

ICSEM Case Studies

(British Columbia and Alberta)

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Context

Mount Royal University and Simon Fraser University are among a group of Canadian post-secondary institutions working together to classify social enterprise models in Canada. This work is a subset of a broader initiative, International Comparative Social Enterprise Models (ICSEM), based in Liege, Belgium.

Purpose

To identify and characterize various sets of social enterprises with their corresponding fields of activity, social mission, target groups, public or private supports, operational and governance models, stakeholders, etc.

Definition of a social enterprise

"A social enterprise is a business venture owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/environmental/cultural"

Case #1: Vecova Centre for Disability Services and Research

With five social enterprises that offer tangible examples inclusive community, Vecova reflects a balance of staying power and ongoing innovation.

Context

Vecova Centre for Disability Services and Research (Vecova) provides a range of supports and services for individuals with developmental disabilities and diverse needs. The organization also produces accessible, practical research as an affiliate Research Institute of the University of Calgary. Vecova is governed by a volunteer board of directors comprised of ten community and rehabilitation industry leaders.

Since its inception in 1969, Vecova has operated a number of enterprises aimed at providing training and employment for people with disabilities. Over the years, Vecova has housed a commercial kitchen and a cafeteria, a garage and a gas station, and even a greenhouse.

The 'sheltered workshop' approach, which was part of Vecova's early years when people with disabilities were employed separately from the rest of the working population, has been entirely replaced with social enterprises that have integration and inclusiveness at their core. In 2013, Vecova's social enterprises provided a total of 56 jobs for people with disabilities.

Social enterprise is part of Vecova's culture and is considered integral to the organization. All four of the current social enterprises are expressions of Vecova's mission and have emerged organically from within the organization. These financially self-sustaining social enterprises also further Vecova's mission through contributions of surplus revenue to shared organizational costs. Sales make up 16 percent of Vecova's revenue – the second largest financial contributor to the organization after government contracts (76 percent).

Social Enterprises

With a portfolio of social enterprises that span more than three decades, Vecova has become the oft-referenced archetype for social enterprise in the Calgary area. Vecova operates five social enterprises:

1. **Beverage Container Recycling Depot (Bottle Depot):** Calgary's only nonprofit bottle depot, which has processed over 14 million containers to-date;
2. **Recreation Centre:** A recreation centre, which brings the community to Vecova to participate in fitness and recreational activities in this fully accessible facility;
3. **Baggage Cart Retrieval Service (Baggage Cart Service):** An airport baggage cart service, which is Vecova's third example of a business that can operate profitably with an integrated workforce; and
4. **Beverage Container Pick-Up (Pick-Up Service):** A free bottle pick-up service, which diverts recycling from the landfill and creates jobs for people with disabilities.
5. **University of Calgary (U of C) Recycling:** A contract to gather paper recycling at various locations across campus, which provides highly flexible work for people with disabilities.

Bottle Depot

The bottle depot has evolved well-beyond its roots as a sheltered workshop and now serves to demonstrate to the rest of the business community that it is entirely feasible to operate a sustainable business with an integrated workforce that includes people with disabilities. To support this core purpose, Vecova does not subsidize wages or employ other practices that would differentiate the depot from its competitors. Employees are employees – not clients – and the bottle depot has been able to demonstrate its ability to successfully compete with other depots in the city. In 2013, 75 percent of the hours worked in the depot were by people with disabilities.

Vecova's focus on systems and processes to drive volume is critical to its success in the highly regulated beverage container recycling industry. With strong business practices as the foundation, Vecova is able to leverage its charitable status as a competitive advantage. Although many other depots across Calgary accept donations of beverage containers and direct the proceeds to charity, when Vecova

accepts donations, the proceeds are directed towards supporting Vecova's mission. Ann-Marie Latoski, Director of Social Enterprise at Vecova describes the social mission as a draw for customers. "Some people are very loyal to us because they know we employ and support people with disabilities. So they will drive to come to our depot" (Latoski, 2012).

Recreation Centre

The recreation centre also has a lengthy history with Vecova. From the outset, Vecova's recreation centre has been offering recreational and therapeutic programs for people with disabilities. Early on, Vecova perceived an opportunity to expand the mandate of the recreation centre and by the early-1980s the centre was completely open to the public. This expanded mandate has served a dual function for the organization: furthering Vecova's social mission and bolstering the financial viability of the recreation centre.

