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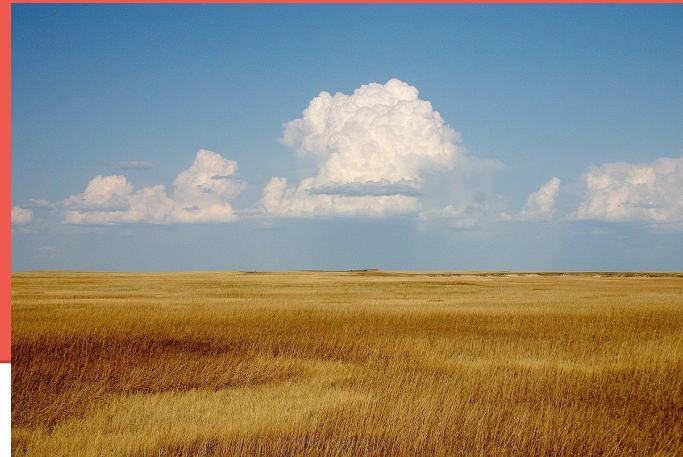
FÉDÉRATION
CANADIENNE DES
COOPÉRATIVES
DE TRAVAIL

Business Conversions to Social Purpose Enterprises

For Equity-Denied Groups*



Land Acknowledgement



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Introduction: Speaker 1



Daphane Nelson
CoActive Developments Worker Co-op



Agenda:

- Background Information; need for Social Acquisitions in Canada
- What is a Social Acquisition/Business Conversion?
- Types of Social Acquisitions/Business Conversion
- Integrating more equity-denied groups in 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."



“ 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”

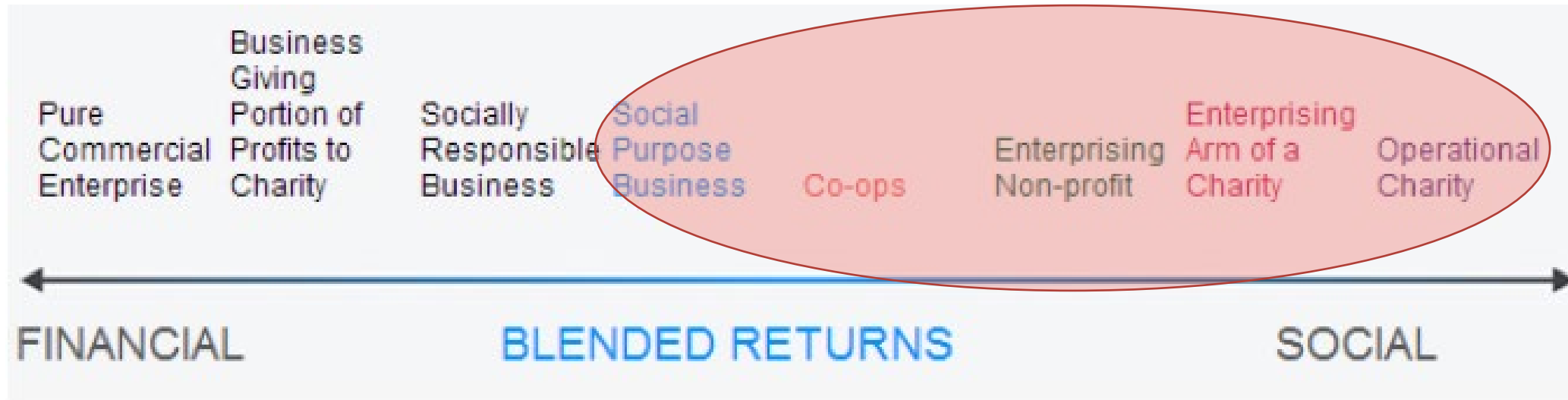


Social Acquisitions

- 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.



