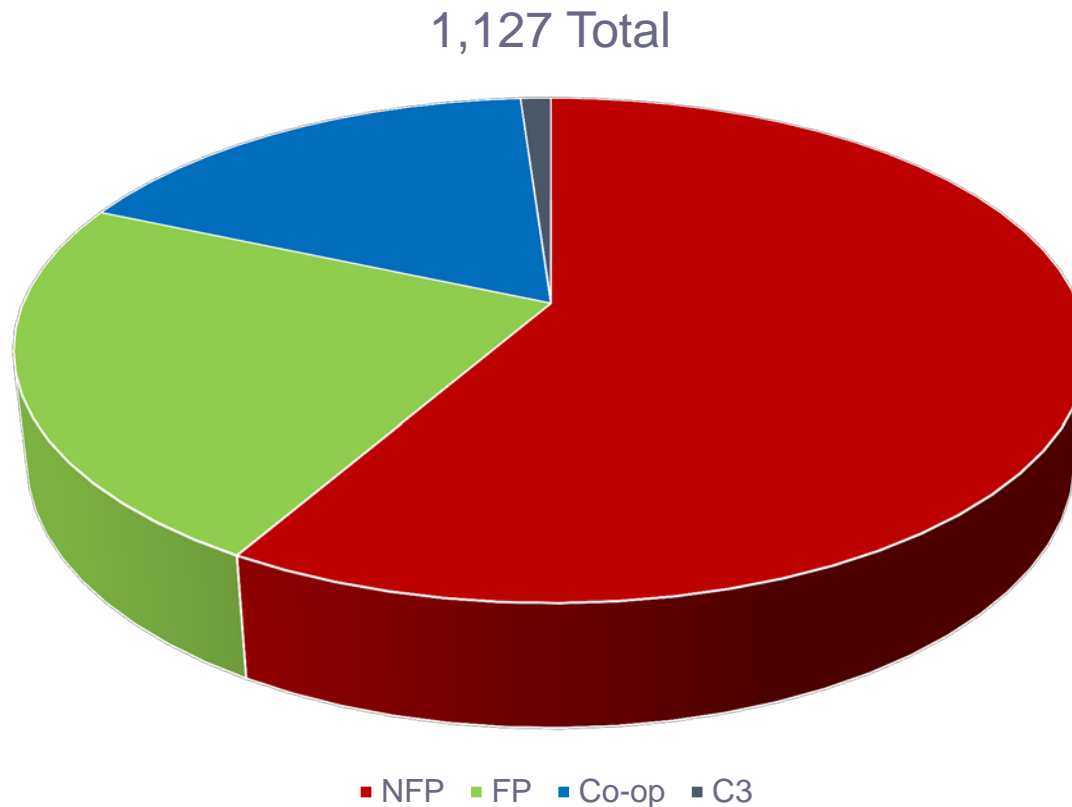
“Charities and non-profits rely on three core sources of revenue: government funding, philanthropy, and earned income. Of these, only earned income offers any prospect for growth over the long-term.”

- *Strengthening the Third Pillar of the Canadian Union;
An Intergovernmental Agenda for Charities and Non Profits*

Impact Business = Blended Value



Social Enterprise Snapshot (2015)



Grew 36% in 5 years (2010-2015)
\$533 million annually in revenues

Purpose is the DNA of a SE

- Profits that can be redirected?
- Training or employment for a target population?
- Meeting a need in the community or within a sector?
- Gaps in the market?

What problem can your community solve with social enterprise?

Gaps in the market or profit?



