

# **Technical Assistance Provision and Social Enterprise in B.C. Exploring some UK Research and its Possible Implications for Strengthening the Social Enterprise Support System in B.C.**

## **Background**

This paper is focused on the provision of technical assistance to support social enterprise development and expansion in B.C. Its writing is motivated by discussions held by the provincial steering group of the Development Wheel project in B.C., a project focused on social enterprise development that involves several stakeholders including credit unions, voluntary organizations, co-op development organizations, rural financing and advisory organizations and technical assistance organizations. A secondary motivation is that the subject is relevant to the agenda of the BALTA Social Economy Research Alliance, particularly its interest in strengthening the infrastructure in B.C. and Alberta that promotes and supports the expansion of the social economy. In this context, it is possible that the paper will evolve into a product form publication through BALTA.

The Centre for Community Enterprise is working through the Development Wheel project with two rural CED organizations to increase their capacity to provide support to social enterprise development.<sup>1</sup> CCE is training trainers to deliver workshops and to provide technical assistance to new start-ups and existing social enterprises. Part of the role of CCE, in conjunction with the provincial steering group, is to leverage the project to try and learn what is needed to build a stronger system of supports for scaling up social enterprise development in the province. The accessibility and quality of technical assistance and training has emerged as an issue early in the deliberations of the partners involved in the Development Wheel project.

This brief paper focuses initially on findings from a single research project in Britain<sup>2</sup>. While in no way referenced as being definitive, the U.K. research provides a useful reference point to further the discussion prompted by the June meeting of the provincial steering group as to how we might proceed in the B.C. context.<sup>3</sup>

The first section presents the UK findings and is divided into four parts – encouraging start-ups; early stage supports; methods for delivering supports; and issues related to building the capacity of organizations to provide effective technical assistance to

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<sup>1</sup> Known as the Development Wheel Project, it is testing the extent to which adaptation and scaling up of the application of a particular tool/strategy can make a relevant contribution to rural development, in this case, through increasing the capacity of selected regional intermediaries to foster and support social enterprise development. In B.C. the two regional partners are the Nadina Community Futures Development Corporation in NW B.C and the Fraser Valley Centre for Social Enterprise (a joint venture between the South Fraser CFDC and the Mennonite Central Committee).

<sup>2</sup> Lyon, Fergus. Ramaden, Mark. “Developing fledgling social enterprises? A study of the support required and the means of delivering it” ; Social Enterprise Journal, Vol2, Issue 1, 2006 Social Enterprise London

<sup>3</sup> This paper is usefully read in conjunction with the synthesis paper prepared for the provincial steering groups in B.C. and Ontario that are part of the Development Wheel project (Mike Lewis) and the memo documenting subsequent discussion between Mike Lewis and Derek Gent of VanCity Capital Corporation.

emerging and existing social enterprises. The second part of the paper discusses the possible implications of the findings for our furthering our work in B.C. Some of the current actors are profiled, an analysis of the 2005 regional forums is undertaken related to those elements that fall with the scope of this papers interest, a preliminary map of B.C. capacity is presented against the key U.K. findings followed by some analysis, and lastly, some possible next steps emanating from discussions begun in the June provincial steering group meetings and subsequent discussions with some of its members.

## **Summary of the UK Research**

### Encouraging Social Enterprise Start-Ups

Encouraging social enterprise start-ups is particularly challenging. Without encouragement and confidence building start-ups are reduced. Confidence building is one of the most important roles that an adviser carries out in the very early stages. This requires a pro-active and longer term approach. Without it, the evidence suggests several new enterprises in pilot areas would not have started and some existing ones may have closed down with consequent losses in community assets, jobs and community benefits/public goods.

### Early Stage Supports

There are four major areas of early stage needs – general micro-business skills, marketing, management/decision making and, for those with government contracts, sorting out confusion about conflicting demands between service users (clients) service contractors (government) and workers within technical assistance providers.

*General micro-business skills* Basic technical business skills are lacking in most fledgling social enterprises, for example, break-even income and cost analysis, setting prices and how to plan for sustainability with reduced or no grant income. For more complicated social enterprises, cost accounting is often an issue.

