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DE TRAVAIL

# Business Conversions to Social Purpose Enterprises

For Equity-Deserving Groups\*



# Introduction: Speaker 1



*Daphane Nelson*  
*CoActive Developments Worker Co-op*



# Land Acknowledgement

*This workshop is being held on the, unceded traditional territory of the Coast Salish People: x<sup>w</sup>məθk<sup>w</sup>əy'əm (Musqueam), Skwxwú7mesh (Squamish), and səl'ilwətaʔt / səl'ilwitulh (Tsleil-Waututh) nations.*



# Agenda:

- Background Information; need for Social Acquisitions in Canada
- What is a Social Acquisition?
- Types of Social Acquisitions
- Integrating more equity-seeking groups to this process
- Why transition to a Social Purpose Organization?
- How to Transition to a SPO
- Sources of Support
- Q&A

# Social Innovation & Social Finance

Canada invested in SISF to address increasingly complex needs of Canadians. Through a narrow view of society, private sector is seen to generate wealth while charities and non-profits improve quality of life through provision of social services, funding for the arts and for sports.

SISF recognizes a need for more social innovation focused on Canada's more persistent and complex challenges.

"Society will be best served when all sectors work together and when government acknowledges contribution of charities, non-profits and cooperatives make to inclusive economic growth."  
- *The Co-Creation Steering Group*



source: "Recommendations of the Social Innovation and Social Finance Strategy Co-Creation Steering Group."







# Work of Legacy Leadership Lab (L<sub>3</sub>)

L<sub>3</sub> (based at the University of Waterloo) was a project funded by the SISF through the IRP originally conceived to focus on Canada's small business succession challenges.

Business owners rethought current and future states, and many considered retirement or simply selling their businesses.

A systemic approach to social acquisitions is needed.

source: The Legacy Leadership Lab, "Cultivating the social acquisition movement"



“ Small businesses have long served as vital economic engines within the Canadian economy, providing significant employment opportunities in communities large and small. The substantial number of small business owners approaching retirement and seeking to exit their businesses comes on the heels of a pandemic that has dramatically increased succession planning challenges. We are in a unique moment of time to leverage the intrinsic benefits of social purpose organization models like co-operatives to address looming business continuity challenges and simultaneously seek to address longstanding social and environmental challenges.

- Greg Elliott  
Senior Citizenship Advisor  
The Co-operators

source: The Legacy Leadership Lab, “Cultivating the social acquisition movement”



# Social Acquisitions

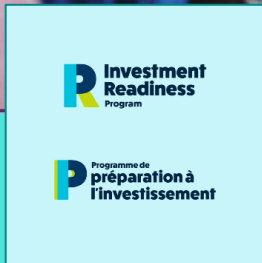
- A social acquisition occurs when a **conventional enterprise** is acquired and restructured into a **Social Purpose Organization**.
- Social Purpose Organizations merges profitability with social impact to achieve both financial and value returns.
- Potential to solve small business continuity problem by leveraging growing social and solidarity economy.
- Employees and consumers value businesses differently than investor-owners.





# Types of Social Acquisitions

- Employee or community buyout (transition to worker, consumer or multi-stakeholder cooperative).
- Municipal buyout (vital service provider being purchased).
- Owner imbeds social purpose to the organization - B-Corp.
- Social enterprises - non-profits taking on enterprise.
- Businesses with inherent social or environmental purpose.



# Introductions: Speaker 2



*Juliet Kego Ume-Onyido*  
*Black Women Professional Worker Co-op*



# Integrating More Equity-seeking Groups in Social Acquisition Process



- I. AN EXISTING BLACK-LED WORKER COOPERATIVE (BWPW CO-OP)
- II. A BUSINESS IN THE PROCESS OF CONVERSION TO A COOPERATIVE (WHOLE WOMAN NETWORK)



# Affinity Between Equity-deserving Groups and SPO's

## Historical Context:

- Pre and Post-colonialism
- Trans-Atlantic Slave Trade

## Socio-cultural Affinity:

- Black social/solidarity economies
- Collectivist/Cooperative
- Ubuntu - “Leave No One Behind”
- (Atautsikut, Onye Aghana Nwanne Ya)

## Economic Affinity:

- Business Structures (Sole Proprietorships, Family-owned Businesses)

