

Centre for Community Enterprise

# BC TA Cost Benefit Analysis

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The following report summarizes the results of interviews conducted with Social Enterprise Technical Assistance providers.

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### 1. Charge Out Rates and Costs

Respondent's charge out rates for the SE work ranged widely, as illustrated in the following table.

	Maximum Daily Rate	Minimum Daily Rate	Average Daily Rate
Highest Rate	\$1600	\$600	\$914
Lowest Rate	\$1000	\$400	\$592

Respondents tended to reserve their highest rates for government and for-profit clients, with the lowest rates offered to non-profit clients or unincorporated groups. Those respondents whose TA work is run through an existing organization or regional intermediary e.g. Community Futures and Trail Skills Development tended to have both the lowest maximum and minimum rates, charging out at close to a cost recovery rate. A number of respondents reported that they would even charge rates below their costs loss if believe the particular SE project had significant merit.

As expected rural TA providers charged less then their urban counterparts. A few respondents on the lower end of the scale recognized that their rates were too low and should be raised. Those TA providers with higher rates reported an in kind contribution rate ranging from 10 to 30% i.e. for a 5 days of full rate charge, 1 day in pro-bono work is provided. However, as the subsequent sections of this report will outline, the business structure of some TA providers provide some compensation for this pro-bono work e.g they are still able to charge all or a portion of their pro bono hours to their organizations, while others do not have such clear compensation structures.

Respondents actual costs of work varied widely ranging from \$256 to \$410/day inclusive of all benefits and associated costs. However about half the respondents could not provide a specific daily or hourly cost as their operational models and costs varied widely. Consequently, an average daily cost amongst TAs was not calculated.

There was a wide variation and flexibility in how respondents addressed travel costs for their TA work. For short trips, most simply charged mileage (ranging 0.38 – 0.51/Km). Some respondents only charge travel time to a client if they felt the travel was excessive i.e. ½ day or more. Others only charged for travel time if they thought the client could

afford it e.g. government contracts/for profits. Others charged for “non-productive” travel time at 50% of their usual charge out rate. Non-productive travel being such times as when the TA drove alone, or watched a movie on the plane, rather than working on their lap top.

## 2. Breakdown of Technical Assistance Activity in the last Year

Respondents were asked a series of questions about the division of their time devoted to Technical Assistance in both direct service division to clients as well as time put towards the development and improvement of Social Enterprise Technical Assistance system as a whole. In addition to the number of days associated with each task, participants were asked to identify how they were compensated for each task, with the following division being used:

- Paid Directly by client/Contract – respondent can directly link work to a specific paying client, including grants received via ENP
- Paid by SE development project– Compensation linked directly to an SE development project e.g. Development Wheel, WED, Coop Training
- Paid by Organization through general revenues – respondent work in this activity is compensated through their host organizations general revenues as SE development work is seen as part of their overall mandate.
- Uncompensated Volunteer Time – Respondent undertakes this activity with no compensation whatsoever

Note: Some respondents responded to these overall queries using FTE’s, others could more accurately estimate the total number of days dedicated towards each activity. Where respondents replied to these questions using FTEs, the days were calculated as a percentage of 252 working days a year i.e. 0.1 FTE x 252 days=25 days

## 3. Early Stage Pre-Launch TA

Respondents were asked to report on the number of days in the last year in which they provided direct technical assistance to new Social Enterprises ranging from early orientation with groups, through the feasibility study and business planning, up until the launch of an enterprise. The following table summarizes the responses to these questions.

Early stage orientation, education and start up technical assistance	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	422	53	104	5	
• Paid Directly by Client/Contract					54%
• Paid by SE development project					28%
• Paid by Organization through general revenues					9%

• Uncompensated Volunteer time	8%
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About a third of respondents derive a significant percentage of their revenues from technical assistance work for new social enterprises, putting in between 65 and 104 days in the last year. Not surprisingly, this stage of the technical assistance is where TAs are most likely to be paid directly from clients.

#### 4. After Care/Post Launch

Participants were asked to report on the number of days they had spent providing after care to Social Enterprises once they have launched. The results are summarized in the following table.

after care/post launch	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	52	7	16	1	
• Paid Directly by Client/Contract					17%
• Paid by SE development project					20%
• Paid by Organization through general revenues					30%
• Uncompensated Volunteer time					33%

In contrast to the previous table, significantly less time is spend in after care technical assistance. This work has is less likely to be compensated directly by a client or through a contract and more likely to be pursued on a volunteer basis by TAs. Some of the respondents offered reasons for this including

- The structure of the current granting process tends to focus on pre-launch. There are currently few avenues for accessing post launch resources for technical assistance, despite how vulnerable many new social enterprises in the early post launch period.
- Post launch technical assistance may require more specific business expertise then is offered by most current TA providers.

