



# **MODULE 10**

## **ADVANCES**

### **IN THE**

# **SOCIAL ECONOMY**

Growing Leaders.  
Growing Boards.  
Growing Communities.

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# Module 10      Advances in the Social Economy

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## A. Introduction

The Community Futures Board Development program was developed by the Community Futures Pan West Network and is designed to meet specific needs of Directors.

### 1. Community Futures Board Development Program Outline

For Community Futures Board members to lead their organizations, especially when new concepts are introduced, strong, focused leadership is paramount. The Community Futures Board Development training program has been developed to allow Community Futures Board members the opportunity to be strong leaders.

Following is an outline of each Community Futures module as they pertain to leadership growth.

Module	Learning Objectives
<b>Module 1</b> <b>Community Economic Development</b>	Community Futures plays a significant role in community economic development. Board members will: <ul style="list-style-type: none"><li>• Understand what community economic development is;</li><li>• Discuss the objectives, principles and strategies of community economic development;</li><li>• Explain the importance of community engagement and accountability in community economic development;</li><li>• Distinguish how community economic development differs from other approaches to economic development and community development; and</li><li>• Describe the role Community Futures plays in community economic development.</li></ul>
<b>Module 2</b> <b>Operations – Board &amp; Staff</b>	As a Community Futures Board, you have five major leadership functions: <ul style="list-style-type: none"><li>• Decision maker</li><li>• Advisor</li><li>• Trustee</li><li>• Perpetuator</li><li>• Leader</li></ul>

<p><b>Module 3</b></p> <p><b>Legal Responsibilities of Boards</b></p>	<p>Your legal responsibilities include being a leader in common-law issues of:</p> <ul style="list-style-type: none"> <li>• Fiduciary duties (honest and confidentiality)</li> <li>• Duties of care (the right thing)</li> <li>• Skill (knowledge and understanding)</li> <li>• Diligence (proper research and information)</li> </ul>
<p><b>Module 4</b></p> <p><b>Financial Management of a Non-Profit</b></p>	<p>To effectively lead the financial management of your Community Futures, you need to focus on:</p> <ul style="list-style-type: none"> <li>• The Board's role in finances</li> <li>• Setting financial policies</li> <li>• Ensuring financial policy implementation</li> <li>• Financial monitoring and accountability</li> <li>• Evaluation Community Futures financial performance</li> </ul>
<p><b>Module 5</b></p> <p><b>Board Development &amp; Performance</b></p>	<p>To effectively fulfill your role as an individual Board member, you need to demonstrate leadership through:</p> <ul style="list-style-type: none"> <li>• Commitment</li> <li>• Integrity</li> <li>• Teamwork</li> <li>• Respect</li> <li>• Creativity</li> <li>• Positive Attitude</li> <li>• Problem Solving</li> <li>• Contributions</li> <li>• Enthusiasm</li> </ul>
<p><b>Module 6</b></p> <p><b>Community Futures Lending</b></p>	<p>To be effective trustees of Community Futures loan funds, Board members need to have a solid understanding of:</p> <ul style="list-style-type: none"> <li>• Board lending roles and responsibilities</li> <li>• Effective lending policies</li> <li>• Principles of loan decision-making</li> <li>• Loan administration and monitoring practices</li> </ul>
<p><b>Module 7</b></p> <p><b>Management, Recruitment, Performance,</b></p>	<p>As Boards, you lead the organization in hiring of a new General Manager and his/her ongoing evaluation. This leadership will be demonstrated through:</p> <ul style="list-style-type: none"> <li>• Analysis of the organization's culture and values</li> <li>• Assessing the organization's strengths and weaknesses</li> </ul>

<b>Evaluation, &amp; Development</b>	<ul style="list-style-type: none"> <li>• Plan the long-term objectives</li> <li>• Recruit, select and hire the best candidates</li> <li>• Conduct ongoing evaluations</li> </ul>
<b>Module 8</b>  <b>Board Leadership</b>	<p>This module allows you to evaluate your skills as a leader in the capacity of a Community Futures Board member and enhance your abilities as a strong leader through:</p> <ul style="list-style-type: none"> <li>• Analysis of the leadership skills and traits</li> <li>• Styles of leadership</li> <li>• Self-evaluation</li> <li>• Strategies for effective leadership</li> </ul>
<b>Module 9</b>  <b>Cultural Awareness</b>	<p>As a Board member, your leadership will be essential to your organization becoming culturally aware. You can prepare for this journey through:</p> <ul style="list-style-type: none"> <li>• Research and awareness of your region’s demographics</li> <li>• Understanding the impacts of demographic shifts</li> <li>• Identifying opportunities for community economic development as a result of shifting demographics</li> <li>• Leading your Community Futures through self-evaluation and identifying actions needed to become a culturally aware organization and community</li> </ul>
<b>Module 10</b>  <b>Advances in the Social Economy</b>	<p>As a Board, it is important to understand the concept of social economy and the needs within your community in order to make the linkage between your Community Futures and community. You can support the growth of the social economy by:</p> <ul style="list-style-type: none"> <li>• Understanding the social economy and how it is evolving</li> <li>• Identifying the leadership qualities and strategies your Community Futures can implement to support the social economy</li> </ul>
<b>Module 11</b>  <b>Role of Planning</b>	<p>Planning is essential to the non-profit organization. Participants will:</p> <ul style="list-style-type: none"> <li>• Describe the role of strategic and operational planning as part of the total planning cycle; and</li> <li>• Explain the role of the board in the planning process for the non-profit organization and the community itself.</li> </ul>
<b>Module 12</b>	<p>In your role as a Board Chair, you need to develop skills in order to:</p>

<p><b>The Role of the Chair</b></p>	<ul style="list-style-type: none"> <li>• Build a strong, effective relationship with the General Manager</li> <li>• Successfully represent the Board and Community Futures</li> <li>• Run effective meetings</li> <li>• Lead your Community Futures with confidence</li> <li>• Manage conflict and ensure strong relationships</li> </ul>
<p><b>Module 13</b></p> <p><b>Strategic Loan Fund Management</b></p>	<p>The role of the board of directors in loan administration and the overall strategic management of the loan fund is important. Board members will:</p> <ul style="list-style-type: none"> <li>• Understand the Community Futures lending vision and its role in community economic development;</li> <li>• Understand the various roles and responsibilities of the loans committee, the board of directors and management in the loan process;</li> <li>• Consider the environment within which the Community Futures operates and the role that strategic lending plays in achieving Community Futures objectives;</li> <li>• Recognize the key components and considerations of loan portfolio objectives; and</li> <li>• Understand tools for monitoring the health of a loan portfolio.</li> </ul>
<p><b>Module 14</b></p> <p><b>Is Your Community Futures Prepared for a Natural or Economic Disaster?</b></p>	<p>Board members will:</p> <ul style="list-style-type: none"> <li>• Understand the various types of events that can result in business disruption;</li> <li>• Plan for their Community Futures organization to be prepared in case of a major disruptive event;</li> <li>• Understand how to support and assist the businesses comprising its loan portfolio;</li> <li>• Identify the role their Community Futures organization can play in case of a major disruptive event;</li> <li>• Engage stakeholders and participate in or lead key community organizations to develop a proactive plan in case of disruptive events; and</li> <li>• Develop potential policies that could be implemented in support of the actions that staff and boards can follow immediately and throughout disaster recovery.</li> </ul>
<p><b>Module 15</b></p> <p><b>Volunteer Attraction, Retention, &amp; Succession</b></p>	<p>The foundation and heart of a Community Futures is its volunteers. After completing this module, you will be able to:</p> <ul style="list-style-type: none"> <li>• Understand the importance of strategic board succession planning;</li> <li>• See the linkage of board succession planning to volunteer attraction, retention, training, development, and assessment;</li> <li>• Prepare for board recruitment;</li> </ul>