Like the bottle depot, the recreation centre also leverages Vecova's social mission and charitable status. However, as in the case of the bottle depot, sound business practices are critical in this industry that has tremendously high staffing and facility maintenance costs. Therefore, Vecova's board and senior leadership team must be comfortable making investments that have traditionally been difficult for charities to make, including making expenditures on the necessary facility upgrades and extra staffing that are required for a recreation centre to be successful.

Marketing has also been critical in recent years, particularly to attract segments that were originally overlooked. The warm pool, used primarily for recreational and therapeutic programs for people with disabilities, also appeal to another, previously untapped customer segment: mothers and babies. Since implementation, programs for this segment have filled up rapidly and are rarely without a waiting list.

Higher margin opportunities exist in the form of facility rentals. There are five larger organizations that run their operations permanently out of Vecova's facility, while approximately 25 smaller groups rent space on a more casual basis.

Baggage Cart Service

The contract with the Calgary Airport Authority, which is now over fifteen years old, is Vecova's third social enterprise. In fact, it was a customer of the bottle depot who understood Vecova's inclusive approach to employment who suggested that the organization bid on the

airport contract. Vecova submitted a proposal and won the ten-year contract in an open competition. A decade later, when the Calgary Airport Authority again invited tenders for the contract, Vecova was the successful bidder for an additional ten-year term.

Pick-Up Service

The most recent addition to Vecova's social enterprise portfolio is a beverage container pick-up service, which launched in 2013. Upon sign-up, residential and corporate customers are outfitted with bags and a bin, and for every full bag they recycle customers receive a \$16 tax receipt. The program has grown rapidly to over 3,300 subscribers.

U of C Recycling

The contract for paper recycling at the U of C began in 1997 as a collaboration between Vecova and other agencies working with people with disabilities. Over the years, the other agencies gradually withdrew from the work, leaving Vecova as the sole contractor. Concurrently, the number of buildings at the U of C that Vecova was servicing was gradually increasing without a corresponding update in the terms of the contract.

In part, the focus on the social side of the contract (the employment opportunities) rather than the business arrangement was a product of the work being organized as part of Client Services at Vecova. The focus of Vecova's services is to provide supports in all areas of daily living, including employment, such that people with disabilities can live the life they choose. Therefore, it made sense for the contract to reside in this part of the organization – except for the fact that this arrangement with the U of C held greater potential to further Vecova's mission if it was managed more as a social enterprise with a dual focus on the financial, as well as the social, outcomes. As a result, in the spring of 2014, the Vecova clients working on this contract were hired as employees of Vecova and the contract itself is being renegotiated.

Case #2: Seniors Association of Greater Edmonton

As Peter Drucker famously said, “culture eats strategy for breakfast.” Sage’s leadership cultivates an entrepreneurial culture in which people feel empowered to bring forward new initiatives for the benefit of Sage’s clients and the broader community.

Context

“At a time when other cities are trying to figure out what retirement means for baby boomers, the Sage community is focused on something more crucial: what does every Edmontonian need, as a unique individual, to live a full and meaningful life? The fullest and most meaningful life possible?” (Babiak, 2013).

At the Seniors Association of Greater Edmonton (Sage), a full and meaningful life constitutes mental, physical, emotional, social, cultural and financial wellbeing. Sage recognizes the uniqueness of each individual and the different ways in which each person is affected by the aging process and life’s transitions. These values underscore Sage’s wide range of programs and services, which include guardianship and trusteeship services, a multicultural outreach program, life enrichment programs and housing services – including the only safe house of its kind in North America.

In 2013, Sage’s staff and 12 Board members worked with a consultant to articulate the organization’s story and three of the descriptive words that came up most frequently to describe Sage’s culture were: entrepreneurial, risk-taking, and leading-edge.

While government grants account for just over half of Sage’s revenue, self-generated revenue also represents a significant proportion. In 2013, 26 percent (\$595,002) of the total revenue (\$2,296,777) was self-generated. However, while Sage’s social enterprises cover their own operating costs, at this point they do not generate net revenue for the organization. Sage Savories, the organization’s newest social enterprise, is close to generating net revenue for the organization and should do so by 2015.

