

# **A franchising model of social enterprising**

By Noor Din, David Phipps, John De Faveri, Sidra Muntaha, Arshed Bhatti

This paper was presented at the 7<sup>th</sup> Annual ANSER Conference 2014, held in conjunction with the Congress of the Humanities and Social Sciences, on May 28-30, 2014 at Brock University, St. Catharines, Ontario, Canada. The thematic area of the conference, in which this presentation was made, related to Social Enterprises, Social Entrepreneurship, and Social Innovation.

## **Abstract:**

There is increasing interest in social enterprising model in Ontario as many non-profits struggle with funding cuts and are looking for alternative ways of funding their programs and services. However, there is a lack of practical education and mentorship for such organizations as to how they can establish social enterprises and meet the vague guidelines set by the Canada Revenue Agency without putting their organizations at risk.

The paper showcases a franchising model of social enterprising that can provide effective support to such organizations in facilitating their efforts to successfully create, manage and run the social enterprises.

\* Brief biographies of the authors are placed at the end of this paper.

## **Contents and Abbreviations**

Section 1:	Introduction
Section 2:	Understanding the Concept of Social Enterprising
Section 3:	Profiling the York Region, Ontario
Section 4:	The Partners behind the Social Enterprising Model
Section 5:	The Innovative Social Enterprising Model
Section 6:	Recommendations and the Way Forward
Annex:	Brief Biographies of the Authors

### **Abbreviations**

ANSER	Association for Nonprofits and Social Economy Research
CSR	Corporate Social Responsibility
EPIC	Enterprise Promotion and Innovation Centre
GTTI	Georgina Trade Training Inc.
HE	Human Endeavour
HOPE	Healthy Outcomes of Preventive Engagements
ISEM	Innovative Social Enterprising Model
SEA	Social Enterprise Alliance, USA
SEC	Social Economy Centre (UoT)
SECC	Social Enterprise Council of Canada
UoT	University of Toronto
YR	Municipality of the York Region
YorkU	The York University

## Section 1

# Introduction

This paper shares a case study of a social enterprising model of Human Endeavour, a non-profit organization in Ontario ([www.humanendeavour.org](http://www.humanendeavour.org)). The model, EPIC (Enterprising Promotion & Innovation Centre) has been developed over the last four years, after a due process of critical reflection, consultation and deliberations.

Human Endeavour is an Ontario-based non-profit organization serving diverse population in the York Region since 2005. The organization and its leadership have been recognized for multiple innovations in programming that successfully addressed the needs of York Region's diverse population. Human Endeavour won the Ontario Ministry of Health and Long-Term Care & Ontario Hospitals Association's Innovation Award 2010 in Evidence Based Practice category for its flagship and critically acclaimed initiative HOPE -Healthy Outcomes of Preventive Engagements.

The founder and CEO of Human Endeavour was awarded the 3M Health Leadership Award 2012 for demonstrated impact of his innovative initiatives on the community. In 2013, HOPE was selected among World's Top Five Age Friendly Initiatives in Turkey. These initiatives are built upon the principles of social economy and community-based provision of health and wellness.

Besides this introduction, the paper has **five sections**. The **second** section talks about the concept of social enterprising, and a need to appreciate the concept better. The **third** section introduces the York Region where both Human Endeavour and its social enterprises operate. The **fourth** section talks about the context and the background of Human Endeavour's social enterprising model, and the partnerships with York University and the GTTI that helped it realize the testing of the model.

The **fifth** section shares the contours and various aspects of EPIC. The **last section** shares key recommendations which need to be deliberated and debated going forward.

It is pertinent to point out at the very outset that the model is still in a phase of infancy, and is evolving with the passage of time. Presently it is being tested at two locations. By the end of 2015 we are expecting the addition of two more locations; and a year after that, we intend to revisit our findings that are being shared here.

We are confident that the trends shared herein are easily replicable by smaller non-profits; and they are predictably scalable as well. However, we also feel that such small scale, collaborative initiatives also need provincial and federal governments' attention and support, in order to get due impetus and recognition. Without public policy coverage, however innovative and brilliant such initiatives may be, they are most likely not to make a large-scale impact and contribution.