	<ul style="list-style-type: none"><li>• Manage the recruitment process;</li><li>• Prepare for board orientation;</li><li>• Understand the importance of board development; and</li><li>• View board and director assessment as an opportunity to strengthen the organization.</li></ul>
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## 2. Module Objectives

The objectives of this module are to:

- define and understand the concept of social economy;
- clarify the links between community economic development and the social economy;
- identify the local impact of the social economy;
- identify the different facets of the social economy;
- discuss how social enterprises can be financed;
- reflect on the strategic planning and implementation process for developing the social economy in our communities; and
- explore and define the role of Community Futures in the social economy;

Community economic development supports the social economy through building capacity within not-for-profit organizations. This module delves into the whole concept of social economy, what it is and the role of Community Futures in the instigation and implementation of social economy components.

Many Community Futures are already participating in social economic activities. This module will define tools that could be used to enhance this work.

### 3. Format

This module is designed to examine principles that you identify as most useful in your position as a Director. You can select among several topics because more information is included than can be adequately covered in the allotted time period. The first set of exercises will help you decide which material will be covered as part of the formal module, and which topics will be left for you to investigate later. In this way, the program will meet the specific needs you have as well as provide you with a resource for future reference.

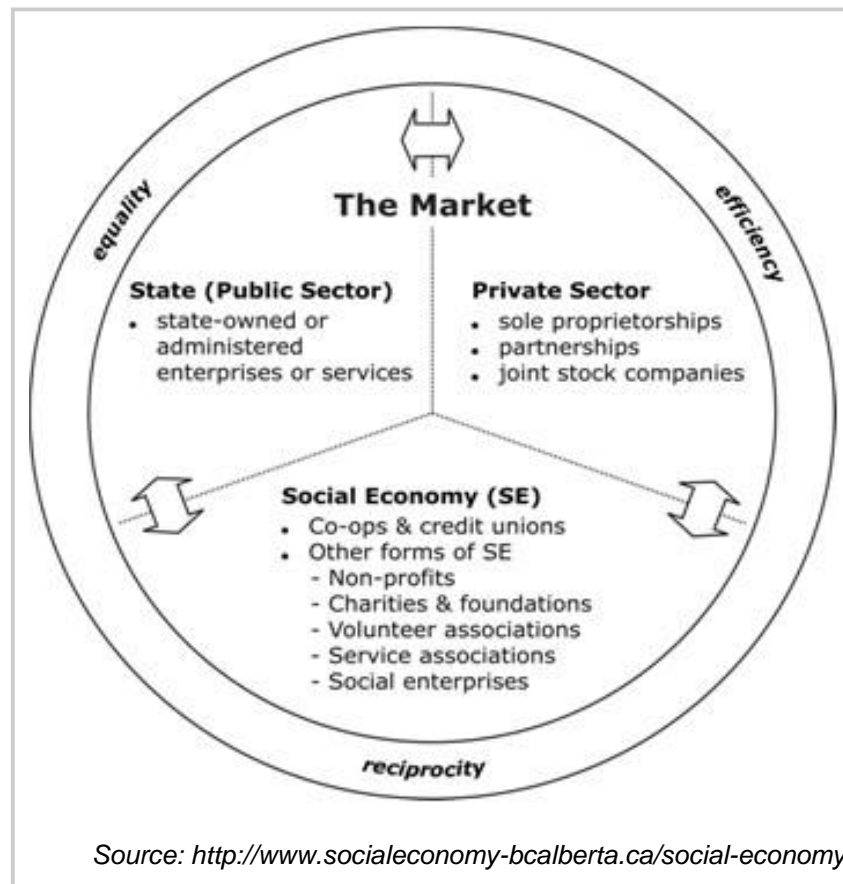
This text contains exercises where you will apply and record your learning experiences. Opportunities for you to reflect on your own experience and to select various options among the exercises are built into the design of the module. Your responses, ideas, questions, and goals that reflect your learning will be recorded on these pages by the time you complete the module.



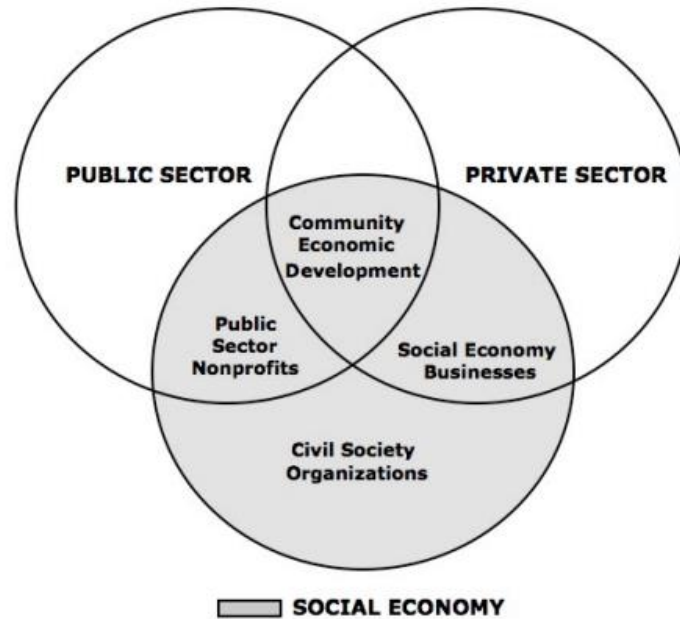
## B. What is the Social Economy?

The term 'Social Economy' is ambiguous and there is a lack of a clear definition of the concept and scope within Canada and the world; but it can be used as a frame in which we understand the economic relationships among the many organizations of civil society and their interactions within the broader society.

The term is often used interchangeably with the voluntary sector, the not-for-profit sector, or the third sector. For some, to understand what the social economy is, it may help to understand what the Social Economy is not – it is neither the private sector nor the public sector – which is why it is often called the “third” sector.



In Canada, the definitional discussions are often utopian, as in Quebec's le Chantier de l'économie sociale, which views the Social Economy as a distinct alternative for society that is based on economic democracy. Jack Quarter, of the Social Economy Centre at the University of Toronto, looked at the term through a relational lens as if it were embedded within today's broader society, like the public and private sectors are, instead of a future utopian one. Quarter and Mook (2010) adapted the above diagram into the following Venn diagram:



Source: <https://anserj.ca/index.php/cjnser/article/download/4/5/174>

This diagram is perhaps best for the context of Community Futures as it explicitly shows the connection between the Social Economy and Community Economic Development (CED). In Module 1: Community Economic Development, we learned that CED emphasizes community partnerships between government, business, and civic groups, which Quarter argued was part of the broader Social Economy.

Many definitions draw on the types of organizations that are included within the Social Economy, disregarding the interactions or relationships. One such definition comes from the B.C.-Alberta Social Economy Research Alliance (BALTA).