*Marketing* Support for identifying new opportunities or markets, developing marketing and promotion activities and advice on pricing are the key areas. In rural areas, marketing related advice may be more important because of smaller market size, transport challenges and generally greater distances. In rural areas that are impoverished, the challenges are even greater, with narrower income distribution and less ability to pay for services.

*Management and Decision Making* Social enterprises have specific needs related to managing people and decision making given their democratic/stakeholder engagement structures. The role of an adviser is important as a focus for reaching agreements and to reassure the actors involved. Where a large part of staff is volunteers or part time staff, specific skills may be required to manage their contribution.

*Government Contracting* Social enterprises that take on contracts with the government often experience tension related to satisfying the service users (downstream customers) and the contractor (the upstream customer(s)). Also, many social enterprises have as an aim to provide employees with improved employment conditions. The research indicates that some social enterprises find the demands of different stakeholders contradictory.

More broadly, given the case that many social enterprises in the U.K. are reliant on government contracts, debates have emerged with respect to whether the sector is being captured by the government agendas and what is the difference is between the SE sector and the public sector. While not directly related to technical assistance, it is an issue that is part of the evolving context within which the meaning and impacts of social enterprise is understood and consequently, the environment within which technical assistance is rendered.

### Methods for Delivering Support to Social Enterprises

There are six types of support identified as being important – enterprise counseling, social enterprise specific support, sector specific advice, training, networking and targeting and segmenting support

*Enterprise Counseling* Social enterprise counseling requires advisers who can build up a relationship, tailor supports to the need of the organization or group, empathize with their clients social aims and be available at the end of a phone. Some social enterprises reported concerns about lack of continuity from some support providers.

Advisors with good coaching and mentoring skills had considerable positive impacts, even when they had little social enterprise experience. Someone who listens, is easy to talk to and acts as an empathetic sounding board were found to be particularly important at the early start-up stages where social enterprises reported they needed reassurance, enthusiasm, inspiration and hand-holding. On the other hand, start-up stages require people with knowledge of technical aspects of social enterprise forms and management.

In the U.K. with the strong national government support there was a rush to appoint more advisors. Support organizations often recruit from within the voluntary sector, from people who have little enterprise background, or alternatively, from the business sector where social aims being integrated with enterprise is not readily understood. Indeed, the demand for advisors began to draw experienced social enterprise managers into a technical assistance role, sometimes at the cost of the affected social enterprise.

*Social Enterprise Specific Advice* Specific advice at the early stages is often needed, particularly guidance on legal and organizational structures

*Sector Specific Advice* Sector organizations (e.g. child care, employment development networks) are often the first point of contact for those interested in social enterprise, or more generally, for members who want to reduce their reliance on grant income. Training

and support to advisors within these networks is a strategy for building capacity to support social enterprise development on a wider basis.

*Training* Sector specific support (for example organic agriculture or day care) was found to be easier to provide through training. Training for smaller social enterprises was more difficult to operate away from the workplace. Generally, counseling is more popular than training because of its more direct application to the specific circumstances of the enterprise.

*Networking* Evening networking events were found to be the most useful. Informal mentoring was facilitated to some extent, valued in part because individual mentoring relationships are hard to develop because of the time commitment demanded of volunteer mentors. Business development benefits were also identified.

*Targeting and Segmenting Support* The research revealed that different constituencies required different emphasis in the supports provided. For example, women and minority groups seemed to need/want more culturally sensitive and more personal forms of support. Rural social enterprise, depending on the sectors they are working in, may need very specific kinds of support. All UK sites reviewed used counseling but no analysis was done as to cost-benefit or capacity to scale up to national level. One issue identified is this: Should one concentrate resources on those enterprises that are deemed to have the potential to grow and have wider impact, or, is a wider, shallower approach touching more communities and more social enterprises a better way to go?

The researchers noted that at the start of the pilot projects that were the subject of their research, many of the social enterprises were at the start-up stage and others had ceased to exist. The research revealed large and positive impacts of support on those starting up, although the time horizon of the research was inadequate to track longer term impacts.