#### 5. Promotion of TA Services

Promotion of your TA Services to organizations	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	83	10	30	1	
• Paid Directly by Client/Contract					

• Paid by SE development project	21%
• Paid by Organization through general revenues	37%
• Uncompensated Volunteer time	41%

The majority of respondents spend relatively little time promoting their TA services, relying primarily on word of mouth. Those who spend greater degree more time on promotion tended to be derive a greater percentage of their revenues from their TA work and felt the promotion as an essential business investment. In some cases respondents found it difficult to separate the promotion of TA services from the general promotional and educational work of Social Enterprise in general.

## 6. Group Networking

Group networking meetings with TA providers/Social Enterprises	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	80	10	39	2	
• Paid Directly by Client/Contract					3%
• Paid by SE development project					39%
• Paid by Organization through general revenues					6%
• Uncompensated Volunteer time					52%

The responses to this question are skewed due to one respondents whose current contract specifically mandates them to attend networking activities and create opportunities for this to take place. The majority of respondents worked put in 5 days or less towards networking activities in the last year. As well, it is clear that these networking activities are made possible by respondents willingness to volunteer their time. Social Enterprise development projects also play a crucial role in making these networking activities possible.

## 7. Connecting with Other TA Providers

Respondents were asked to report on the amount of time they spend connecting with other TA providers for their expertise, opinions on specific projects, approaches and to make better referrals.

Connecting with other TA providers to make referrals	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	16	2	4	1	

• Paid Directly by Client/Contract	8%
• Paid by SE development project	19%
• Paid by Organization through general revenues	38%
• Uncompensated Volunteer time	35%

In small percentage of cases, TAs were able to charge some portion of their time to a client for completing their contract. While the small sample size here makes any firm conclusions impossible, it appears that being part of an organization dedicated to SE development and the TA own commitment to advancing social enterprise are key factors in encouraging collaboration between TAs.

### 8. Strategic Planning/Policy Development

Strategic planning/policy development around TA development	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	183	23	104	2	
• Paid Directly by Client/Contract					1%
• Paid by SE development project					79%
• Paid by Organization through general revenues					5%
• Uncompensated Volunteer time					15%

It would appear that the Development Wheel Project and WED support for Social enterprise have played a significant role for advancing work in this area, with two work of two respondents accounting for 75% of the total days dedicated to this area..

### 9. Other SE TA System Development Tasks

Design of tools/approaches and research, evaluating approaches, assessment of impacts, research related to BPs, presenting at conferences	Total Days	Average Days	Maximum Days	Minimum Days	Average source of Compensation
	145	19	52	2	
• Paid Directly by Client/Contract					6%

• Paid by SE development project	70%
• Paid by Organization through general revenues or an SE development	3%
• Uncompensated Volunteer time	21%

A contract by DEVCO to develop advanced training modules for coop developers was responsible for close to half of the total days reported in this section. Three respondents to this question had were able to conduct work due to being involved in other SE development projects.

### 10. Summary of Compensation Sources

The following three tables amalgamate the responses to the previous three tables

<b>Table 10.1 TA Service Delivery - pre - post launch and TA System Development</b>	<b>Total Days</b>	<b>Total Percentage</b>
Paid Directly by Client/Contract	254	26%
Paid by SE development project (Dev Wheel, WED, etc)	417	43%
Paid by Organization through general revenues	106	11%
Uncompensated Volunteer time	190	20%
Totals	967	100%

Over the last year, approximately 43% of the days of work conducted by Technical Assistance providers was compensated due to a specific SE development project. Direct Client contracts, almost exclusively through ENP grants, accounted for about 26% of the work. Also note that TA providers are providing on average 1 day of pro bono work for every 4 that they are compensated.

<b>Table 10.2 TA Service Delivery - pre - post launch only</b>	<b>Total Days</b>	<b>Total Percentage</b>
Paid Directly by Client/Contract	240	51%
Paid by SE development project (Dev Wheel, WED, etc)	126	27%
Paid by Organization through general revenues	52	11%
Uncompensated Volunteer time	53	11%

Total	471	100%
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Based on these results, when it comes to providing direct technical assistance to Social Enterprises, ENP is supporting over half of the total number of days TA service providers.