*One definition is that the social economy includes those organizations, which are animated by the principle of reciprocity for the pursuit of mutual economic or social goals, often through social control of capital. This definition would include all co-operatives and credit unions, non-profit and volunteer organisations, charities and foundations, service associations, community enterprises, and social enterprises **that use market mechanisms to pursue explicit social objectives**. It would thus include for-profit businesses, where those businesses share surpluses and benefits with members (and/or the wider community) in a collectively owned structure (e.g. a co-operative). In this definition it would not include those non-profit and voluntary organizations that are entirely grant or donation dependent (though some do include such organizations in their definitions of the social economy).*

Definitions and academic pursuits aside, the term should be used as a frame of understanding an integral part of society, where the main features of the social economy can be summarized as:

- Resources and activities are directed towards those that are not being adequately serviced by either the public sector or the private sector.
- The primary beneficiaries include: the unemployed and those on low incomes; the needy; those facing barriers to employment or education; cultural and heritage projects; environmental and community enhancement ventures.
- Organizations are autonomous from government.
- Ownership structure does not matter, positive social impact does.

## 1. Exercise: “Needs of Your Community”

- a) Name five organizations within your community that are active in the social economy sector.

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- b) Considering the five organizations listed above, how are each of them organized (non-profit, for-profit, co-op, etc.) and where does most of their financial resources come from (grants, earned revenue, etc.)?

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- c) Considering the five organizations listed above, who are these organizations impacting? Are these organizations making social change in your community? If so, how is the change taking place?

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- d) What needs does your community have that are not being addressed by any organization in the private sector, public sector, or the social economy? What might be a social economy solution? How would it be organized and funded?

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- e) Look at your answers from B & D, is there a bias within you or your community towards a certain “type” of organization – how it is organized and funded – to be included in how you see the Social Economy operating or should operate?

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### C. Advances in the Social Economy

The private sector has advanced into the next industrial revolution characterized by massive scope, systems impact, and velocity – the speed of breakthroughs has no historical precedent thanks to Artificial Intelligence, the Internet of Things, augmented and virtual realities, and 3D printing. While the social economy has not advanced at the same pace, there have been valuable lessons, activities, practices, and tools that were taken from these private sector’s advances.

Pushing some of these advancements within the social economy in Canada specifically is the federal government’s 2016 commitment to developing a Social Innovation and Social Finance Strategy (SISFS), which includes a \$755M Social Finance Fund which is set to be deployed in 2022, after multiple delays. Announced in 2018, the Fund is expected to leverage another \$1.5 billion in

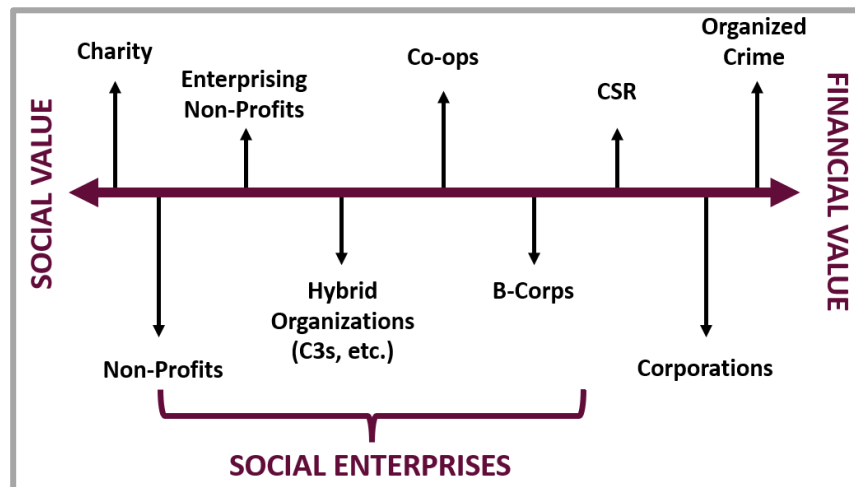
private capital over the next ten years and be invested into Social Purpose Organizations (SPOs). According to the government, “SPOs include charities, non-profits, social enterprises, co-operatives, and businesses with a social mission.” More information on the SISFS can be found here:

<https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance.html>

## 1. Social Enterprises

Much like the term Social Economy, the term Social Enterprise has been mired in definitional debate for over a decade especially at the academic level, though it has spilled over into practice. In the majority of Italy, for example, to be considered a social enterprise you must be organized as a workers’ co-operative. Similarly, until 2021 Manitoba’s Social Enterprise Strategy stated that “social enterprises are non-profits” which has significantly hindered the growth of the sector in that province. In practice, however, there is a universal understanding among non-utopianists that it does not matter how the organization is incorporated, the salient part of a social enterprise is the positive impact it creates.

For as long as there has been trade and commerce between people, social enterprises have existed, especially in Indigenous society. However, to make sense of the term it may be best to contextualize where today’s understanding has stemmed from. Imagine a continuum of value creation was drawn and on one side was Social Value creation and the other was Financial Value creation (see below diagram).



- **Charities** would be closest to the social value creation end, as they are dependent on philanthropic dollars and grants – taking others’ created financial value, not creating it themselves.
- On the opposite end, you have **organized crime** syndicates which purely focus on financial value creation while causing social harms because their money-making endeavours often include prostitution and sex trafficking,



- drug dealing, money laundering, etc.
- **Corporations** do create some social value by providing jobs, some that pay living wages and provide health care and daycare, but they exist to prioritize financial value creation, specifically for shareholders.
- **Co-operatives** sit right in the middle, as they are constructed to support their members who are not being adequately served as an alternative to corporate model.
- **Non-profits** prioritized social value creation, but unlike charities many were trying to do some earned revenue activities to supplement grants.
- But then the 80s and 90s hit, and neoliberal policies from government scaled back non-profit funding significantly forcing many grant-dependent organizations to become **Enterprising Non-Profits**. Earned revenue strategies and businesslike management practices were implemented to sustain and grow these non-profits.
- At that same time, the corporate world was embroiled in scandals of sweat shops and pollution, and there became a consumer push for **Corporate Social Responsibility (CSR)**, where corporations had to be good citizens too.
- Many corporations lacked genuine and authentic desire to do so and consequently there were massive amounts of green washing. This led to the creation of certifications and audits, one of which is the **B-Corp** designation, which are companies that meet high standards of social and environmental performance, accountability, and transparency.
- Most recently, there was a movement to create **hybrid organizations**, where there was a priority of social value creation, but the non-profit structure hindered the ability to create social value because of the financial resources needed. New legal structures were created across North America and Europe, including BC's Community Contribution Company (or C3s).

From a corporate structure perspective, Social Enterprises include Non-Profits, especially enterprising ones, hybrid organizations, co-ops, and certified impact businesses. From a definitional perspective, Social Enterprises are organizations that take the principles of entrepreneurship and for-profit management practices to find sustainable and ethical solutions to social, cultural, or environmental issues.

For Social Enterprises, social value creation (also called impact) is the priority; how and where they get their financial resources to do so is not. Meaning: if an organization can create greater impact by being a for-profit, it should be for-profit. If an organization can create greater impact by being a non-profit, it should be a non-profit. Balancing the financial versus social value creation is a process, where organizations learn to navigate between increasing social value creation through businesslike activities and becoming too much like a corporation where social value creation suffers. Proper governance structures in place with stakeholder representation is imperative.