## Section 2:

# Understanding Social Enterprising

The concept and practice of social enterprises has been there for long but it gained currency recently. In 2011, with the publication of ‘*Understanding Social Enterprise: theory & practice*’<sup>1</sup>, which offers an excellent account of the history and other aspects of social enterprises; the term has become part of the mainstream discourse. Before this, Dr. Mike Aiken & his Voluntary Sector Studies Network gave impetus to the concept and its popular usage. Dr. Aiken maintains that the idea of social enterprise has a long history around the world, though under different names and with different tendencies.<sup>2</sup>

According to the contemporary debates, a **social enterprise** is an initiative that blends commercial strategies to maximize improvements in human wellbeing without harming the environmental, and with less or no focus at maximizing profits for investors and shareholders. Social enterprises thus can be structured as *for profit* or non-profit entities and may be in various forms viz. cooperative, partnership, social business or a charity organization.<sup>3</sup>

The concept of social enterprises cannot be seen and understood in isolation from the concept of social economy. Simply put, social economy can be stated as an economy that cares. Academics put social economy between the public and the private sector, which often is also called the third sector. Now, many social enterprises do accept funding and support from the governments and the private sector, but at their heart they seek to remain independent of the both.

The Social Enterprise Council of Canada defines a "social enterprise" as "businesses owned by nonprofit organizations that are directly involved in the production and / or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims. Social enterprises are one more tool for non-profits to meet their mission to contribute to healthy communities."<sup>4</sup>

---

<sup>1</sup> Ridley-Duff, R. J. and Bull, M. (2011) *Understanding Social Enterprise: Theory and Practice*, London: Sage Publications

<sup>2</sup> Aiken, M. (2010) "Taking the Long View: Conceptualising the challenges facing UK third sector organisations in the social and welfare field", in Evers, A. and Zimmer, A. (eds) *Turbulent environments: The impact of commercialisation on organisational legitimacy & the quality of services*. Baden-Baden: Nomos Publishing. <http://vssnmembers.ning.com/profile/MikeAiken547>

<sup>3</sup> Ridley, op cit. **Italics are added to denote that in Canada social enterprises are run by the non profits.**

<sup>4</sup> <http://www.socialenterprisecanada.ca/en/learn/nav/whatisasocialenterprise.html>

According to the Social Enterprise Alliance, USA, “Social Enterprises are businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the market place to advance their social, environmental and human justice agendas.”<sup>5</sup>

According to SECC, the characteristics of social enterprises in Canada vary by region & province in the ways the provinces and regions differentiate these enterprises from other types of entities, businesses, not-for-profits, co-operatives and government agencies:<sup>6</sup>

- Social enterprises may directly address social needs through their products and services, the number of people they employ or the use of their financial surplus. This can distinguish them from "socially responsible for-profit businesses", which create positive social change indirectly through the practice of corporate social responsibility (creating and implementing a charitable foundation; paying fair wages to their employees; using environmentally friendly inputs and materials; providing volunteers to help community).
- Significant regional differences in legislation, financing, support agencies and corporate structures can be seen across Canada as a result of different historical development paths in social economy.

In the light of the above, we can state that a social enterprise is an initiative which aims social benefits before commercial benefits, and which results from passion for peoples’ wellbeing, not just an ambition for material and maximum profits from a venture. Then, a social enterprise by definition should be contributing to the conditions for social economy.

Infused with the above spirit and understanding, Human Endeavour set up EPIC in 2010. More on EPIC and its learning will be shared in the following sections.

---

<sup>5</sup> Ibid

<sup>6</sup> Ibid

## **Section 3:**

### **Profiling the York Region, Ontario**

York Region is the fastest growing census division in Ontario and the third fastest growing in Canada. It is a popular destination for newcomers. York Region's population grew by 22 percent between 2001 and 2006, immigrants accounted for 60 percent of that population growth. In 2006, approximately 46,000 recent immigrants (those who immigrated to Canada between 2001 and 2006) made York Region their home. (The Regional Municipality of York, 2011)<sup>7</sup>

For Human Endeavour, the York Region was the best place to start and set up social enterprising model because the organization has deep understanding of the diverse communities. Also, due to HE's longstanding and much appreciated work with the seniors and newcomers in particular, there is a strong sense of mutual respect, trust and bond with the community.

