



# TORONTO DROP-IN NETWORK

## Strengthening Drop-Ins Through Connections:

Resources & Recommendations from  
TDIN's Member Social Enterprises

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# Table of Contents

<b>1 Background</b>	Purpose of this Report How this Report was created	2
<b>2 About Social Enterprises</b>	What is a Social Enterprise Quick Facts – Social Enterprises in Ontario Resources on Social Enterprises and Entrepreneurship	6
<b>3 Major Themes and Recommendations</b>	Organic Growth and Expansion Know your Industry Customers Marketing is important! Transition – from participant to employee Community Partnerships Organizational Management Revenue and Funding	10
<b>4 Acknowledgements and References</b>		22

## 1) Background

The Toronto Drop-In Network is committed to supporting the activities of its membership. In 2015, TDIN committed in its strategic plan, to promote and highlight the social enterprises within its membership base.

In December 2016, TDIN surveyed its entire membership to find out which drop-ins had a social enterprise. 8 members responded by indicating they had social purpose enterprises that take participants from drop-ins and provide them with employment opportunities and job skills training. There were a total of 9 social enterprises were with 1 member operating 2.

Based on the results of this survey and member feedback, TDIN was also able to carve out its next steps in promoting the social enterprise sector within its membership. The following were identified as areas where TDIN could provide support:

- Marketing social enterprises
- Support networking opportunities between social enterprises
- Facilitate resource sharing for established social enterprises & for drop-ins interested in creating social enterprises

### Purpose of this report

This report is created for the drop-in sector that caters to the needs of people who are homeless, marginally housed and or socially isolated. The purpose of this report is to facilitate resource sharing by creating a consortium of resources for established social enterprises within the sector as well as for those drop-ins that maybe looking to start social enterprises. The focus of this report are the nine existing social enterprises within the TDIN membership, with an intent to understand their organizational practices that have allowed them to operate successfully. The term 'participant' is often used throughout this report and denotes those individuals who are either current or former visitors at drop-ins.

## How this report was created

A search and review of available resources pertaining to social enterprises and entrepreneurship was conducted and summarized in section 2. The resources are based locally, primarily within Toronto and the Greater Toronto Area. The resources have been selected on their usefulness to the drop-in sector and can provides opportunities to drop-ins within the following six areas:

- funding acquisition – resource provides funding opportunities
- marketing – ability to market social enterprise with this resource
- networking/collaboration – resource provides opportunity for community partnerships
- resource sharing – provides information on policy and social enterprise news
- business plan development – experts will help refine business plans
- education – opportunities for training/certification

From February 2017 to March 2017, the 9 social enterprises within TDIN’s membership base were contacted to conduct informational interviews. 8 of them responded. The questions in the interviews focused on four broad areas:

- history of the social enterprise
- customer acquisition and marketing
- financial management and operations
- long-term sustainability.

Working for Change also participated in these interviews and was a valuable partner in the information gathering process. Each interview lasted approximately an hour and was either conducted in-person or over the phone. The following social enterprises were interviewed:

<b>Social Enterprise</b>	<b>Drop-in/Non-profit Community Agency</b>
Inspirations Studio	Sistering
Spun Studio	Sistering
Switchback Cyclery	Sanctuary
Fabarnak	The 519
St. John's Bakery	St. John the Compassionate Mission
The Stop – Community Food Centre	The Stop
Silver Brush	PARC – Parkdale Activity & Recreation Centre
Managed IT Services	Lamp Community Health Centre
Out of This World Café	Working for Change

The findings from the informational interviews are presented as 'THEMES' in section 3. Organizational practices that have allowed these social enterprises to operate successfully are presented as 'RECOMMENDATIONS' in the same section. TDIN hopes that this resource and recommendation report generates a dialogue amongst existing and potential social enterprises within the drop-in sector.

## 2) About Social Enterprises

### What is a social enterprise?

Social enterprises use business strategies to achieve a social or environmental impact. While generating revenues from the sale of goods and services, social enterprises also expressly intend to create positive outcomes, and they measure their results. As their business grows, the social impact grows (Government of Ontario, 2017).

### Quick facts – social enterprises in Ontario

<b>Employability</b>	Average of 38 staff
<b>Revenue</b>	\$1.2 million in revenues & \$0.9 million in sales
<b>Total Number</b>	10,000 social enterprises in Ontario
<b>Focus area</b>	45% have a poverty reduction focus

(Government of Ontario, 2017)

## Resources on social enterprises & entrepreneurship

### **Ontario's Social Enterprise Strategy: 2016 – 2021**

<https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>

The Government of Ontario has developed a 5-year strategy to help social enterprises grow in Ontario. The Ontario government is making a commitment to three main areas as part of this strategy:

- **Equipping social enterprises with solid business fundamentals.** Building a strong foundation to serve the communities of today and tomorrow.
- **Connecting social enterprises to markets and capital to grow and scale.** Unlocking new markets and capital to help maximize their potential.
- **Demonstrating the value of social enterprise and social finance.** Promoting their potential to investors, government, and communities.