## 2. Social Entrepreneurship

The advancements in technology entrepreneurship over the last 3 decades have spilled over into the social entrepreneurship world. As investors were putting their money in and seeing better returns when certain processes were followed, incubators and accelerators started popping up in Silicon Valley, and then NYC, and eventually throughout the world. While banks still asked for business plans for giant sums of money, the velocity at which the business success or failure could be determined with a fraction of the investment made the business plan obsolete in this new age of entrepreneurship. Instead, entrepreneurs were forced to start small, test, and iterate everything – their marketing, their product/service, their pricing strategy, everything – instead of basing them on assumptions. This iterative process increased the rate of success of business while minimizing investments into failures, where the business plan solidified those assumptions on paper to the detriment of the company and continued to have increased failure rates, comparatively.

Unfortunately for Canada, we have not seen the same returns on the funding for incubation and acceleration as the US has seen. This is for multiple reasons:

- a) Where the US ones learned to take a systems approach to building out the entire ecosystem, the Canadian ones focused on pitch competitions and other events at co-working facilities.
- b) Outside of Vancouver and Toronto, competition was systemically and systematically squashed instead of seen as a positive force for innovation.
- c) The lack of successful entrepreneurs from these new processes in Canada meant that inexperienced yet connected bureaucrats and unsuccessful entrepreneurs took the reins, hiring recent grads, meaning no one there had the knowledge or ability to help move startups forward.

The entrepreneurial process can be distilled down to 9 stages from ideation to stability. At each stage, the needs of the organization change, thus different supports and programming are required.

**Stage 1: Ideation.** Systems mapping, social hackathons, and facilitated design thinking are meant to do deep dives into a specific problem or system and are especially good at generating many ideas around that problem in a small amount of time. While not all ideas will be pursued, and that's okay, once the decision to pursue an idea is made, the entrepreneur asks: *what might this look like?*

**Stage 2: Data Collection.** Throughout all stages entrepreneurs should be always collecting and processing data. But at this stage, it is the first time that entrepreneurs actively collect data from others about their idea: *What do others think? Who else do I need on my team? What's going to get in my way?*

**Stage 3: Testing.** Entrepreneurs are now working their idea towards a Minimum

Viable Product (MVP). They may have parts of the product/service/innovation worked into something that can be tested. Again, this is different from getting 100% of the money upfront and building the entire assumption-based business only to realize that the assumptions were wrong. So here entrepreneurs test parts of their ideas. And then test again! *What do users like or dislike? What parts need changing? What is or is not desirable (people want), feasible (technically doable), viable (financially sustainable), and ethical (even if we can do it, should we)?* Once some of these questions are answered, the entrepreneur can start building the most desirable, viable, and feasible version to do more testing on.

**Stage 4: Iterating.** All that testing will lead to iterating the MVP into an actual product/service/innovation that can generate revenues. The risk here is suppressing the data for idealistic assumptions. *What does the data say? What are we learning?* These are the important questions that must be asked and answered. At the same time, entrepreneurs are testing and iterating their business model, marketing and sales tactics, and revenue stream(s).

**Stage 5: Repeatability.** If they get to this stage, entrepreneurs are looking for the ability to repeat success — both from a product/service/innovation level and from a user/revenue-generating level. At this point, it is critical to define what the Key Performance Indicators (KPIs) are within the market, for the product /service /innovation, and for the organization itself. The ultimate goal is to look for market fit: *Who will pay for this? And how much will they pay?*

**Stage 6: Scale.** While still making small changes and updating the product/service/ innovation, most of the energy is looking at how to scale the successes that were repeatable. Scale can be looked at two different ways: Breadth vs Depth. From a breadth perspective, we ask: *How do we get more users? How do we make more money?* From a depth perspective, more commonly found in social innovation, we ask: *How do we provide more value to each user? How do we go deeper with our product/service/innovation to affect change?*

**Stage 7: Growth.** After the product/service/innovation and business model have proven to be scalable, it is time to look at growth: *How and where do we expand?* No matter how small or large a goal the entrepreneur wants, understanding the mechanics of how to grow impact/ value will only help to create more impact/ value.

**Stage 8: Predictability.** At this stage, there is a high level of market understanding and the entrepreneur can predict, with greater certainty, business outcomes. The product/service/innovation is looking for efficiencies.

**Stage 9: Stability.** The last stage is stability in the market. At which point the entrepreneur will likely ask: *what's next?* And start the process over with some other product/service/innovation that can help to solve a problem.

### 3. Social Finance

Social finance uses traditional financial tools and instruments, in sometimes novel combinations and often unique ways, to increase the amount of capital to marginalized entrepreneurs and SPOs so that they can start, scale, grow, or improve their impacts. Social finance activities range from microlending and impact investing to loan guarantees and insurance products to new financial models and theories that have positive social outcomes. Social Finance actors include credit unions and banks, impact investment funds and financial intermediaries, foundations, insurance companies, real estate brokers and mortgage lenders, impact investors, social finance advisory services, and governments.

At the same time as those advancements in entrepreneurship were occurring because of investors, mentioned above, the traditional finance world also saw advancements because of those same investors; and social finance has benefitted from them. Many social finance products are derived from their traditional counterparts but shift from profit maximization as the sole function to a dual function of impact and profit creation. For centuries, financial instruments have been largely siloed into two categories, debt and equity, but with the advent of new financial tools two more categories, hybrid instruments and outcomes contracts, are also important to mention in the context of social finance.

#### 3.1 Debt Instruments

A debt instrument is a fixed-income asset that legally obligates the debtor to repay the lender the principal plus interest according to pre-defined contractual terms. These terms include interest rate, repayment schedule, collateral (if applicable), maturity date, and any covenants. Common debt instruments include loans, leases, bonds, mortgages, credit cards, and lines of credit. Through a social finance lens, some of these instruments look like:

- i) **Microloans** – microlending or microcredit is mainstream in economically poor countries, where traditional financing was not available to people because of lack of credit, collateral, or integration into the formal economy. Small unsecured loans are given out to individuals or groups and the loans are paid back by the collective to reduce delinquency. That is, if one person cannot pay back, the rest of the group must cover that repayment. For example, Muhammad Yunus' first loan in 1976 was for USD\$27 to 42 women in Bangladesh to buy materials to produce garments. Microlending in Canada has a much bigger price tag, usually above \$1,000, but helps people overcome those same barriers to financial inclusion.
- ii) **Low-Interest Loans** – some lenders are not just interested in the profit (which comes from higher interest rates) but instead balance the need to be sustainable with the impact they wish to create in the community. Thus,

they can afford to charge lower interest rates than traditional lenders.