Pet Treat Bakery



Cowichan Energy Alternatives



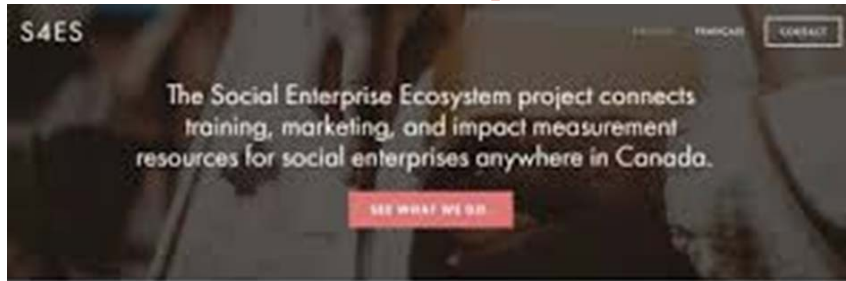
Challenges faced by social enterprises

- Operating an enterprise within **non-profit or charitable** structure is unique from for-profit structures in terms of governance, access to finance, accountability and marketing
- Current skills capacity may be very different from required capacity of the enterprise
- Organizations are different than sole proprietors— start up and breakeven can take longer but can be shielded from early shocks
- Limited access to capital- investment, debt, internally generated funds and funding
- May experience difficulties in balancing social mission and organizational culture with business realities

Opportunities provided by social enterprises

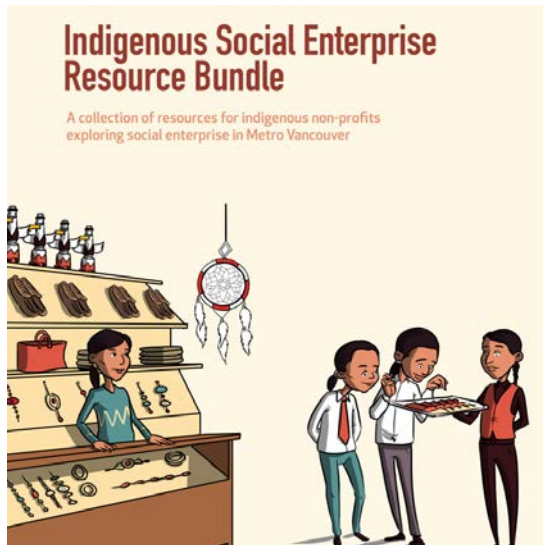
- Additional revenues that support community needs
- Many people contribute to make something happen
- Economic contributor to communities
- Fill gaps in the market in meaningful ways (food security, employment, clean energy, waste management)
- Access to growing network of innovative tools and support
- Social procurement can create markets for social enterprise; social finance is looking for investments

What exists in your community to support social enterprise?



We partner to build social enterprise in Canada.

SEE WHAT EACH OF THE S4ES PARTNERS DO BY CLICKING EACH LINK BELOW:



6 Pillars:

1. Enhance enterprise skills
2. Ensure access to capital and investment
3. Expand market opportunities
4. Promote and demonstrate value
5. Regulatory framework
6. Networks and community engagement

Resources



The Canadian
Social Enterprise Guide
2nd Edition



THRIVING NON-PROFITS
Financial Strength. Community Impact.

futurpreneur
canada

A graphic consisting of several green dots of varying sizes arranged in a cluster, resembling a stylized star or a group of people.

Questions? Comments?



SOCIAL FINANCE

... helping the little engines get over the mountain

Social finance and impact investing

Social finance is an **approach to managing money** that delivers a social and/or environmental dividend and an economic return.

- **community investing, microlending, sustainable business and social enterprise lending. Grant making and program-related investments also fall under the umbrella of social finance.**