### **Building the Capacity and Coordination for Social Enterprise Support**

Despite the elevated policy support for social enterprise in Britain, or perhaps because of it, there has been a rapid acceleration of support providers. Quality is uneven, coordination is lacking, and there is a need to support the competence building of the individuals working for support providers. The coverage provided is fragmented and patchy although in some areas there is duplication and unhelpful patterns of competition.

Generally, in the U.K. more support is available for start-up phases and less for ongoing support through to the realization of financial sustainability.

One issue identified is that there appears to be a need in the UK to simplify and make more coherent the system of supports and, on the other hand, there is the need for having a sufficient range of specific knowledge available to tailor support to individual businesses. How to rationalize these two appears to be an open question, at the moment.

Brokerage of services was considered an important strategy. Successful brokerage services were identified as having people that understood the needs of social enterprise and were trusted by the organizations/people they brokered into providing various kinds of technical assistance. It was noted that brokerage services that also offered direct support services themselves sometimes resulted in a perceived (or real) conflict of interest and resulted in lack of trust from other support providers.

The rural pilot project, one of three examined by the research, recommended the establishment of a common core program of training for those supporting social enterprise as a way of improving the quality and coherence of support.

## **Possible Implications for our Work in B.C.**

### **B.C. is a Very Different Context**

One caution is in order immediately: the policy and financial support available in the UK, supplemented in various ways by the European Social Funds, has created a context which is very different than exists in B.C. Thus, some of the issues we must face are different. For example, there are few funded local or regional support providers in B.C. dedicated to social enterprise development whereas there appears to have been a rapid expansion of such groups in the U.K. Neither do we have any focused government policy, as yet, that places contracting of services or procurement of goods in a social economy policy framework, although on the Federal level, and in some municipalities there has been some discussion. However, the basic findings do provide us with a platform to think more systematically about how we might start to put in place a more strategic approach to improving the social enterprise supports in the province and, in terms of this paper, improving the accessibility and quality of technical assistance relevant to social enterprise development.

### **A Brief Summary of Key B.C. Players**

Without attempting to be definitive or exhaustive, there are some obvious players relevant to thinking about how we further the development of social economy infrastructure in the province, and in particular, the relevant technical assistance capacity. Please note that it does not include a wide range of possible partners and collaborators. Rather, it merely represents who I see from my limited vantage point at this juncture.

#### Enterprising Non-Profits

The key partners within ENP represent an important table in and of themselves – Vancity, Coast Capital, Vancouver Foundation, United Way and Western Economic Diversification. ENP provides technical assistance grants to applicants that successfully complete a one day workshop and then propose a project which is screened, adjudicated and selected by ENP. These groups, mainly non-profits, then undertake the specific work they proposed which, in one way another, is associated with advancing their involvement in a social enterprise. They report on completion to ENP what they have accomplished, or

not. The current funding level is \$225,000 per annum, most of which, until recently, has gone to Vancouver and Victoria.

### B.C. Co-operative Association

A member based organization (including most of the key players in the co-op movement in B.C.) provides information, promotion and workshop services, brokerage of technical assistance to a co-op developers network it established, policy advocacy relevant to the sector and liaison with a range of actors interested in co-ops and the social economy.

### Credit Unions

Vancity, Coast Capital and CCEC are all well known credit unions active in the area of social enterprise development through granting and relevant loan and other financial products. It is known that other CU's are also involved across the province but there is no systematic map depicting their level of engagement so far as I am aware.

### United Services Co-operative

A member based co-operative with province wide reach, although with a concentration of members in the urban areas, this organization provides a range of management and technical assistance services to its mainly non-profit membership.

### Community Futures Development Corporations

There is a wide variation among CFDC's in their interest and activity levels related to social enterprise, ranging from active promotion and services relevant to social enterprise to ideological resistance to even the basic concept of a social economy. However, the details of what lies within this range has not been mapped as far as I know, although many of us know anecdotally and due to other relationships who many of those interested and active are from the CFDC's across the province. However, we do know that all of them have some capacity in business counseling, planning and financing and that they stretch across the entire province except for greater Vancouver and Victoria and that, based on the U.K. research, these skills are as important to social enterprise as they are to the mainly local entrepreneurs that make up the major portion of the CFDC clientele.