Besides, the local governments and the elected representatives have also been very supportive of Human Endeavour and its variety of initiatives.

It leads us to argue that social enterprises have more chances of flourishing when the initiating agency has a strong buffer bond between the communities and the local governments. This was the key reasons for Human Endeavour to start EPIC in the York Region, and even in the franchising model, one of the first attributes and factors we look at is how the partner agency is faring on its equation with the local government and bond with the community it aspires to serve.

---

<sup>7</sup><http://www.york.ca/NR/rdonlyres/cip6zqq4xovlcfummdfrgy32b723vbo2yglaym7yfl4vcdgfpj7cnfh54nzjhnatzqei6bzhor6uyzz743wgavt7gh/YRChangingLandscapes.pdf>

## **Section 4:** **The Partners behind the Social Enterprise Model**

EPIC, Enterprise Promotion and Innovation Centre, is project of Human Endeavour, and works as an incubator that supports prospective entrepreneurs from marginalized communities and community based organizations in setting up small-scale businesses that help them earn additional income. During the incubation, prospective entrepreneurs and organizations are supported in business planning, market identification, sales and promotion, business development and management. Since its inception in 2010, EPIC has successfully initiated and supported a number of enterprises, which helped Human Endeavour generate steady stream of income and create placement, work and employment opportunities for the marginalized community members, like students, people with disabilities, Ontario Works clients, newcomers, immigrants and senior citizens.

In 2012, after receiving various inquiries from organizations interested in establishing social enterprises, Human Endeavour decided to strengthen the institutional capacity of EPIC to create a sustainable and scalable Social Enterprising Model, which can be replicated at organizations in other parts of Ontario on the principles of social franchising.

Thus Human Endeavour, Georgina Trade Training Inc. (GTTI) and York University's Knowledge Mobilization Unit formed a partnership to research and design franchising model and implement it at GTTI located in a northern rural community of York Region.

The Knowledge Mobilization Unit of York University was a perfect match for this project as it has been providing knowledge mobilization services to researchers, graduate students and their research partners.



The project is in the implementation phase and draft model has been documented and created. The model has been shared with more than 37 not-for-profit organizations by formal educational sessions, and numerous other organizations through various interactions since 2013. EPIC social franchisee partner, GTTI has established two social enterprises and started contributing to community economic development by delivering training, generating revenues and job creation in 2014.

With the potential of EPIC, Human Endeavour realized that social economy's impact can be mutifold if collaborative and formalized efforts are made by not-for-profit organizations.

With this in mind Human Endeavour, worked with other organizations including York University to develop a replicable model of EPIC to have meaningful local impact by developing leadership and building the capacity of organizations and then through collective efforts of organizations work to demonstate a larger impact at the provincial and national level.

In the 7<sup>th</sup> Annual ANSER Conference, Human Endeavour shared how it envisaged, designed and implemented a social franching model of EPIC to expand the impact of its innovative model. In the following sections, the details of the model and the learning are being shared.

## **Section 5:**

### **The Innovative Social Enterprising Model (ISEM)**

In the past as well, Human Endeavour collaborated with York University and developed many action-oriented research papers on community based programs in health, wellness and economic development. Through ANSER, since 2011, HE has shared the impact of its programs through social enterprising efforts. Since 2013 Human Endeavour has also started collaborating with Kent State University in OH, USA for research on community health and possibly social enterprising. Following these affiliations, Human Endeavour became a part of a wider international network for comparative research and policy development, which includes universities, community organizations and municipalities. Thus, the organization has developed the capacity to envisage beyond its own survival and how to encompass the needs of the communities it seeks to serve.

A long-term impact of such partnerships is connecting with a broad network of organizations and institutions having similar research interests. Human Endeavour's work for immigrants' economic and overall well-being through promotion of social economy and community based enterprises connected Human Endeavour with the Social Economy Centre of University of Toronto and consequently with Association for Nonprofits and Social Economy Research (ANSER-ARES).