Another continuum



Canadian Impact Investment Assets (billions)³



Canadian growth of
impact investments

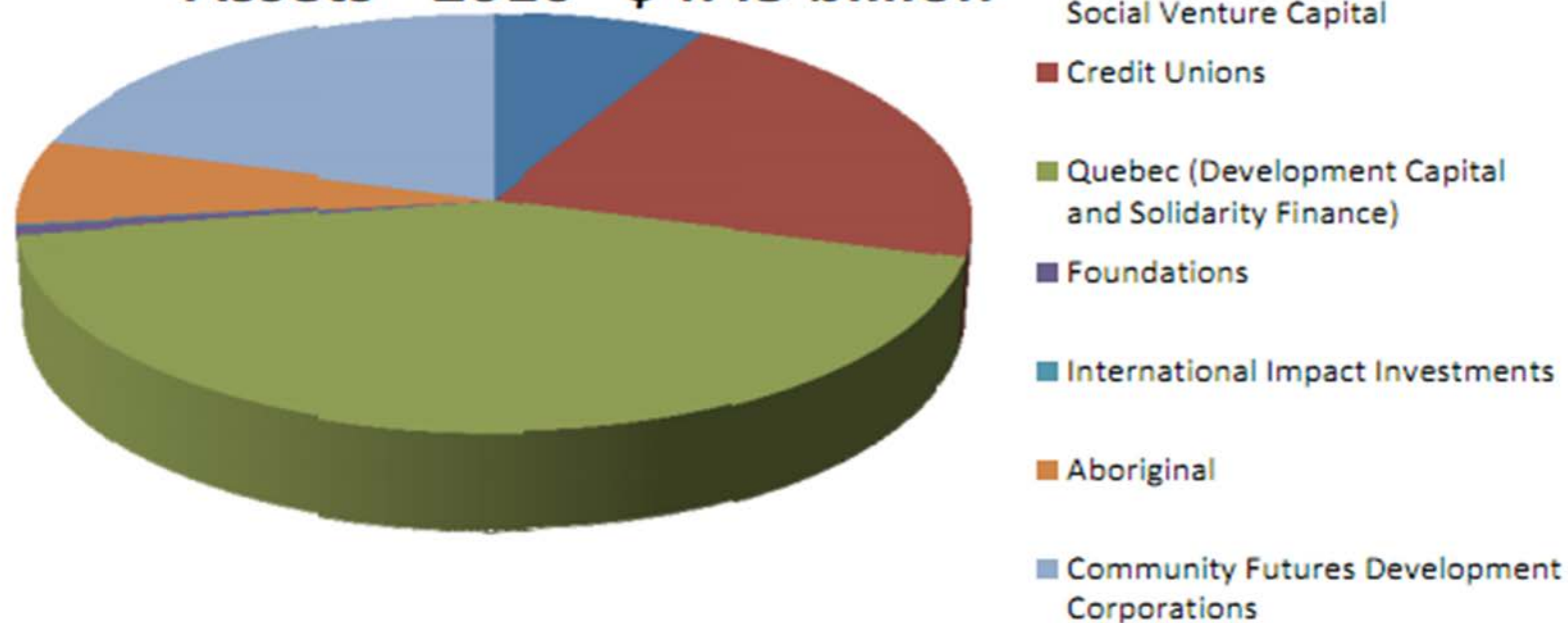
C\$30 billion
by **2023**



Global growth of
impact investments

US\$2 trillion
by **2025**

Canadian Impact Investing Assets - 2010 \$4.45 billion



What are the top barriers to growth of impact investing in Canada?

Rank	Score	
1	113	Shortage of high quality investment opportunities with track record
2	87	Lack of appropriate capital across the risk/return spectrum
3	54	Lack of common way to talk about impact investing
4	46	Lack of innovative deal/fund structures to accommodate investors' or portfolio companies' needs
5	36	Lack of research and data on products and performance
6	34	Lack of investment professionals with relevant skill sets
7	26	Difficulty exiting investments
8	19	Inadequate impact measurement practice
9	8	<i>Other: Lack of policy/regulations</i>
10	5	<i>Other: Traditional firms slow to offer or recognize impact products</i>
11	3	<i>Other: Finding enough entrepreneurs to invest in</i>
12	3	<i>Other: Confusion differentiating philanthropy from impact investing</i>
13	2	<i>Other: Quality assurance</i>
14	2	<i>Other: Lack of investor knowledge and awareness</i>

RIA (2016)

How does your community provide opportunities for social finance investment?



6 Pillars:

1. Enhance enterprise skills
2. Ensure access to capital and investment
3. Expand market opportunities
4. Promote and demonstrate value
5. Regulatory framework
6. Networks and community engagement



Questions? Comments?



SOCIAL PROCUREMENT

... laying more track

Where you spend your money matters



Where and how we spend our money makes an impact and sends a message.

Your purchase can = impact.

Where institutions spend their money matters = social procurement



Social procurement is leveraging social value from your existing procurement.