Social Enterprises

Sage operates three social enterprises:

1. **The Sunshine Café:** Located in Sage's office building in downtown Edmonton, the café serves soups, sandwiches, hot meals and desserts at "senior-friendly prices" from 8 a.m. until 3 p.m. Monday through Friday;
2. **Sage Savories:** A healthy line of single-serving frozen soups, meals and desserts developed specifically for seniors; and
3. **Directory of Senior Services:** An annual resource guide containing over 250 pages of up-to-date information for seniors in Northern Alberta.

Directory of Senior Services

Updated and published annually, the Directory of Senior Services is a free resource for seniors, their families and professionals. At more than 250 pages, the directory is a comprehensive source of accurate, unbiased content and information about services relevant to these audiences.

Each year, Sage distributes 45,000 copies to 600 organizations across Northern Alberta. Sage's distribution is highly targeted; organizations order the specific number of copies they require and Sage couriers these to them. The 10,000 remaining copies are distributed via free stands in grocery stores.

The costs associated with producing and distributing this 30-year-old publication are offset through advertising revenues. Advertising is outsourced to a private agency that specializes in print media.

Sunshine Café

The Sunshine Café has been part of the organization since it opened its doors in 1971. The 80-seat café, located on the main floor of Sage's centrally located office building, serves healthy meals at affordable prices. The café is open to the public, but targets seniors through its location and menu offerings. The Sunshine Café also provides breakfast, lunch, supper and snacks for the residents of Sage's safe house, and catering for on-site meetings and event.

According to Karen McDonald, Director of Community Relations for Sage, food services are an essential offering at Sage – even beyond meeting people’s nutritional needs. “Food enhances programming. It brings people out and is the social glue that helps to build and strengthen connections between people” (McDonald, 2014). Therefore, although the Sunshine Café runs a deficit from year to year, the costs associated with operating the cafeteria are lower than they would be to hire an external food service provider for the safe house and a caterer for Sage’s large number of programs, meetings and events.

Sage Savories

Sage Savories evolved as an offshoot of the Sunshine Café. Each week, the café’s chef would prepare frozen meals for the residents of Sage’s safe house to eat over the weekend when the café was closed. Other café customers began requesting these meals-to-go and the chef recognized an opportunity. Sage’s senior management and Board were supportive as long as the meals were healthy and, following due diligence, the new social enterprise was launched.

Sage Savories is a healthy line of single serve menu items - 18 hot meals, four soups, and six desserts. Over half of the Sage Savories menu items bear the Heart and Stroke Foundation’s Health Check™ logo, indicating that the items meet specific nutrient criteria, established by Health Check™ and based on the recommendations in Canada’s Food Guide. Sage was the first nonprofit and small producer to earn the Health Check™ symbol (McDonald, 2014).

The Health Check™ designation has been a competitive advantage for Sage. For example, the Mazankowski Alberta Heart Institute will refer people to Sage Savouries menu items due to the nutritional labeling. However, with the Health Check™ program winding down¹, Sage will have to consider other ways in which to promote the healthy value proposition.

Sage Savories customers are primarily seniors who are living independently, but require greater levels of support to remain so. The other two main customer segments are seniors seeking a meal for a day on which they do not wish to cook and adult children who are purchasing meals for their senior parents.

¹ <http://www.healthcheck.org/story/health-check-exit>

Customers can purchase menu items in-person at the Sunshine Café or online. (Sage Savories' packaging does not yet meet grocery store standards.) The meals can be picked up at the café or at Operation Friendship Seniors Society, or customers can choose to have them delivered to another location within Edmonton for a fee. Sage members receive 50 percent off the cost of home delivery.

Entrepreneurship is part of the ethos of Sage and the organization is continuing to explore other strategic opportunities to create social and economic value for seniors and the broader community.

Case #3: 'Namgis First Nation

An indigenous First Nation transformed their concerns about the effects of open-net pen salmon aquaculture into a social enterprise that has the potential to catalyze a more sustainable aquaculture industry in Canada.