- iii) **Impact-Adjusted Loans** – these instruments use the financial mechanics on a loan to increase the impact that the lender desires, while benefitting the debtor by a reduced interest rate. For example, if the loan to an SPO was meant for growth, and part of that growth was to hire twenty new staff, an impact-adjusted loan could have the following conditions: if below 50% of new hires were female that the interest rate would be 6%; however, if more than 50% were female, the interest rate would drop to 5.5%; and, if more than 60% were female, the interest rate would drop to 5%; and if more than 75% were female, the interest rate would drop to 4%.
- iv) **Green Bonds** – a green bond is similar to a traditional bond, they are contractually obligated to provide a series of interest payments of a fixed amount and also repayment of the principal amount at maturity, with one key difference: green bonds are designed and structured exclusively for projects working towards environmental or climate change solutions. When an issuer offers green bonds, they are expected to update investors with not only the financial expectations and returns but as well as the environmental impact created from the project.
- v) **Community Bonds** – just like green bonds, community bonds are contractually obligated to provide a series of interest payment of a fixed amount and also repayment of the principal at maturity, with one key difference: the money that is invested into a community bond does not have to be spent on environmental or climate change solutions. The most common community bonds, like that of CSI in Toronto, is to purchase real estate, a secured asset, which makes returns via rental charges to pay interest, while the asset appreciates in value, making repayment of the principal attainable.
- vi) **Impact Mortgages** – just like regular mortgages, impact mortgages are secured by a physical asset like a house, a building, or other real estate property, but have a social goal in mind. Whether the mortgage is from a big lender like Vancity or ACU to a social enterprise or non-profit to secure a building with a reduced interest rate or other concessions, or to an individual facing housing barriers using other market dynamics to redistribute risk and return, impact mortgages have the opportunity to play a huge part in Canada’s social finance landscape.

## 3.2 Equity Instruments

An equity instrument is any contract that evidences a residual ownership over the assets of an entity after deducting all of its liabilities. Because debt is prioritized in the case of dissolution, equity instruments are seen as riskier but with the potential of a much bigger return. Common equity instruments include public

company stocks that are traded on a stock exchange like the TSX, and private company common shares, preferred shares, and stock options. Through a social finance lens, some of these instruments look like:

- i) **Common Shares in an Impact Startup** – technology companies can also be impactful on our society, culture, or environment, like clean tech companies. Just like regular tech companies, they require startup capital that often starts with local angel investors. Today, there are thousands of individual angels that focus their equity investments on the impact they want to see in the world. To do this, they choose an impact area and find companies working in that domain, then they invest in, for example, the common shares of the company, thus diluting the ownership portion of the founders.
- ii) **Preferred Shares in a Co-operative** – investments of up to \$1.25M are made by Canadian Co-operative Investment Fund (CCIF) into established co-operatives, for example, though any accredited individual or entity could do the same. These shares are different from the membership shares with voting rights that define the co-operative model. The preferred shares are guaranteed to be paid back before any other equity investment and can have a very different payment structure from member shares.
- iii) **Purchasing Stock in Public Company focused on Impact** – there are a plethora of impact companies that have gone public through an IPO (Initial Public Offering), even in Canada and their stocks are available on the TSX. Purchasing those stocks as a retail investor is very simple, just like any other stocks. The benefit of equity investing in a publicly traded company is its liquidity.

### 3.3 Hybrid Instruments

Hybrid instruments have characteristics of debt and equity or transfer from debt to equity at a specific event. The 4 common hybrid instruments withing social finance include convertible notes, SAFEs, Revenue Share Agreements, and Shared Earning Agreements.

- i) **Convertible Notes** – convertible notes came into existence to benefit the investor with the possibility of increased returns and tax savings, while not burdening the investees with negotiating early-stage valuations needed for equity instruments. Convertible investments occur at an angel or seed rounds and start off as typical debt instruments, which pay interest and have maturity dates, but then change to equity shares (common or preferred) at a specific discount rate and valuation cap, typically at a Series A event or acquisition, before the maturity date, when valuations are better able to be determined. From a social finance perspective, the same advantages of convertible notes benefit impact investors and social

enterprises.

- ii) **Simple Agreement for Future Equity (SAFEs)** – SAFEs act like convertible notes in that they sit as a liability for the company on its balance sheet and convert to equity at a future event, but they do not have maturity dates or pay interest, so they cannot be called debt. They are a fairly new instrument that came out of Silicon Valley’s first accelerator, YCombinator, to increase the success rate of the startups they invested in. Cash flow remains the number one killer of companies, and maturity dates and interest payments take money out of the company, reducing its cash position. Sophisticated tech investors agreed that the small amounts of interest payments were not worth the risk of failure, so they crafted a more “simple” agreement that focuses on just two factors, how much money is invested and the valuation cap. From a social finance perspective, the benefit given to the invested company and its increased chance of success make the SAFE preferable over convertible notes.
  
- iii) **Revenue Share Agreements (Rev-Shares or RSAs)** – Rev-Shares became popular for investors that were experiencing cash flow issues themselves. Equity investments in private companies struggle with liquidity, which means investors cannot reinvest into other opportunities as their investments are sitting in other companies waiting for returns. The agreement can have either a debt instrument or equity stake in the company, where the investment collects a percentage of the revenue or gross profit each month or quarter. Rev-Shares work for companies with existing sales channels and a constant income of cash. The return is not endless, it either has a predetermined amount of cash repayment or a specific amount of time. From a social finance perspective, Rev-Shares are great for impact investors and/or funds that need the cash flow to be able to have continued investment opportunities. However, taking topline cash out of any social enterprise without understanding the cost structure of the organization is recipe for potential disaster.
  
- iv) **Shared Earnings Agreements (SEALs)** – SEALs are an adaptation of Rev-Shares, closer to a profit-sharing partnership, that uses a long-term approach, usually lasting the lifetime of the business. Where Rev-Shares take top-line money out of the company, which increases its chance of having cash flow problems and thus failure, the goal of a SEAL is to align the interests of the investors and founders in a wide variety of unknown outcomes, while giving founders full control of their business. SEALs take a percentage of the bottom-line, economic value that goes to founders through salaries, dividends, and retained earnings. SEALs were created by former founders who viewed the investment landscape as being investor-centric and short-term, both of which can be to the detriment of any business. From a social finance perspective, SEALs align the best with the long-term approach needed for successful business through authentic partnerships that benefit both parties.

### 3.4 Outcomes Contracts

Outcomes contracts are social finance pay-for-performance instruments created for public-private partnerships to fund and test new ideas in social services. The two main instruments are Social Impact Bonds and Community-Driven Outcomes Contracts.

- i) **Social Impact Bonds (SIBs)** – poorly named as SIBs are not bonds because their repayment of investment is dependent on the successful achievement of predetermined, measurable social impact outcomes. Thus, if those outcomes are not achieved, investors do not receive a return or full repayment, and may only receive partial repayment depending on how the SIB is structured. SIBs are most often created by government, the “outcomes purchaser”, wanting to see outcomes improve in a particular area that they have internally determined. Through an RFP process, a service provider is identified, and a collaboration ensues to create the SIB. Once programming and outcomes are defined, investors are sought out to pay for the upfront capital. Upon successful completion, the government repays the investors’ investment plus a return.
  
- ii) **Community-Driven Outcomes Contracts (C-DOCs)** – C-DOCs function very similar to SIBs, the difference being that the beneficiary community determines the outcomes, not the outcomes purchaser/government. Because social problems are inherently complex and interconnected, C-DOCs allow for multiple outcomes purchasers for separate, specific, measurable outcomes, through one program or intervention. For example, a C-DOC for the installation of geothermal heating has both a training and jobs creation component, as well as an environmental component. A specific outcomes purchaser may be only interested in the environmental outcomes, while another may be interested in the social side.

The aforementioned social finance instruments are invested into SPOs, though the corporate structure of any given SPO will determine what instruments can or cannot be invested. Non-profits, for example, do not have equity to sell to investors and therefore cannot take on equity investments. There are also different ways or vehicles to invest any given instrument into an SPO.