<b>Table 10.3 TA System Development Only</b>	<b>Total Days</b>	<b>Total Percentage</b>
Paid Directly by Client/Contract	15	3%
Paid by SE development project (Dev Wheel, WED, etc)	290	59%
Paid by Organization through general revenues	54	11%
Uncompensated Volunteer time	138	28%
Total	496	100%

When it comes to TA System Development, SE Development projects play the most significant role, as does the crucial volunteer time that TA providers dedicate to improving their practice and learning from each other.

### 11. Supporting the TA Development System

The following table averages out participants responses to the following question:  
*Out of 100%, how would you break down you the sources of income for your TA work?*

<b>Table 11.1 Revenue Source</b>	<b>Average</b>
Government (WED, Rural Secretariat)	43.6%
ENP	37.2%
Agencies Surplus	10.9%
Vancity, Coast Capital	3.8%
Other - not identified	2.3%
Existing NPO's (self generated)	1.7%
CFDCs	0.3%
Existing Social Enterprises (self generated)	0.1%

Groups of NPOs (self Generated) (explain)	0.1%
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Interview participants were asked the following question: Given that there are costs to some of the promotion and to convening learning and sharing of best practice – what are the possible ways those costs could be funded

While some respondents expressed some doubt as to the potential support for SE TA system support from the current governments, some still see it as the most necessary source of funding, citing examples in Quebec, the UK and particularly Scotland e.g. SenScot [www.senscot.net](http://www.senscot.net). Despite Table 11.1 showing that close to half of the current technical assistance work for social enterprise is supported by government, this funding was project specific and now where near the levels of systematic long term support provided by other jurisdictions. While other sources of funding should still be pursued, some felt that in the BC context we might do a better job of leveraging the growth and momentum of ENP to leverage further support from government: *“We have to turn it around in the governments eyes from we don’t have to do anything because they are already doing it to we gotta do something with this because look how much good they are doing.”*

Some participants felt that there was significant growth potential for ENP as a funder, either leveraging resources from its existing partners or seeking new partners to support the TA development. However, several respondents held clear concerns that the TA development process and Social Enterprise in BC in general were becoming overly dependent on ENP one source of funding, as this can actually stymie creativity and an unintended level of conformity to one approach to SE development. . AS one respondent put it: *I would hate to see this sector become systematized as opposed to be systematic.*

Some participants also felt that the corporate/private sector was largely untapped source of SE support and that we could make a much better case of presenting the social investment opportunities available. One respondent felt that a closer linkage with Social Venture Partners might be one linkage worth pursuing. One respondent felt that other credit unions and some Banks would be the most likely candidates to pursue for Social Enterprise funding, possibly pitches as a “voluntary community investment program”. Banks may have an easier time understanding Social Enterprise investments as opposed other types of community development and community economic development investments.

A couple of participants stressed that in order to make this case to both the government, banks and other private sector partners, **a rigorous social and economic impact assessment of social enterprises in BC will be required.**

## 12.Role of, and support for, a SE TA Provider Network

All of the interviews began with the following question: *In what areas do you think we are doing a relatively good job in terms of Technical Assistance provision in BC?*

Responses to this question leaned towards the successes of the networking has taken place over the last year.

By far the most commonly cited positive were the advances made in the last year significant advances in identifying and establishing resources in rural areas. Many clearly appreciated the camaraderie of other TA providers and ability to share concepts and perspectives were of value to all, particular those TAs from isolated regions. While some felt there was still significantly more could be shared, a level of trust was beginning to be established which would support further learning and growth months TA providers in the province.

Many of the participants felt that discussions around SE TA have contributed to a greater articulation and focus of the overall SE Policy issues. TA providers have the privileged perspective arising out of direct contact with a range of new and growing social enterprises that the folks meeting around the table now are able to provide the broadest overview of SE issues and are able to identify the trends and issues around SE development more directly than other SE groups that involved a wider range of partners. Consequently, while the SE TA Network primary purpose should be to improve the sophistication and effectiveness of TA, it would necessarily have to take a leadership role in articulating and advancing key SE policy issues in BC.

The large majority of respondents believed that a network was useful. When asked what a feasible membership fee for such a network, the responses ranged between 100 and 500 dollars, with the average being \$288.

While there was unanimous support for the concept of a SE TA Network, some respondents expressed caution regarding the potential for such a network.