Human Endeavour CEO participated in last three conferences organized by the ANSER and presented the latest research work undertaken by Human Endeavour on innovation and social enterprising.

Building on its previous efforts and learning, Human Endeavour developed the partnership, which is subject of this paper. Here on, we present the case study of a social economy project where an academic institution became a formal partner in the project to ensure that a replicable model of social enterprise is created and documented.

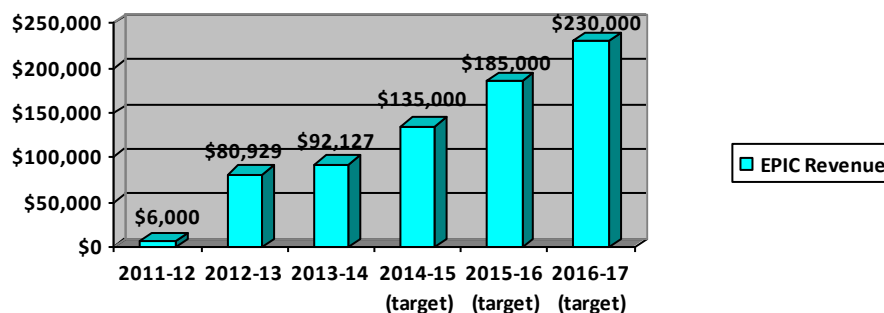
## CASE STUDY

EPIC – Enterprise Promotion and Innovation Centre, a project of Human Endeavour, is a social enterprise incubator that supports prospective entrepreneurs from marginalized communities and community based organizations in setting up small-scale businesses that help them earn additional income. Prospective entrepreneurs and organizations are supported in business planning, market identification, sales and promotion, business development and management.

However, the success of these enterprises comes from the community commitment to lift their less-privileged members out of poverty, which they show in the form of ‘preferred procurement’. The communities agree to buy goods and services produced by these enterprises on preferential basis. ‘Pooling of skills’ to create enterprises ensures that community members can leverage skills of one another to include community members at the grass root level.

Since its inception in 2010, EPIC has successfully created a number of enterprises, which helped Human Endeavour generate a steady stream of income and create work and employment opportunities for the marginalized community members.

**Table 1: Increase in Annual Revenue of EPIC**



Based on these results, Human Endeavour felt the need to take this project to those areas of York Region where people have fewer economic opportunities.

In 2012 York Region provided support to Human Endeavour for a project titled: SEED-Supporting Employment and Economic Development which aimed to strengthen the institutional capacity of EPIC to serve more enterprises and create a sustainable and scalable model of social economy which can be replicated in other remote and low income areas of York Region like Georgina. EPIC has also been supported by the Ontario Trillium Foundation since 2011 with a focus of achieving sustainability by 2016. Human Endeavour sought the research support from the York University to document the best practices in setting up of enterprises and their becoming viable business entities generating sustainable work for community members.

Human Endeavour, Georgina Trade Training Inc. and York University's Knowledge Mobilization Unit got into a partnership to implement this project. The Knowledge Mobilization Unit was a perfect match for this project as it had been providing knowledge mobilization services to researchers, graduate students and their research partners.

**The key principles of the model:**

- At a nominal fee of 10-15% of the funds to be raised jointly, EPIC will help the partners (local community-based organization) to develop institutional infrastructure required to create, support and develop social enterprises.
- Every partnering organization will commit 20% of its purchases through “preferred procurement” process from other social enterprises under EPIC umbrella.
- The model has a double accountability mechanism. EPIC is accountable to its own Advisory Body, and the partner will be required to create their own advisory body. Since

the advisory body is recruited from the community, they become a gateway to new opportunities for preferred procurement as well as ownership by the local communities.

- Both EPIC and the partners will benefit from the advice, guidance and knowledge provided by the research partners
- The partnership model is cognizant of the inherent risk of dependence between EPIC and the partners. Therefore, special attention is being paid to establishing requisite procedures that enable partners becoming sustainable entities in the due course.

