

Ready for Takeoff

Social Enterprise in Newfoundland and Labrador

Highlights

What is a social enterprise?

Social enterprises are **businesses owned and operated by nonprofit organizations** that have dual objectives: earning revenue and achieving a social or environmental mission. They are one more tool for non-profits to use to build healthy communities.

This definition excludes organizations that are sometimes described as social enterprises. Small businesses with a community focus or cooperatives that pay out to their members are not included.

Governments committed to social enterprise development

Newfoundland and Labrador's new Liberal government has a platform commitment to "Foster social enterprise to support innovation and diversification in the not-for-profit sector," and to "consult with stakeholders in the not-for-profit sector to develop a social enterprise strategy with the aim of enhancing the benefits of this valuable sector for the provincial economy." This is repeated in the mandate letter for the Minister of Business, Tourism, Culture and Rural Development.

Similarly, the mandate letters for the federal ministers of National Revenue, Families, Children, and Social Development, and Employment, Workforce Development and Labour include a commitment to developing a social finance and social enterprise strategy. Social enterprise is very much on the policy agenda.

Why does it matter?

Social enterprises can help communities control their own economic future, fill critical gaps in the economy, bring new ideas to bear on tough social problems, and provide a space for a new, entrepreneurial generation to apply their skills. Earned revenue can also be a path to sustainability for many nonprofits.

Not a panacea

Social enterprise is a growing force, but it cannot solve every problem. There will always be social challenges that aren't amenable to business solutions. Social enterprises, as businesses, can fail.

The project

Little is known about the social enterprise sector in Newfoundland and Labrador. In particular, we wanted to get a sense of what social enterprises are doing, what they need to thrive, and what programs already exist to support them.

To address these questions, the Community Sector Council NL (CSC NL) partnered with faculty from Mount Royal and Simon Fraser universities to launch the Newfoundland and Labrador component of the national **Social Enterprise Sector Survey**. We also did an **inventory** of the social enterprise support programs available in NL.

The participants

We recruited a total of **30 organizations** to respond to the in-depth questionnaire. We also found a total of **40** funding and support programs.

Are making an economic impact

Our sample group of 30 together reported at least **\$10 million** in revenue, including over **\$6 million in sales** for the year 2014

Engage thousands of people

The 30 participants in our survey **trained more than 1,200** people, **provided services to over 70,000** people, and involved at least **568 volunteers** in their work during 2014.

Do business in many sectors

Even amongst a group of 30 organizations, we see a huge range of business activities. We had organizations working in construction, trade, accommodations and tourism, health and social services, the arts, and professional services. Three quarters of them were doing business in more than one sector.

Are getting into debt financing

In the group of 30 organizations, only a few had gone to banks and credit unions to finance their ventures. There is definitely room to expand this area of support.

Don't always have the support they need

Our survey group really needed support for business planning and evaluation – the two things that are hardest to find in the list of support programs available to them.

Are creating jobs

The 30 respondents to our survey paid at least **\$5 million in wages** and salaries to **815** full-time, part-time, and seasonal **employees** in 2014.

Are well-established

The average age of the participants in the study was 22 years, and the oldest was 85 – social enterprise is not new in Newfoundland and Labrador!

Have many missions

The groups surveyed include ones with social, cultural, and environmental missions, groups with a focus on workplace training, and business generating income for a parent organization. Many did more than one.

Still depend on grants

A common misconception about social enterprises is that most of them operate only on earned revenue. In fact, very few do. In this group of 30, most organizations were **hybrids**.

Have many financing options

Federal, provincial, private, and nonprofit support programs provide numerous avenues for social enterprises to access both grant and loan capital, should they have a solid business plan and a well-developed organization .