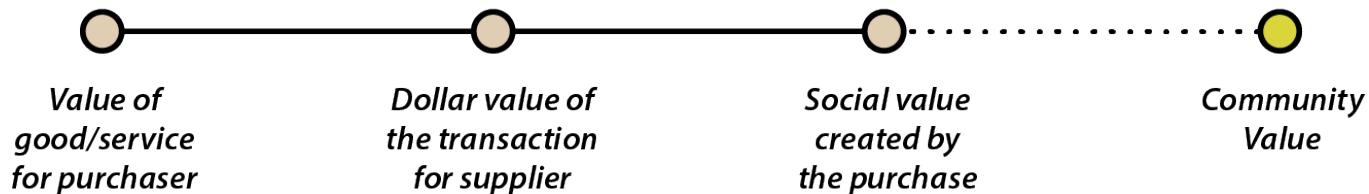
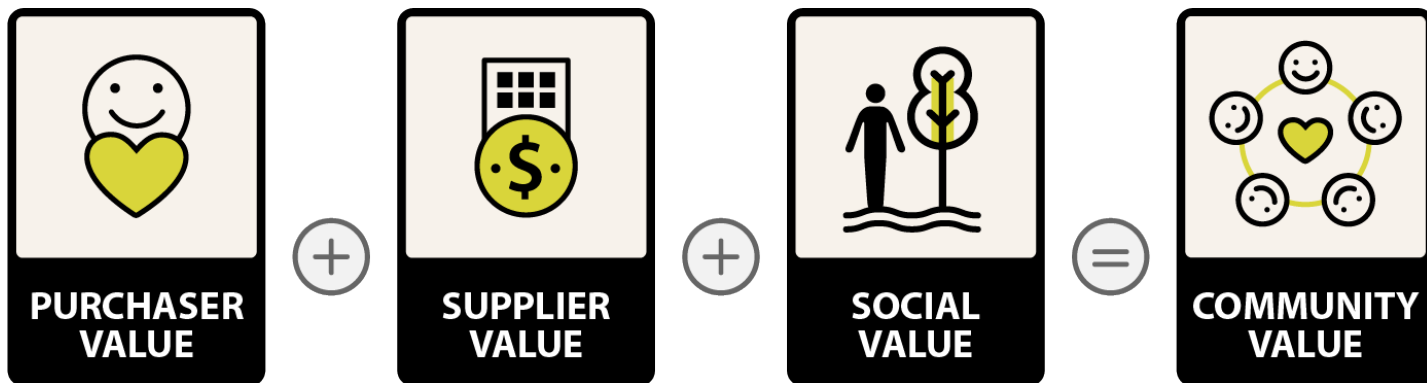
Why Social Procurement?

When we focus on 'best value for money' procurement is much more than a financial transaction; it is a tool for building healthy communities.