Figure 1 & 2 showcase the graphical representation of EPIC.

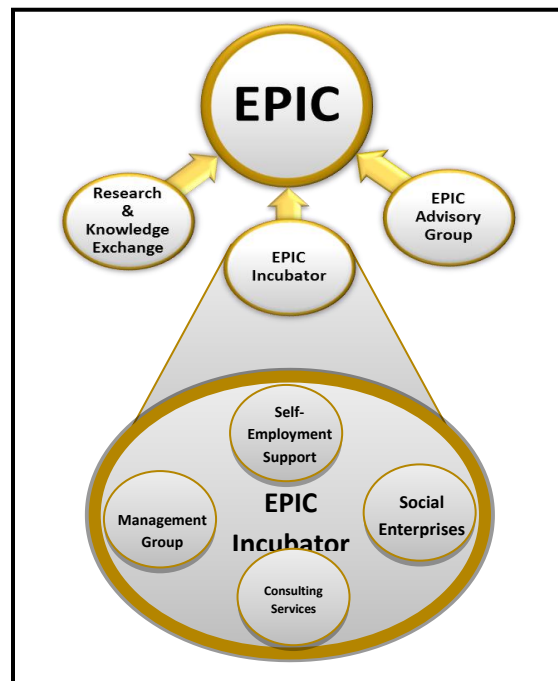
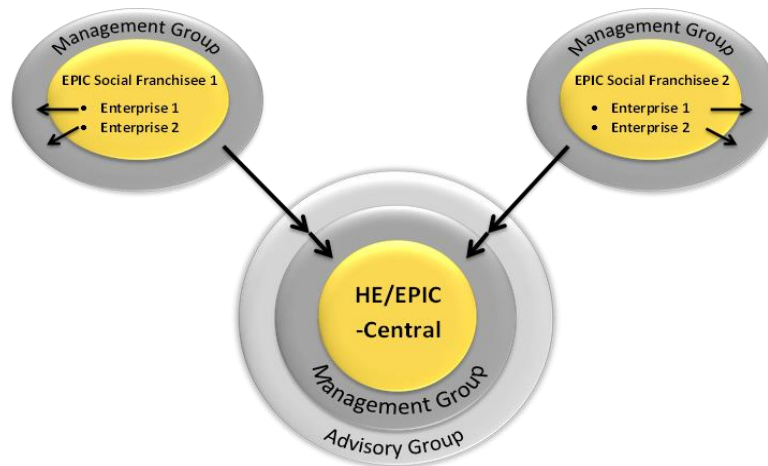


Figure 1: EPIC Functional Structure



**Figure 2: EPIC Social Franchising Organizational Structure**

It was Human Endeavour's involvement in various Community-Academic research initiatives and exposure to academic and policy level debates and discussions that broadened its perspective and deepened understanding as to how research and community practice organically reinforced each other and generated synergies that lead to greater benefits and larger dividends for communities and the partners alike. This research-practice engagement enabled it to conceive and develop a low-cost, sustainable and replicable social enterprising model.

These research partnerships have contributed to a number of significant outcomes for both Human Endeavour and its partners from higher education institutions. Without such quest, and search for collaboration and partnerships, it would not have been possible for HE to come up with social enterprise franchising idea and the model.

## **Section 6:**

### **Recommendations and the Wayforward**

In the wake of the learnings of the foregoing case study and Human Endeavour's work on social economy, innovation and social enterprises, we submit the following recommendations.

1. The public policy at the provincial and the federal level needs to have a favourable view of the social economy and the social enterprises. Currently, there is a bias for large scale investments and 'job creation', that needs to be broadened to include innovative setups like social enterprises that require low investments but have the potential to contribute to macro results, like social enterprises providing workplace orientation through placement, income generation, and linkage for newcomers to local markets and social connections.
2. Concern for 'job creation' by the private sector, and supporting the social enterprises are not mutually conflicting or exclusive. It is neither a zero-sum game scenario. Both can be accommodated in the public policy and practice. In fact, once the public policy takes a favourable view of the social economy and social enterprises, the private sector is also likely to support it as part of its corporate social responsibility (CSR).
3. The support and encouragement that the social enterprising wave needs is less of financial nature and more in the forms of incentives and promotions.
4. One way of doing that is to recognize social enterprises and the business they do as a separate category from the routine, for profit, business. This means, Canada Revenue Agency (CRA) may recognize their distinctive category and envisage incentives that promote the culture of social enterprising.