### 3.5 Impact Investing

Impact investing is an investment strategy that aims to generate specific positive social, cultural, or environmental benefits in addition to financial gains. Using any of the above instruments, impact investors – from government funds to credit unions to everyday people – can invest directly into an SPO or there are different vehicles that they can go through to invest indirectly. The opportunities for SPOs



to get impact investment include:

- i) **Direct Investments** – anyone (incorporated entities, credit unions, or individual people) can directly invest their money into debt instruments for SPOs, as well as any publicly traded SPO's shares. There are certain regulations around private equity direct investments if you are not an accredited investor, unless there is a government program that supersedes those regulations like Manitoba's Community Enterprise Development Tax Credit Program, or you are a friend, family member or business associate of the person looking for investment. An SPO may have an investment minimum threshold, purposefully, or a high share price that also may disqualify some from making a direct investment.
- ii) **Equity Crowdfunding Platforms** – still fairly new to Canada, but Frontfundr is the leader, these platforms are Exempt Market Dealers who complete due diligence on the companies that are listed. Many social enterprises use equity crowdfunding platforms to promote investment into their cause and build a following, as well as to verify and legitimize their early-stage ventures to impact investors who may not have the appropriate skills to do the necessary due diligence. These platforms democratize equity investing which, in Canada, has been mostly used as a mechanism for the wealthy to enrich themselves more.
- iii) **Microfinance Loan Platforms** – the best known is Kiva, which allows anyone in the world to loan small amounts of money to low-income entrepreneurs and students in economically poor countries.
- iv) **Place-based Impact Funds** – smaller funds, often started by local government, foundations, and private investors that deploy impact capital locally to address the needs of their social entrepreneurs or communities, when philanthropy or other financial intermediaries are unable to do it. Many focus on community loans, but can make other investments using a diversity of instruments.
- v) **Private Equity Impact Funds** – the largest portion of impact capital being invested in Canada is through private equity funds. These can be family offices (like Dragonfly Ventures), corporate venture capital (like Telus' Pollinator Fund for Good), or large funds for specific impacts (like Renewal Funds, which has \$240M in assets under management for environmental innovations and sustainable consumer products). Whatever the case, these funds are either privately funded or raise money from wealthy accredited investors, and then use the pooled money to make impact investments into SPOs.
- vi) **Publicly Traded Impact Vehicles** – newest to the social finance scene in Canada, Kizmet Impact Capital has created a publicly traded impact fund in order to democratize impact investing at scale. As mentioned above,

private equity investing is only for the wealthy, but public equity does not have those restrictions, as they have many more regulations to adhere to, so anyone can invest into a publicly traded company.

- vii) **Impact Investing Exchange Traded Funds (ETFs)** – a growing number of North American investors (retail investors, pension funds, banks, foundations, etc.) are placing billions of dollars into socially responsible or ESG (Environmental, Social, and Governance) funds. These portfolios select stocks based on a company's ESG practices and performance, along with more traditional finance measures.

**Charitable Foundations** – Canadian registered charities hold ~\$519B in assets, 80 of which each have over \$1B in assets and an additional +3700 have at least \$10M worth of assets under management. While only a portion of these foundations have impact investment mandates that directly benefit SPOs, it is important to note that in the social finance world, this money could be used as a catalyst to increase private capital through a blended financing pool, which would eclipse the Canadian Government's Social Finance Fund of \$755M.

#### 4. Social R&D

Research and Development (R&D) refers to a number of inter-related practices that when done well, uncovers new knowledge and creates solutions that can prove radically more efficient and/or effective than current approaches. R&D's specific value in a social context is that it activates research that informs and shapes the development and delivery of better services, which in turn stimulates more research; and the cycle continues. Other sectors (health, education, digital technology, etc.) have long since understood the importance of supporting this linkage between research and practice. When implemented in a social impact context, an R&D function - however it is structured - has the potential to dramatically boost the outcomes of social impact efforts.

Social R&D has a long history in North America, starting in the 1960s and inspired by President Johnson's vision of a Great Society, which saw policies and social R&D methodologies particularly in the fields of education and social services. Academia got on board. But today, across Canada, community leaders and innovators are using approaches from R&D to better understand and address social issues in their communities, without government or academic pressure. Practitioners coming from the nonprofit, charitable, corporate, and public sectors are using new techniques, starting in the 2010, such as prototyping, human-centered design, social labs, data measurement, and ethnography to test new ideas, show new evidence of what's working and what isn't, and improve upon the traditional approaches to grow and scale impact.

Just like in the private sector, R&D is necessary to make advancements and improve impacts in the social economy. To do so, requires rigor and understanding

of the new ways that R&D has benefitted from in the past decade. These include:

- **Prototyping** – which is a type of experimentation where you are testing a product or service or part of a product or service in somewhat controlled conditions. Such a process involves documentation (production of knowledge) and successive iterations of the prototype towards the development of a solution.
- **Social Labs** – bring together people from across a system to seek root causes behind their problems and then collaborate on devising and testing solutions aimed at key leverage points, called prototypes.
- **Human-Centered Design** – is an approach to problem-solving commonly used in design, management, engineering, and technology innovation that develops solutions to problems by involving the human perspective in all aspects of the process.

## 5. Social Innovation

Much like Social Economy and Social Enterprise, the term Social Innovation has a myriad of definitions. For some, Social Innovation is merely new social practices that aim to meet the social needs of the world, in better ways than the existing solutions. From the above context, this would be the prototypes, developed in social labs, seeing successful development through the process of social entrepreneurship. That is one way of looking at it, a simplistic way.

For others, it's the transformational systems change that is needed to really improve the social and environmental problems the world is currently facing. That is, any complex problem requiring our attention today is rooted in a pre-existing system or multiple overlapping systems, which requires big levers to be pulled not mere product or service interventions. When we talk about social innovation, we need to start with systems.

Systems are interconnected wholes, and working from this perspective emphasizes relationships between people, sectors and organizations. The behaviour of complex systems is emergent and unpredictable, entailing many little-understood relationships. Social Innovation works to design, innovate or shift policies and institutions to better serve people and the planet, and this process requires us to acknowledge that no one organization or sector (private, public, or nonprofit) has all the answers to, or ownership of, systemic problems.

**6. Exercise: “Your Community Futures and the Social Economy”**

a) What aspects of the social economy is your Community Futures currently active in?

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a) Is your Community Futures a social enterprise? If so, in what way?

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b) What social finance instruments does your Community Futures currently use? Could they use others?

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c) What community or regional social economy activities could your Community Futures support?

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d) What social economy knowledge and resources can your Community Futures share with community organizations?

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## D. The Role of Community Futures in the Social Economy

Community Futures organizations are an integral part of the group that is involved in the social economy. Many Community Futures have not envisioned themselves as social economic organizations but rather as community economic development or purely economic development organizations. But community economic development and the social economy are not mutually exclusive.

Grassroots community organizations, such as Community Futures, represent infrastructure for innovation, by engaging committed local citizens and mobilizing them to contribute to their own community. This volunteer effort is a huge resource to Canada's productivity and economic wellbeing. Volunteers are a major source of innovation and action, transforming knowledge into opportunity for communities and their citizens.

When looking at the concept of grassroots *community organizations utilizing their expertise and commitment to contribute to their community*, does that not describe the concept of a Community Futures?