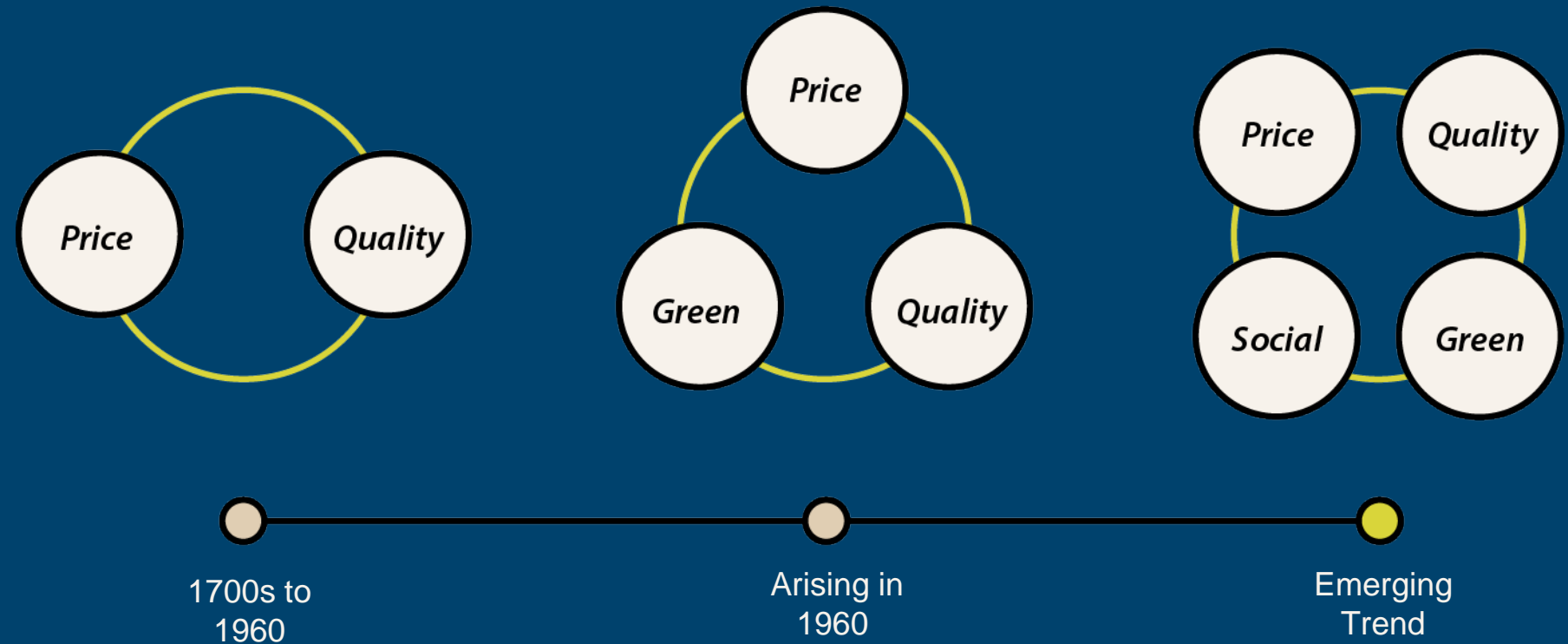


What is Social Procurement?