5. The success and impact of social enterprises should not be measured from 'income' they generate or the 'jobs' they create. They have far deeper social & environmental impact, as they contribute to visible social gains in the form of improved social determinants of health. The social enterprises can be instrumental in social cohesion also.
6. Social Economy organizations must work collaboratively to demonstrate the overall impact of their combined efforts. For us, this is one of the main reasons to establish the franchising model of EPIC. Presently, the fragmented and unconnected efforts are leading to distributive impact. The proposed collaboration will ensure that social economy can be recognised as a significant sector in the Canadian economy.

### **References:**

1. The Regional Municipality of York. (2011). *Changing Landscapes: Recent Immigrants Living in York Region*. Newmarket, Ontario.

### **Annex - Brief biographies of the authors**

**Noor Din** migrated to Canada in 1990 and obtained Master's Degree in Computer Engineering from University of Toronto. After having worked for two decades in technology industry in Pakistan and Canada, he founded Human Endeavour ([www.humanendeavour.org](http://www.humanendeavour.org)) in 2004 to bring much needed innovations in health, economic and social sectors through outside-the-box thinking and community lead programs to make a meaningful change for the marginalized. His initiatives have received many awards for their innovation and evidence based practices. He is the recipient of 2012 3M Health Leadership Award. Noor is currently the CEO of Human Endeavour. He is also an affiliated individual member with CERIS Metropolis Centre at York University and has presented many research papers on social economy, innovations and community based health & wellness models. Email: [noor.din@humanendeavour.org](mailto:noor.din@humanendeavour.org)

**David J. Phipps** (Executive Director, Research & Innovation Services, York University).

Dr. Phipps received his Ph.D. in Immunology from Queen's University (Kingston, Ontario) and undertook post-doctoral studies in HIV research at the University Health Network (Toronto). After leaving the lab he built a career managing academic research holding successively senior positions at the University of Toronto Innovations Foundation (Manager of Biotechnology and Life Sciences), Canadian Arthritis Network (Director of Business Development) and Canadian Institutes of Health Research (Director of Partnerships). In 2001 Dr. Phipps completed his MBA from the Rotman School of Management (University of Toronto). Dr. Phipps is the Executive Director, Research Services & Knowledge Exchange at York University where he manages all research grants and contracts including and knowledge and technology transfer.



Dr. Phipps is leading York's KM Unit that provides services to researchers, community organizations and government agencies who wish to use policy and practice related research to inform public policy and social programming. Email: [dhipps@yorku.ca](mailto:dhipps@yorku.ca)

**John De Faveri**, is currently the Executive Director at Georgina Trades Training Inc. located in Sutton, Ontario. He took on this role after having completed a very successful career in publicly funded education in Ontario, retiring as Director of Education for the Thunder Bay Catholic District School Board. He has extensive experience in working in very diverse communities. His work in both the public sector and not-for-profit sector throughout the Province are seen as assets that he uses to develop partnerships that assist in moving communities forward and to advance the social justice agenda. Email: [jdefaveri@gtti.ca](mailto:jdefaveri@gtti.ca)

**Arshed Bhatti**, is an independent researcher, international development consultant, and sits on the Board of Human Endeavour. He provides support and leadership on HE's research initiatives. He and Noor Din have teamed up on several of HE's research and conference papers. Email: [arshed.bhatti@gmail.com](mailto:arshed.bhatti@gmail.com)

**Sidra Muntaha** graduated from the York University in Business and Society. She is associated with HE as Project Coordinator, Economic Development. Her areas of interest are economics, community development, social enterprises, and integration of diversity in Canada. Email: [sidra.muntaha@humanendeavour.org](mailto:sidra.muntaha@humanendeavour.org)