### The Development Wheel Project

Operating in B.C. and Francophone Ontario, the DW project aims to test the extent to which a particular tool (the development wheel) can be adapted and scaled up to foster social enterprise more effectively and efficiently. Thirty-one months in duration (ending in March 2008) the focus in B.C. is on two regions – the Nadina CFDC stretching from Smithers to Houston and with the Fraser Valley Centre for Social Enterprise, a joint venture made up of the Mennonite Central Committee and the South Fraser CFDC. Its mandate takes in most of the Fraser Valley from Langley to Hope. Specifically, the project utilizes training and coaching to build the capacity of these two intermediaries for

social enterprise development. The Centre for Community Enterprise provides these supports. Although not fully funded in B.C., (in contrast to francophone Ontario) the project is proceeding. It includes a research component to try and determine impacts of the project on social enterprise formation and the extent to which it will strengthen the overall development system related to social enterprise development in each region and in the province. Given the difference in available resources, the research should provide some interesting and hopefully instructive learning. The provincial steering group is made up of the B.C. Cooperative Association, the Mennonite Central Committee, VanCity, Coast Capital, ENP, the Fraser Valley Centre for Social Enterprise, the Nadina CFDC, la Société de développement économique de la Colombie-Britannique (SDECB) and Volunteer B.C.

Eco-Trust? United Way? Venture Capital Group? Should they be added?

### Social Purchasing Portal

Although its current status is unclear in terms of leadership, the earlier work of FTE stimulated a number of social purchasing portals that aim to link employment of marginalized individuals, employment development and training agencies and social enterprise with the broader market place through creating a market for individuals and social enterprises in the broader market place.

### B.C. Community Economic Development Network

This network focuses primarily on promotion, peer learning and policy related development related to CED and the social economy. It is affiliated with the Canadian CED network. While it has been in existence for several years, it is still young in its evolution and depends primarily of volunteer leadership and seconded support as available from the national network.

### B.C. Round Table on the Social Economy

This informal round table is a vehicle for discussion and promotion of the social economy as well as having been the vehicle for getting so early projects underway related to evolving the social economy in B.C. It is made up of the United Way, the B.C. Cooperative Association, the United Services Cooperative, CCEDNet, Eco-Trust, the Community Futures Development Association, IMPACS, the Fraser Valley Centre for Social Enterprise and.....???

### Aboriginal Development Organizations

Although not represented by a single voice, there are several layers of aboriginal engagement important to the social economy. They include aboriginal capital development corporations, aboriginal CFDC's, CANDO in B.C., and a wide variety of local, tribal council and sector organizations that have a direct interest in various dimensions of CED and the social economy.

## Summary of Recent Evidence related to the Demand for Technical Assistance

The Canadian CED Network and the CFDC Association in B.C. collaborated to conduct 9 regional forms across the province in 2005. Over four hundred people participated representing a wide range of organizations – credit unions, CFDC’s, aboriginal development organizations, social development organizations, social enterprises, CED organizations, local government, Western Economic Diversification, co-ops and faith communities. The nine reports generated provide some evidence relevant to the technical assistance and training focus of this paper. The table on the next page identifies the key elements identified. The place names identify where the consultation took place, however, participation was from the broader surrounding region.

<b>Elements Identified Related to TA &amp; Training</b>	<b>Vancouver</b>	<b>Victoria</b>	<b>Courtney</b>	<b>Abbotsford</b>	<b>Kelowna</b>	<b>Kamloops</b>	<b>Trail</b>	<b>Prince George</b>	<b>Terrace</b>
Overall better understanding of social enterprise and how it benefits the local community & economy; (partly linked to reducing resistance in some quarters, for e.g., the private sector & local government)	x	x	x	x	x	x	x	x	x
Increased technical skills in enterprise planning and development	x	x	x		x		x	x	x
Need for focused training and technical supports that can provide specialized services to social enterprise development	x		x	x	x	x	x		
More coop development training to increase understanding of this ownership format							x		
Need for a clear means to identify and access technical assistance, regionally and provincially	x	x	x	x		x			
Advanced training based on successful social enterprise models - able to be tailored to social enterprises at various stages of development	x				x				
Training and Promotion aimed at helping existing enterprises understand they are part of the social economy		x							

The table reveals a high degree of clustering around 4 major themes:

1. general promotion and awareness building related to the social economy, social enterprise and its benefits and impacts in communities and the local economy;
2. focused enterprise development technical training and technical assistance;
3. focused training and technical assistance tailored to social enterprise;
4. a clear means by which quality technical assistance can be identified and accessed regionally and provincially.