## Political Affinity

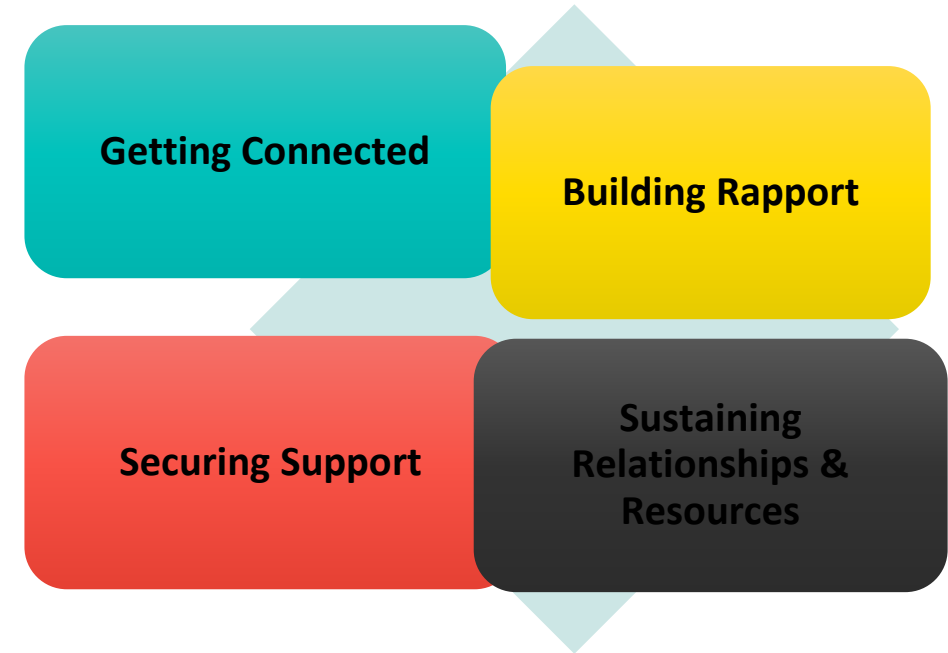
- Leadership and Governance Structures





# Challenges Faced by Equity-seeking Groups in Business Conversions

- Lack of robust representation for mentorship and support
- Lack of access to resources to build operational capacity, organizational effectiveness, staffing and skills development
- Lack of access to investment capital to operationalize, stabilize, scale (Four Key Barriers to Capital, source: The Bridgespan Group)
- Face increased due diligence, risk aversion and additional questioning.



# The Importance of Business Conversions to SPO's for Equity-deserving Groups

- Creating space for formal and informal economies to co-exist and thrive for a resilient post-pandemic recovery
- Creates pathways to access CDFIs
- Dismantling and navigating systemic, institutionalized, structural inequalities and injustices.
- Business Succession and Planning
- Harnessing collective power and preserving cultural heritage, indigenous knowledge, practices and legacies.
- Build capacity for investment-readiness to leverage resources
- Building stronger ecosystems & intergenerational wealth



# Introductions: Speaker 3



*Mohammed Zaqout*  
*Lightwork*



# LIGHTWORK

Today, more than ever before, there is a need for organisations to understand the foundations of justice, equity, decolonization, diversity and inclusion (JEDDI) in order to create workplaces that work for all.

LightWork is a workers co-op focused on fostering justice and belonging through safer, inclusive, and more diverse work environments. We walk the journey of change alongside individuals and organizations to create and advance an environment where differences are valued through a culture of ethical care and clear communication.

Lightwork Team

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# Where we incorporated from?

**Solid State** is building a solidarity economy, grounded in Surrey, BC, developed by racialized communities: a mutually supportive network, a cooperative of cooperatives, bound together by a commitment to friendship and mutual aid.

# What is lived-experience?

LightWork team brings together a wide variety of skills, expertise, lived-experiences and interests that contribute to our ability to hold space for people wherever they are in their journeys of learning and unlearning.

Lived-experience help those who lack power and privilege to relate to others' struggles and find solutions to make all lives better.



# Why we as BIPOC choose the cooperative model?

## Solidarity Economy

Solidarity Economy refers to a wide range of economic activities that aim to prioritize social profitability instead of purely financial profits. Equity-denied groups seek creating positive social change and profitability for themselves and communities. Cooperative partners each have hopes, goals, and intention beyond simply making a profit.