Adding a social value to existing purchasing



The Evolution of Procurement

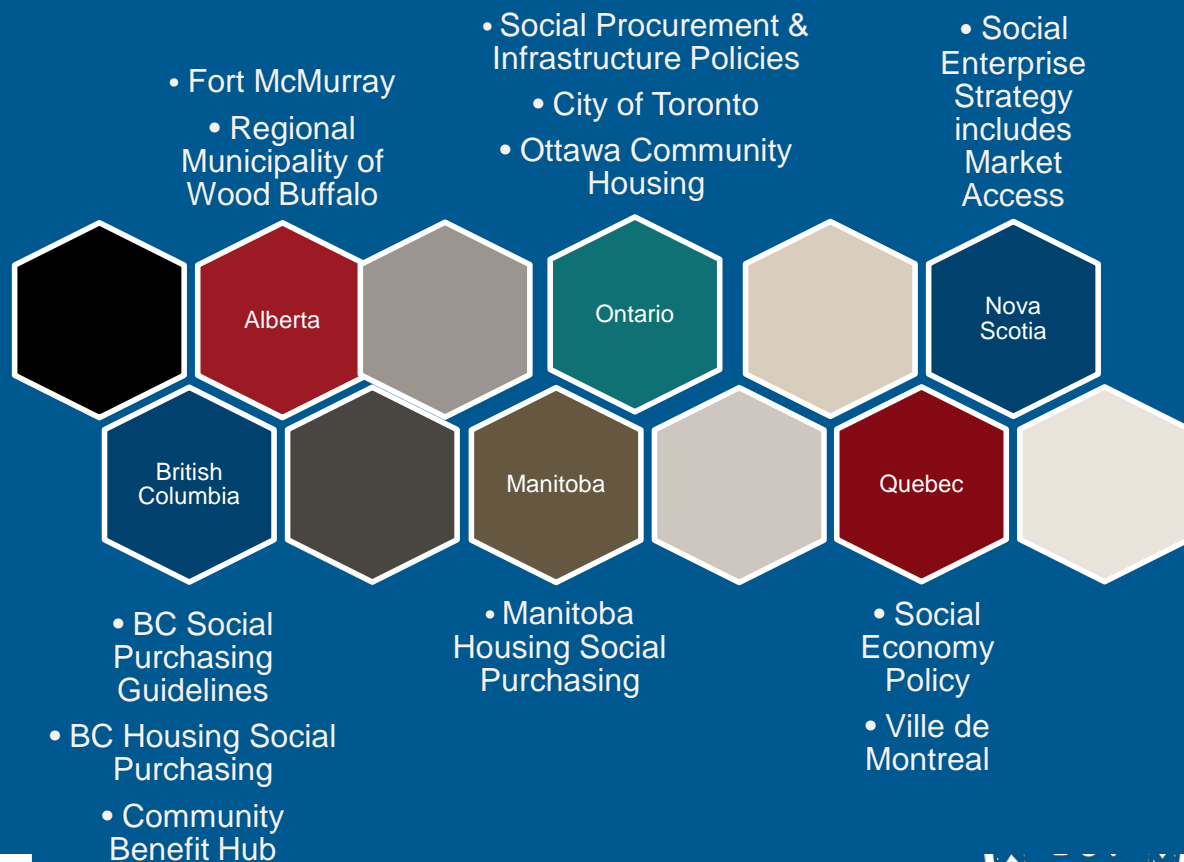


\$300M annual spend that could add value







Emerging Policies and Practices




Your Organizational Assessment




- How can you build a healthy community?




- What do you purchase?



- What are your barriers to implementation?



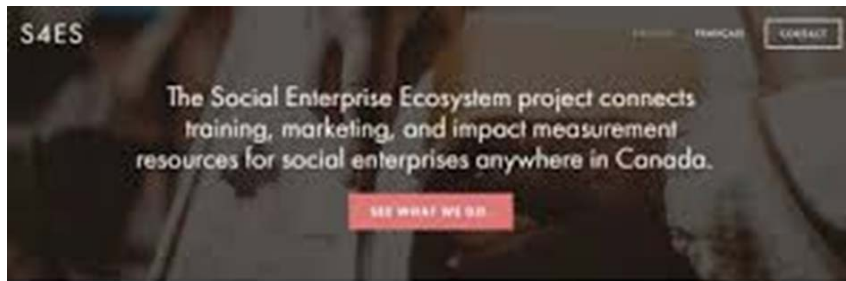
- How do you evaluate suppliers?



- What steps will you take going forward?

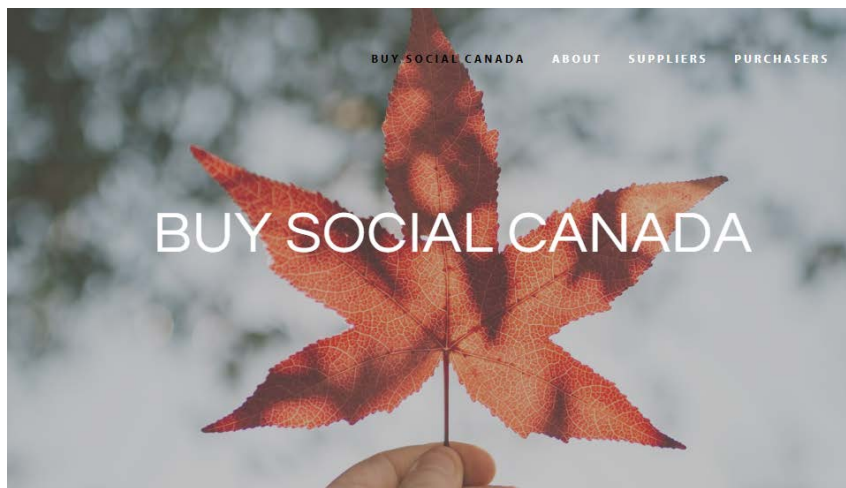


What is happening in your community around social procurement?



We partner to build social enterprise in Canada.

SEE WHAT EACH OF THE S4ES PARTNERS DO BY CLICKING EACH LINK BELOW.



6 Pillars:

1. Enhance enterprise skills
2. Ensure access to capital and investment
3. Expand market opportunities
4. Promote and demonstrate value
5. Regulatory framework
6. Networks and community engagement

Questions? Comments?

Taking an Eco-System Approach...



- Social enterprise... needs capacity
- Social finance... needs investment opportunities
- Social procurement... needs respondents and measured impact



The World Is Changing. Change Ahead of It.

Thank you!

Questions: kfmader@scalecollaborative.ca or
778-679-4920