These findings are from the perspective of people on the ground across the province. As such, they represent the demand side. The needs identified by the provincial steering group in the Development Wheel project reflect the problems of meeting that demand based on experience in trying to create ways and means of technical assistance resources. These are identified below.<sup>4</sup>

1. There is no means of qualifying technical assistance nor a strategy or mechanism for managing such a network
2. The link between TA and financing is not made. Part of strengthening the development system for social enterprise may be to make this explicit, for example, Van City and Coast do not finance unless pre-qualified TA is used.
3. There is no way of bringing TA providers together to learn, to ensure transparency, to check skills and track record etc.
4. Quality is uneven and too many TA providers are doing things that are beyond their expertise.

It is interesting to note in reviewing the summaries of the regional forums that several identified the fractured nature of networks and services and the general lack of strategic coordination to be a problem at local, regional and provincial levels, a problem also identified in the more richly resourced U.K. context.<sup>5</sup>

It is also important to note that the regional forum summaries noted a high concentration of technical assistance capacity (and other supports) in Vancouver and, to a lesser extent, in Victoria. Variation in the outlying regions is wide. All felt there was some expertise in their regions relevant to social enterprise development, but that it was under the radar screen, not organized, visible or easily accessible.

### **Preliminary Analysis of Assets and Starting Points for Making Improvements**

On the following pages is a table that depicts some of the current organizationally based capacity in B.C. that is engaged, or could be engaged in TA to social enterprise in one way or another. It tries to begin to map capacity against the conclusions reached in the U.K. research as reported earlier in this paper. Its purpose is to generate a strategic level discussion, not be definitive. The results of the discussion will be integrated into the next draft. (See spreadsheet, page following.)

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<sup>4</sup> Ibid 3, page 2 of memo to file – conversation with Derek Gent and Mike Lewis based on discussion of provincial steering group in B.C. (Development Wheel project)

<sup>5</sup> In a later edition it would be useful to profile the work in Nova Scotia through the Nova Scotia Cooperative Council and in Quebec through the Chantier l'économie sociale and related partners. The aim would be to illustrate what I consider to be exemplary practices elsewhere. The mapping paper produce for BALTA provides some useful background on the Chantier.

A Beginning B.C. Map of Social Enterprise TA Capacity - For Discussion and Construction	CFDCs	B.C. Co-op Association	BC Co-op Developers Network	Enterprising Non-Profits	Development Wheel Project - CCE	United Services Co-operative	Aboriginal CED Organizations	VanCity Saving	Coast Capital	Other Credit Unions	Fraser Valley Centre for Social Enterprise	Trail Community Skills Centre	This initial set of organizations to the left are by no means exhaustive. There are many individuals and local organizations scattered across the province who have skills that are applicable to various of the functions. What are presented here for initial mapping are those that are organized and have some focus and interest on providing training and technical assistance support for social enterprise development Even within each grouping or network there can be wide variation in interest and capacity.
<b>Encouraging Early Stage Start-Ups</b>													
Introductory Training, Readiness Assessment, Promotion		x		x	x						x	x	ENP has workshop linked to granting function. DW project has introductor and readiness workshops and supporting materials in place. BCCA offers workshops for co-ops.
<b>Early Stage Supports</b>													
General Micro-Business Skills	x		x				x				x	x	Other organizations have skills applicable but are not organized or positioned to deliver supports systematically to social enterprise. Co-op developers have uneven capacity. There may be other services available?
Marketing	x		x				x				x	x	Again, other skills exist in other settings but are not organized for social enterprise access.
Management and Decision Making for Social Enterprise	x	x	x	x	x	x	x				x	?	CFDC capacity and interest varies widely. Generally, capacity building is required if they are to play more central role. BC Co-op has some skills but limited capacity. The developers network has many skills in this area for co-ops. Fraser Valley and Trail are building capacity but financial challenges limit services.
Government Contract - Managing Stakeholders	?	?	?	?	?	?	?	?	?	?	?	?	It is not clear to the author if there are specific services provided to social enterprises involved in contracting to government.
<b>Methods for Delivering Support to Social Enterprises</b>													
Enterprise Counselling	x		x		x	x					x	x	CFDC's are the only broadly based source of enterprise counselling available a no cost in most regions of the province. Some aboriginal development organizations have this capacity.
Social Enterprise Specific Advice		x	x		x	x					x	x	While several organizations have some capacity to do this, most operate on a fee for service basis and thus are constrained by available financial support for TA. Some CFDCs have this capacity but it is thought at this point to be limited.
Sector Specific Advice						x							A sector approach to social enterprise development area has not been systematically thought about in B.C.. although there is sector specific projects that are undertaken.
Training		x		x	x						x	x	Training specifically focused on social enterprise development is very limited.
Networking				x							x	x	Refers to local, regional and other networking specifically aimed at bringing together social enterprise interests and enterprises.
Targeting & Segmenting Support							x						As far as I know there is little segmenting of support on a sustained and organized basis to particular constituencies. On a local basis there are projects that do so. ( For example, Inside Art in the Fraser Valley targets prisoners.)