The volunteer effort of Community Futures board members is a huge resource to community productivity and wellbeing. These volunteer board members are a source of innovation and action to transform knowledge into opportunity for their citizens.

Community Futures can play a lead or support role as a community stakeholder. Many Community Futures start the process as a lead proponent; then as the capacity of the community players increases, the Community Futures can either shift to a support role or continue as the lead. If a Community Futures keeps a focus on increasing the knowledge levels of the team rather than the lead role, the capacity of the organization and community will systematically increase.

# 1. Linking Community Futures to the Social Economy

The following table outlines methods for linking Community to social economy activities.

Community Futures' Abilities	Community Needs
Support services for social economy organizations	Accessible local community supports in these areas: <ul style="list-style-type: none"> <li>• Board governance</li> <li>• Strategic and business planning</li> <li>• Organizational planning facilitation services and community meeting moderating</li> <li>• Linkages to all levels of government</li> <li>• Research</li> <li>• Not-for-profit organizational options and structure</li> <li>• Management/staff and leadership training</li> <li>• Partnership development</li> <li>• Program application development</li> <li>• Entrepreneurial mindset development</li> <li>• Human resources management</li> </ul>
Linkage to funding options	Access to funding and knowledge of not-for-profit financial processes: <ul style="list-style-type: none"> <li>• Funding application development</li> <li>• Funds for feasibility studies</li> <li>• In-kind contributions (i.e. shared office space)</li> <li>• Research funding options</li> <li>• Financial management training</li> <li>• Fund raising strategies</li> </ul>

## 2. Case Study: Mrs. Lucci's Second Hand Store and Community Resource Centre

Winnipeg River Brokenhead CFDC worked with a committee in developing a community project that could address the needs of at-risk-youth. Following is the story of the 1998 establishment of Mrs. Lucci's Second Hand Store and Community Resource Centre:

Mrs. Lucci's Resource Centre is a non-profit organization located in Lac du Bonnet, which Winnipeg River Brokenhead CFDC helped form in 1998. Mrs. Lucci's operates a unique Second Hand Store and delivers training and social development programming for at-risk youth, the unemployed, the disabled community, and disadvantaged families on behalf of Human Resources and Skills Development Canada, Healthy Child Manitoba, Manitoba Advanced Education and Training, Sunrise School Division, and the North Eastman Health Association. For the first five years, Mrs. Lucci's operated the 1,500 square-foot Second Hand Store out of a rental unit, and most of the programs were delivered off-site in church basements, school gymnasiums, and private homes.

The success of the programs and the increasing demand for services prompted the Board of Directors to consider expansion of the operations. Winnipeg River Brokenhead CFDC again assisted Mrs. Lucci's with funding for a feasibility study and with assistance to put together a business plan for an expansion of their operations that would see them purchase land and construct their own 4,500 sq. ft. facility. The new Mrs. Lucci's Resource Centre opened in 2004 and houses an expanded Second Hand Store, a teaching café "The Kitchen Table", a resource information area, a multi-purpose room where programs are delivered, a community-use boardroom, and lease able office space. They are currently providing services to 115 individuals and 145 families in the areas of job skills training, life skills development, early childhood education and parenting skills, counselling, tutoring, nutritional education, and alternative education for students with behavioural issues. They are also working on a new transitional housing/emergency shelter project and a residential drug and rehabilitation project.

The Mrs. Lucci's Resource Centre initiative has been acknowledged as a social economy success story. The initiative was highlighted in a Community Futures Network of Canada Annual Report. The initiative is relevant to the goals of the Community Futures Program in a number of ways:

- It addresses community needs for social development, which is an integral component of community economic development.
- It contributes to job creation.
- It provides skills training and job opportunities for youth and disadvantaged adults.
- It contributes to community capacity building to promote economic and social development.
- It utilizes the volunteer base of the community to support, promote, and deliver programming.
- It provides much needed additional office space in the community.
- It contributes to the economy of the community through the Second Hand Store and The Kitchen Table Café.
- It assists other non-profit volunteer groups in the community with fundraising for worthwhile community causes.

Mrs. Lucci's Resource Centre has been in operation since August 1998. It operates under the direction of a strong volunteer Board of Directors. Since opening its doors in 1998, Mrs. Lucci's has been viewed as a valuable community resource and a viable social enterprise. The social development initiatives, in the way of employment and training, have proven to enhance economic development in the area on several levels. In addition, revenues from the Second Hand Store, the café, and leased office space has allowed Mrs. Lucci's to sustain the facility, donate funds to worthy community causes, and build a cash reserve for ongoing operations.

With the construction of their new facility, Mrs. Lucci's can now deliver all their programs on-site. The increased space has also allowed them to introduce a number of new programs. For example, The Kitchen Table is a training café where youth are trained to be cooks and waiters/waitresses, and where individuals and families receive nutritional education. A Seniors Congregate Meal Program has been introduced where senior citizens who tend to live in isolation are brought to the café for a nutritious meal and have an opportunity to socialize with others and as a means of linking seniors with youth. A transitional classroom has been established for students with behavioural issues who are unable to function in a regular classroom. The Provincial Healthy Baby Program is



now delivered at Mrs. Lucci's. In addition to programs and services

delivered by Mrs. Lucci's staff and volunteers, the Addictions Foundation of Manitoba, social workers, and other service agencies utilize space in the facility. Every room in the resource centre is occupied five days per week, and the Second Hand Store is also opened on Saturdays.

The success of the programs that Mrs. Lucci's has been delivering over the years has resulted in social service agencies and the school division increasingly approaching them to develop new programming to address specific needs. Several agencies have committed to ongoing support and funding for new and increased programming.

Support for the expansion project was overwhelming. And, they successfully secured the funding and financing required to purchase the property and construct the facility, including \$250,000 under the Whiteshell Community Adjustment Fund (administered by Winnipeg River Brokenhead Community Futures on behalf of WD). Total construction costs amounted to close to \$600,000, and they successfully were able to complete the project under budget.

The community has become very protective of Mrs. Lucci's and their successes. Word of mouth from this strong proponent has been all the advertising Mrs. Lucci's requires to bring people to the Second Hand Store and the café, to donate items, make purchases, and to volunteer their time. Community members have become acquainted with the programs offered and have been very supportive in assisting with mentoring, offering job-shadowing opportunities, and tutoring.

Numerous media articles, as well as feedback from Municipal councils, RCMP, schools, social service agencies, churches, service clubs, and community residents have praised and commended the Centre's initiatives and accomplishments. The move to the new facility has given Mrs. Lucci's increased visibility, an identity beyond just being a second hand store, and national exposure.

*Sincere appreciation to: Winnipeg River Brokenhead CFDC  
<http://www.cfwr.mb.ca/> for details on this project.*

### 3. Lending to Social Enterprises

Most Community Futures have not traditionally lent to the not-for-profit sector; however, the option is available to do so when the nonprofit is engaged in business activities that generate revenue, making them a social enterprise.

Many social enterprises have found that loan dollars enable them to develop and grow their enterprise, while assisting them in achieving cash flow objectives and long-term sustainability. Some social enterprises have identified a need for flexible loan terms to fill a funding gap.

The lending flexibility of a Community Futures may be the answer to the borrowing needs of social enterprises. Community Futures are themselves social enterprises and therefore can understand and relate to the needs of community-driven social organizations. We can recognize that social enterprises play an important role in strengthening communities through provisions of income and employment, building up the local asset base and keeping funds within the community.