Context

The wild Pacific salmon that live just off the west coast of mainland British Columbia (BC) and around Vancouver Island are intricately connected to the environmental wellbeing of the province. However, this wellbeing may be threatened by a practice referred to as open net-pen/net-cage salmon farming, wherein Atlantic salmon are grown in densely populated nets, often located on the out-migration routes of the wild Pacific salmon. "Waste, chemicals, disease, and parasites from the farms pass through the mesh [nets] and pollute the surrounding water and seabed. Especially harmful are the sea lice who attach to wild juvenile salmon on their migration out to sea"². An alternative to the practice of open net-pen salmon farming is land-based closed containment (LBCC) aquaculture. LBCC introduces a barrier between the farmed salmon and the marine environment, which eliminates the risks to the wild salmon, while maintaining the levels of salmon produced as a food source.

The 'Namgis First Nation is situated in an area of northern Vancouver Island where a large number of these open net-pen Atlantic salmon farms are located. Growing concerns about the negative impact of these farms on the marine environment motivated the 'Namgis to

² <http://www.livingoceans.org/initiatives/salmon-farming>

explore alternatives to this unsustainable practice. Eric Hobson, an entrepreneur, philanthropist and avid fisherman, shared the 'Namgis' concerns, and founded Save Our Salmon Marine Conservation Foundation (SOS) in 2007 to begin to address this multi-faceted issue through scientific research and policy advocacy. Eric Hobson and Bill Cranmer, then the chief of the 'Namgis First Nation, had both been exploring LBCC aquaculture and could see the potential for significant environmental, social and economic benefits. However, at that time, there were no LBCC, commercial-scale salmon farms in Canada and the viability of such an undertaking was unknown.

KUTERRA LP

In 2011, after consultation with 'Namgis Nation members, the 'Namgis' chief and council created KUTERRA LP (KUTERRA), a social enterprise wholly owned by the 'Namgis First Nation and situated on 'Namgis' land. "KUTALA means salmon in the language of the 'Namgis people. TERRA means land. And KUTERRA means salmon from the land"³.

KUTERRA was formed for the dual purpose of:

1. Testing the technical, biological and economic feasibility of producing Atlantic salmon at commercial scale using a land-based closed containment re-circulating aquaculture system (RAS) this technology; and
2. Creating economic benefits for the 'Namgis community such as jobs and training opportunities in this important new technology for First Nations members.

KUTERRA benefits from the involvement of project partner, SOS, which provides business expertise. The project also benefits from the involvement of Tides Canada, which provides funding through the Salmon Aquaculture Innovation Fund and technical support through The Conservation Fund's Freshwater Institute, and independent environmental monitoring through the Pacific Salmon Foundation. Other funding has been provided by Sustainable Development Technology Canada and the 'Namgis First Nation itself. Finally, KUTERRA's board and advisory team include financial, legal, engineering and industry expertise from across North America.

In March 2013, the KUTERRA began operations as the first Canadian LBCC farm to "demonstrate the commercial viability of producing Atlantic salmon for table food in a land-based, closed containment recirculating aquaculture system (RAS)"⁴. One year later, on Earth Day

³ <http://www.kuterra.com/our-story/>

(April 22) 2014, KUTERRA salmon officially entered the marketplace and is now distributed through Albion Fisheries, and sold to consumers through Safeway stores in British Columbia and Alberta.

KUTERRA is growing Atlantic salmon, so as to be able to directly compare and assess the viability of an alternative aquaculture industry to that which produces Atlantic salmon in open net-pens. To support the goal of growing a sustainable aquaculture industry, performance metrics related to production costs, biological and technical assumptions related to the KUTERRA Project are being tracked and will be widely disseminated to help drive the growth and development of this industry.

While these are still early days for KUTERRA, utilization of the full facility stocking density is projected for early 2015 and positive cash flows are projected by the end of fiscal year 2015. Finally, there is an expectation that several ancillary businesses, such as aquaponics, value-added processes such as custom smoking, and energy production from the anaerobic digestion of the solid waste, will follow this initial phase of KUTERRA and result in further environmental and economic benefits.

⁴ <http://www.namgis.bc.ca/CCP/Documents/Project%20Backgrounder%20latest-print.pdf>