Social Purpose Organizations



source: Futurepreneur, 2023

- Social purpose organizations can be any of the 5 highlighted business types on this spectrum



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-Denied 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-Denied 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)

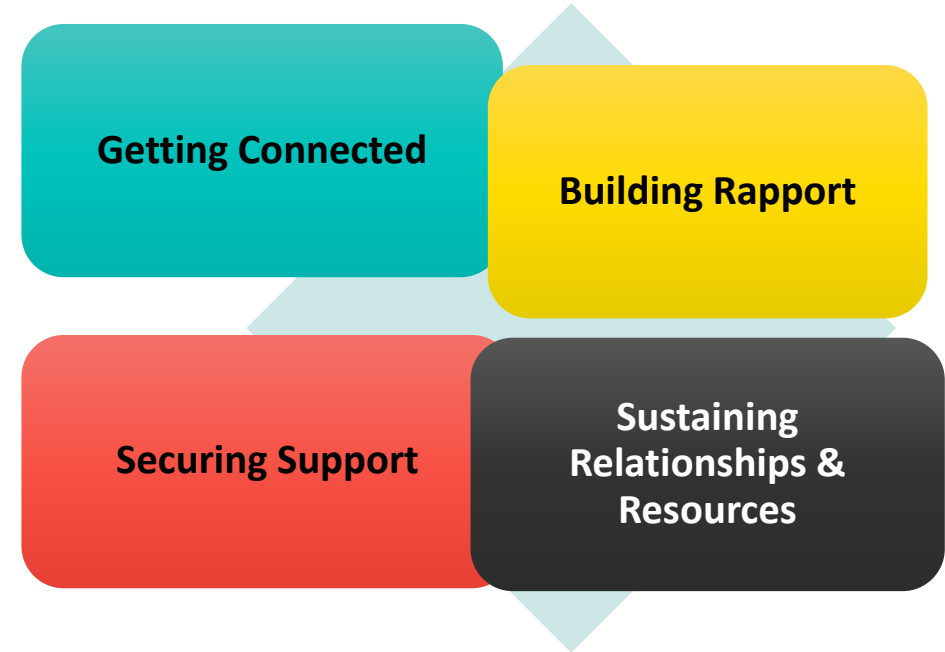
Political Affinity

- Leadership and Governance Structures



Challenges Faced by Equity-Denied 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-Denied Groups

- Creating space for formal and informal economies to co-exist and thrive.
- Creates pathways to access CDFIs.
- Dismantling and navigating systemic and structural inequalities.
- Business Succession and Planning.
- Harnessing collective power and preserving indigenous knowledge.
- Build capacity for investment-readiness to leverage resources.
- Building stronger ecosystems & intergenerational wealth.
- Preserve cultural heritage and community.



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.



Terminology is important!

Equity-seeking vs.

Equity-deserving vs.

Equity-denied



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 who have been historically oppressed to operate a new enterprise with the aim to serve and improve the social and economic conditions of equity-denied groups.

Inclusion as social impact through:

Ownership/leadership - worker cooperative, policy to employ equity-denied 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 Social Purpose Organization

The **St. James Town Community Co-op** is a co-operative serves many EDGs, but especially BIPOC and other racialized individuals, recent immigrants, people with disabilities, and seniors within the diverse area of the St. James community in Toronto, Ontario. They are committed to constructing inclusive communities through healthy, affordable food and impactful engagement.

It operates as a non-profit organization, and as such any profits generated must be used to achieve its mission. They host various cultural workshops and offer programs to combat food insecurity, economic stagnancy, and climate change



Sources of Support

- [Investment Readiness Program grants](#)

Other community funders include: [Canadian Women's Foundation](#)

- 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](#) – *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 Developments Worker Co-op](#) a BC-based cooperative development co-op for business transitions including 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.



Sources of Support continued

For more information on what a SPO is:

<https://canadianworker.coop/what-is-a-social-purpose-organization/>

*This link contains further links to information on and examples of different types of co-ops and social enterprises

For more information on what a Social Enterprise is:

<https://canadianworker.coop/what-is-a-social-enterprise/>

If you're interested in the steps for a Business Conversion

<https://canadianworker.coop/how-a-business-conversion-works-for-buyer-and-seller-sides/>

*This link contains further links to key conversion resources:

If you want to explore successful transitions from traditional businesses to SPOs:

<https://canadianworker.coop/case-studyexamples-of-social-acquisitions-business-conversions/>



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