Loans could support social enterprises in many ways:

- Support for day-to-day operations by preventing short-term cash flow problems and providing working capital for new initiatives.
- Facilitate growth, development and sustainability by providing a safety net when other funding sources are uncertain and achieving a more sustainable enterprise in the long-term.
- Providing loan funds for capital investments that could generate future revenue (i.e. a building that could provide a revenue stream) or allowing the organization to build credibility leaning to greater long-term confidence and viability.

In establishing criteria for loan proposals, a Community Futures can link their historic lending practices with their social economy knowledge and expertise. A business plan submitted by a social enterprise will have the same components as a typical plan from a business client – a marketing plan, an operations plan and a financial plan. However, the language will differ, and the profit will be managed differently than a for profit business.

In order to clearly identify how the organization will facilitate social objectives and operate soundly, social enterprise business plans will include the following information:

- The enterprise's organizational structure.
- Stage of development of the enterprise.
- Sources of funding and income.
- Assets held by the enterprise.
- Financial track record.
- Risk analysis and contingency plans.
- Social benefits that will result from the organizations activities.

Some principles of lending to social enterprises that Community Futures may consider in their policy development include:

- Seeking innovative ways of securing loans by recognizing the value of time and effort invested in the enterprise.
- Lending money for both start up and subsequent business development.
- Repayments based upon success and may be deferred until the end of the loan term.
- Social returns as well as financial returns taken into account.
- Personal guarantees possibly being (or not) appropriate security for social enterprises.

Social economy organizations that operate from a business perspective would be advised to occasionally use coaches or counsellors or mentors. This support would allow the leaders of these organizations to strengthen their business knowledge and strengthen the organization.

#### 4. Case Study: “Helping Youth”

A community situated in beautiful British Columbia is experiencing many negative issues with youth. Drugs are rampant as are other illegal activities that keep the police and court system busy. A small group of very committed individuals have decided to provide young people with a resource that could help them break the cycle, a way to build their own future and provide role modelling to their peers.

In conducting an informal needs assessment, the “Committed Community Capers” have determined that counselling, meal planning, family planning, medical resources, employment/career support as well as a safe place to live could make a difference. These services could be provided by professionals that volunteer their time, so a coordinator and a part-time maintenance person would get them started, adding up to an annual operating budget of \$60,000.

This committed group has realized the need to become a legal entity in order to access grants, but none of the individuals has experience with a start-up organization. Therefore, they are confused about the type of organization they should be or the process required, making them hesitate to speak with a lawyer.

As their dream evolves, they have identified a vacant small community church listed for sale at \$25,000. It needs work but nothing a crew of dedicated volunteers with \$5,000 could not fix.

They have developed a very basic plan that includes the first year operations and the purchase of the church. Within the first 60 days, the group has raised \$5,000 through bake sales, gotten a donation for \$3,000 from the Kinsmen and applied for a grant of \$25,000, for a total of \$33,000. This leaves them short by \$27,000 for the first year operations and \$30,000 for the church purchase and renovations.

a) In what ways can your Community Futures support this group?

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b) What criteria would you use to evaluate their request for loan money?

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c) If you approve the loan, what security options do you have?

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d) What are your ideas for long-term sustainability of the organization?

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## 5. Summary and Exercise

- a) Take three or four minutes to jot down some of the things you have learned in this module.

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- b) Review the points you hoped to cover from the beginning of the workshop. Has the module dealt effectively with your areas of interest?

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- c) On what topics do you have unanswered questions? Discuss these with the facilitator and other participants.

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One measure of the effectiveness of the Community Futures program is whether it assists you in carrying out your role as a Director. For your own evaluation, you will now be asked to consider how this module will affect your performance as a Director.

In general, a program can offer assistance in at least three ways. It can assist you in:

*developing skills* to be used in performing specific tasks;

*providing information and understanding* to assist in determining courses of action; and

*promoting greater awareness* of the role of Directors.

You now have an opportunity to identify at least one thing you would like to do differently in your organization as a result of today's workshop. You may be attempting to bring about change in either your own performance or in ways your

organization is operating. Whatever goal you identify, make it realistic for accomplishment within a time period of approximately six weeks.

The goal you are about to identify is for your own information and need not be shared with anyone unless you choose to do so.

Mark on your calendar a date six weeks from now in order to review the goal you have identified today. The purpose of this exercise is two-fold:

- It will serve as a reminder of your learning experience today.
- It will be a self-check of the progress you have made toward the goal you have set for yourself.

At the Community Futures Board Development program held at

\_\_\_\_\_ on \_\_\_\_\_, I \_\_\_\_\_

as Director of \_\_\_\_\_ will work toward achieving the following goal for the benefit of the Community Futures.

\_\_\_\_\_  
\_\_\_\_\_

Here are some questions for your consideration:

1. Was the goal you set realistic?
2. Did you achieve your goal?
3. What did you learn while trying to achieve it?
4. What else can you now identify that you do differently as a result of the workshop?
5. What other goals do you now have for your Community Futures?

Some or all of these questions may provide for interesting discussion with other Directors on your Board.



## Appendix One

### Not-For-Profit Business Plan Template Compared to a Regular Business Plan

The purpose of a business plan is to document who, what, why, where and when of an organization, to define where the organization has come from and where it is going in the future. Following is a template for the components of a business plan for a not-for-profit organization.

<b>Not-For-Profit Business Plan</b>	<b>Regular Business Plan</b>
<b>Executive Summary</b> Organization Highlights Objectives Mission and Vision Principle Characteristics of Community	<b>Executive Summary</b> Company Highlights Goals Mission and Vision Principle Characteristics and Trends in the Industry
<b>Organizational Summary</b> Legal Entity Organization History Past Accomplishments Location and Geographical Focus	<b>Company Overview</b> Legal Business Description Company History Location and Geographic Focus
<b>Services and Programs</b> Service and Program Descriptions Implementation Methods Results Future Services and Programs	<b>Product</b> Current Product Research and Development Production and Delivery
<b>Market Place</b> - Clients and Volunteers Services Offered Client Profile and Needs Volunteer Recruitment Community Connections Marketing Strategies	<b>Marketing Plan</b> Products and/or Services Offered Customer Profile Competition Market Size and Trends Marketing Strategies
<b>Operations Plan</b> Service Delivery Process Board Structure and Members Volunteer Roles and Members Management Team Human Resources Succession Planning	<b>Operations Plan</b> Product Development Stages Human Resources Location and Facilities Equipment Inventory Management Service and/or Product Flow Management Team
<b>Financial Plan</b> Budget (3 years) Income Statement Balance Sheet Income Sources and Projections	<b>Financial Plan</b> Cash Flow (3 years) Income Statement Balance Sheet Sales Projections Ratio Analysis Financing Requirements
<b>Appendices</b>	<b>Appendices</b>

## Appendix Two Strategic Planning Template

The purpose of a strategic plan is to define issues and concerns, solutions and actions to overcome those concerns as well as the priorities, timelines and responsible parties for implementation.

- Deciding and planning to plan
- Vision and value clarification for the group
- Mission of the group
- Situation analysis within the communities being addressed
- Strategies – define options, review and make decisions
- Strategic goals - prioritizing
- Operational planning – implementation planning, by whom, by when
- Implementing the plan
- Monitoring and evaluation – what works, what does not and adjusting