## **Building the Capacity and Coordination for Support**

The U.K. research revealed that technical assistance to social enterprise, even though it is more richly resourced and providers are proliferation, has several challenges.

1. Quality and coordination are lacking and duplication exists in some quarters.
2. Variation in competency is problematic and while there is some education and training and education related to social entrepreneurship rapidly evolving, there is no apparent means to systematically build peer learning
3. Coverage is fragmented and there exists some unhelpful patterns of competition
4. There is more support available for start up and little for ongoing support related to stabilizing enterprises to the point of financial sustainability
5. There is an issue of how to both simplify and render more coherent the system of supports while at the same time increase the range of specific expertise available to better tailor support to individual enterprises.
6. Brokerage exists but needs to be improved, including finding ways of avoiding perceived or real conflicts of interest
7. A need was identified, especially in rural settings, to establish a common core program of training for those improving the quality and coherence of support.

In B.C. many of these same issues have been identified as indicated on page 10. Quality is uneven, there is no coherent means to improve quality of technical assistance provision, there is no strategic brokerage capacity of technical assistance providers and what capacity exists remains fragmented. Added to this is the very limited array of resources available for start-up or after care supports and a policy environment that is not yet very supportive and one is left to face multiple challenges beyond what exist in the U.K. How to address this requires first some consideration of the design principles around which interests in B.C. might proceed to build a coherent, systematic support system for social enterprise development in the province given the challenges and limited resources.

## **Design Principles for Constructing a System of Support in B.C. for Social Enterprise – A Discussion Starter**

What design principles might be relevant given the limited, current resources in play in B.C.?

1. Financial sustainability should be grounded to the maximum extent possible through creatively leveraging resources from within the social economy itself, thus rooting the initiative in a pro-active, non-dependent development mode. This should include a percentage of fees, where they are required, to be available to add to a technical assistance financing pool.
2. Technical Assistance providers, no matter where they might be placed within the spectrum of supports needed for social enterprise development, should be required to covenant around a common set of values, commitment to quality, affordability, openness to peer evaluation and learning and an explicit

- commitment to being vital actors in an overall effort to grow the social economy in B.C.
3. Key stakeholders should work around a common table and within a common strategic framework to ensure the support system as it is developed is coherent and accountable to standards rooted in covenant of which they are part.
  4. A federated approach that has a provincial hub as well as a means of evolving and organizing capacity in various regions of the province is necessary. Wherever possible, existing assets should be built on so long as there is commitment to participate within the covenant motivating and grounding the overall initiative.
  5. Governance of the TA system should seek to evolve, as the support system is constructed, based on a multi-stakeholder model that is integrated and/or coordinated with other parts of social economy, for example, to name one, development finance.
  6. The road should be built as it is traveled, with a basic map framed by goals and principles. It should start modestly, emphasizing quality and seeking, as capacity is put in place and resources leveraged, to grow systematically and as resources and demand permit.