### ***12.1 Comparisons with the Coop Developers Network***

A number of respondents made references to their experience with the BCCAs Coop Developer's Network (CDN).

While some were tentative about the benefits of the CDI network, one of the most commonly appreciated aspects were the educational events where network members were able to advance and share their knowledge of specific issues i.e. how to use non-member investment shares. Some respondents felt that a schedule of learning events which matched priorities for network members would members "see what I am paying for". One respondent felt that this educational prospectus could eventually form the basis of certification

Referring to the experience with the CDN The development of a TA network should be a gradual process. The degree of formalization of a network should commensurate with level of financial resources to support SE Technical Assistances consulting time available. The network should establish some clear process for vetting applicants to the network. The analogy of "the Better Business Bureau" for SE TA was used. The CDI Coop Developers

Network approach was to provide grant recipients with a list of consultants with expertise in their business focus and ideally in the roughly the same geographical area.

Some respondents felt that it was too premature to consider any type of formal certification of TA providers, that the field is still in its infancy to support the costs of a rigorous certification system. For some members one sign of maturity, where a sophisticated network and certification system would be necessary and needed, was when network members could secure a significant number of their working income from SE TA work. Criteria for network membership could be put in place if and when the field becomes more sophisticated.

One respondent noted that once the CDI funding ended, the CDN ceased to exist, or for some, was amalgamated into the Worker Coop Developers Network. Given that the ENP is a far more stable source of funding than CDI, the SE TA network being proposed may be more viable.

### ***12.2 Organizational Carrying Capacity to Support a TA Network***

The concept of a TA Network seemed to be more attractive whose organization had a “carrying capacity” to support broader SE development either through a core funding process through which SE work could be underwritten. If you are part of such an organization, the costs associated with participating in the network are more likely to be absorbed. Those working independently of such organizations are significantly more attuned to opportunity costs of participating in the network. If participating in such a network does not clearly lead to new work, some will not be able to justify their investment.

These tensions arising from the organizational structure from which TAs operate manifested again over the issues of sharing of information and resources. One respondent felt that there was still a level of mistrust amongst existing network members as evidenced by the lack of sharing of tools and business plans. *“If it was good enough to give to a paying client, why don’t we share it with each other”*. It was felt that this lack of sharing was inefficient and that a great deal of time would be saved by having access to the work of other TA providers. In contrast, another respondent that those TA providers who do have the “luxury of a supportive organization” may not so willing, or able, to share information and tools as others might be. Some TA providers felt that the tools they develop are part of their individual approach to SE development, and in some way constitute part of their competitive advantage. *“If I develop an innovative finance package for an SE based on my experience and contacts, sharing that with other TA providers may advance social enterprise development in the long term but it may decrease my contract opportunities in the short term”*. Others felt that in some cases the feasibility studies and business plans they produced were part of the social enterprises competitive advantage. While some documents would be willingly made public by some organizations, one TA could cite a few examples where they would advise the SE not to share its documents until well after the business was launched.

Some participants expressed concern over the expected shift in funding for CFDCs in the coming year, which will force them to become more competitive for work in the Social Enterprise area. While the competition for limited TA consulting dollars was A ROOT part of this concern, an additional concern was the quality of such services coming from some CFDCs.

### **13. Need for the Next Generation of TA Developmental Resources**

The ENP grants have been a fundamental source for promoting the development of new social enterprises, however, some participants felt that some of these grants were not large enough given the complexity and depth of work required for some of the feasibility studies and business plans being considered. As social enterprises are becoming more complex/advanced, ENP may want to consider increasing the level of supports for these more ambitious SE concepts – in the \$30 – 40,000 range. AS one respondent stated:

*“The current levels of support only bring us half way up the stairs to the mezzanine. Compared to the for profit sector what we have here is nothing, we seem to settle for second best because we are dealing with non-profits.”*

Other respondents articulated this idea as the need for second and third stage funding streams that can move non-profits through these critical stages. “If we are serious about developing an alternative economic model - a true alternative to business or non-profits as usual, we have to be serious about the level of resources to match it.” Another respondent stated: *“If we want to move out of the infancy stage we have to start evolving into the next generation of tools and resources.”*

Some participants made note that many potential SEs need more support following the development of their feasibility studies/business plans. Even though the initial research demonstrates a viable market, many non-profits face significant barriers in moving forward once the research is complete. This post research/pre-launch phase has not been sufficiently articulated or resourced.