## Gaza Media Co-op

GMC is building a web design, development, branding and graphic design co-op in Gaza, Palestine to provide training and skills development for its members and build an international client base and revenue stream.

## Ethos Lab

is an out-of-school culture-based STEAM-learning academy for teens 12 -18 that is empowering youth to transform their community and shift the culture of innovation through STEAM



# Why Transition to an SPO?

There exists a powerful opportunity to connect exiting owners with people seeking equity to operate a new enterprise with the aim to serve and improve the social and economic conditions of equity-seeking groups.

*Inclusion as social impact through:*

*Ownership/leadership - worker cooperative, policy to employ equity-seeking persons, fair wages*

*Employment - prioritize hiring and training of people from inclusion groups*

*Enterprising - supplier diversity, accessibility, cultural/recreation advocacy and policy services*

*Empowerment: DEMOCRATIC and worker-based decision-making*





# Transition to a Social Purpose Organization

- **Your group may already be in progress. Are you:**
  - Working with a group of like-minded people to seek equitable employment opportunities?
  - Designing your business plan?
  - Already negotiating terms with a business owner?
  - Seeking financing for the purchase?
  - Looking for governance support for your fledgling cooperative?





# Transition to Social Purpose Organization

Step 1: Identify Group, Conduct Feasibility

Step 2: Financing Assistance

Step 3: Cooperative and Business Development

Step 4: Transitioning

Step 5: Aftercare



Co-opConvert Business Transition Steps  
source: [Home | Co-opConvert \(coopconvert.ca\)](https://www.coopconvert.ca)





# Successful Transition

Employees of the former entity experienced labour dispute issues with previous owners, unionized and still experienced difficulty in getting paid. They eventually decided to seek ownership in the form of a worker cooperative and **Glitter Bean Café Cooperative** was incorporated in 2018.

*“90 percent of the worker-owners self-identify as queer and operate the space as a safer space for queer, two spirit and trans people in Halifax.”* source: Coop Convert case study

Community played a key role in this conversion, these cooperators were unionized labourers, highly experienced in running the café and were a socially cohesive group with shared LGBTQIA2+ identity.



Glitter Bean coffee creation  
source: Glitter Bean Facebook Page



# Successful Transition

Formerly a Curves Ladies Fitness, Kincardine Ladies' Fitness converted from a for-profit business to a member-owned cooperative when the Curves franchise owner was unable to remain open due to economic pressures.

The founders explored the cooperative model, organized a membership drive, incorporated and relocated.

It helped to have a supportive former owner and consider a new, nimble business design, to help keep costs down, give members what they wanted including programming and reasonable pricing.



Co-op members in front of their gym.  
source: Canada's Emerging Co-operators Facebook Page



# Sources of Support

- **Investment Readiness Program grants – *note that some deadlines are very soon***

The **Community Foundations of Canada** announced their funding cycle which **closes on November 22, 2022**. For more information about their application criteria and eligibility, please visit their website which can be found [here](#).

The **Foundation for Black Communities** has also announced their funding cycle for the Investment Readiness Program which **closes on December 1, 2022**. For more information about their application criteria and eligibility, please visit their website which can be found [here](#).

Other community funders include: [Canadian Women's Foundation](#) (applications will **open on Nov. 30, 2022**), and the Quebec [Chantier de l'économie sociale](#) (preliminary applications will be due on **Dec. 15, 2022**).





# Sources of Support

- CWCF for [technical assistance grants](#), small investments from the [Tenacity Works Fund](#), connections to worker co-operative developers, webinars, and the virtual [Worker Co-op Academy](#) and other worker co-op development services. CWCF will also be adding resources to its website regarding JEDI Social Acquisitions.
- [Co-operatives First](#) for Indigenous and rural projects
- [Freedom Dreams Co-op Education](#) ( or see their [website](#)) – *an Ontario-based co-operative development and education hub that shares knowledge and resources about co-operatives and the solidarity economy from a BIPOC perspective.*
- CoActive Co-op for feasibility, business and cooperative development, financing assistance, transition and aftercare.
- [BC Co-op Association](#) for the “[Cultivating Co-ops Guide](#)”, the [Co-operate Now](#) Bootcamp, the In [Our Hands Co-op Development Program](#) for Newcomers, and other co-op development services.
- [CoopZone](#) for connections to other co-operative developers.
- Eventually the federal Social Finance Fund will become available, but it’s not yet clear when.



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