### **Social Enterprise Ontario – Strengthening Ontario's Economy Through Social Enterprise**

<http://seontario.org/>

- Focus area: marketing, networking/collaboration, resource sharing
- About: SE Ontario brokers relationships between social enterprises across Ontario by showcasing their work, locations and overall impact. It also connects users to the latest news, trends and policy issues impacting social enterprises in Ontario.

## The Toronto Enterprise Fund (TEF)

<http://www.torontoenterprisefund.ca/>

- Focus area: funding, business plan development, marketing, resource sharing, networking/collaboration
- About: TEF provides a series of annual grants to support social enterprises in Toronto who are at different levels of development. Their mission is to contribute to the reduction of poverty and homelessness in the City of Toronto through use of the social enterprise model. Social enterprises funded by TEF offer employment to socially marginalized populations.

## Social Enterprise Toronto

<http://www.socialenterprisetoronto.ca/#set>

- Focus area: Marketing, networking/collaboration
- About: Social Enterprise Toronto is a network of social enterprises that share the common goal of supporting and growing social enterprises in the Greater Toronto Area (GTA). It provides a network for social entrepreneurs and creates collaboration opportunities.

## Ontario Network of Entrepreneurs

<http://www.onebusiness.ca/>

- Focus area: business plan development, networking/collaboration, resource sharing
- About: ONE provides support to entrepreneurs looking to start their business, grow their business or get access to funding. ONE connects entrepreneurs to experienced business advisors who can help refine business plans.



## Social Enterprise Council of Canada

<http://secouncil.ca/>

- Focus area: funding, business plan development, networking/collaboration, resource sharing
- About: The goal of SECC is to see community-based social enterprises successfully contributing to creating healthy communities. SECC's strategic goal is to insure social enterprises have a supportive ecosystem that:
  - Enhances Their Business Skills
  - Assures Access To Capital
  - Creates Market Opportunities
  - Recognizes Their Impact
  - Provides Supportive Legislation And Regulations

## Toronto Employment and Labour Market Information (TELMi)

<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=2fe08fb738780410VgnVCM1000071d60f89RCRD>

- Focus area: Resource sharing
- About: TELMI is a one-stop labour market information resource providing information for those needing to make a well-informed labour market decision.

## Network of Angel Organizations Ontario

<http://www.nao-ontario.ca/about/>

- Focus area: Funding, business plan development, networking/collaboration
- About: NAO-Ontario's mission is to bring Angel investors together with entrepreneurs and companies seeking investment for mutual benefit.

## The School for Social Entrepreneurs (SSE)

<http://www.the-sse.ca>

- Focus area: business plan development, resource sharing, education, networking/collaboration
- About: The SSE is a project run by *Tides Canada*. They offer short-courses, fellowship programs and workshops for everyday people to explore their ideas for a better world. Individuals have the opportunity to pitch their ideas to a team of social innovators and receive constructive feedback.

## MaRS

<http://www.marsdd.com>

- Focus area: networking, business plan development, resource sharing, access to funding opportunities
- About: MaRS provides an avenue for social change agents to explore their ideas. MaRS work with an extensive network of partners to assist entrepreneurs in launching and growing their ideas into innovative businesses. They offer venture services, avenues for business funding and access to facilities (office/lab space, meeting and event spaces).

### 3) Major Themes & Recommendations

#### Organic growth and expansion

Social enterprises that were interviewed evolved and grew overtime to meet the needs of their customers and communities.

- **Not an overnight start!** It took an average of 5-7 years for the social enterprises to come to their current operational stage.
- **Defined purpose:** They started off to fulfill a need in the community, a need expressed by participants accessing the drop-in (need for employment), or to build on the skills of their existing participants (baking, cleaning, sewing).
- **Mission & Vision:** The goal of the social enterprises has been to serve, empower and build capacity among their employees and communities.
- **Organic growth:** Most social enterprises started with multiple ideas of what their social enterprise should do, but decided to choose one based on the following:
  - **Business decision/market demand** – what was selling the most
  - **Leadership consensus** – through a democratic process the leaders of the social enterprise decided to narrow on one idea
  - **Neighborhood assessment** – by surveying their local neighborhoods, they gathered information on what would work best for their local area
  - **Employee talents** – by taking the time to know their employees and build on their talents, skills and expertise
- **Locally based:** They usually started small and grew locally first.

## Recommendations:

- Take the time to define your social goal, mission, vision & service area.
- Assess what is in demand/selling most/working for you – do surveys & be curious.
- Start local & expand based on the skill-set of your employees and the overall capacity of your social enterprise.
- Be patient. Social enterprises take time to develop and operate.
- Your original idea may change a few times before it becomes reality, again be patient and follow the process.

## Know your Industry

Being an industry expert, where the core team of professionals/staff have worked in the same industry as the one in which your social enterprise is operating in, is very important for its overall success

- **Knowing the business:** social enterprises knew their service/product and competitors. All social enterprises had managers and key staff members who had the following knowledge or expertise:
- **Knowledge of business** – managers had either business experience or business education
- **Industry specific knowledge** – managers were former restaurant owners, professional bakers and chefs, construction managers, IT specialists and artists
- **Operating like a business:** Social enterprises saw themselves as not just social mission organizations, but also community-based businesses that operated in the same environment as similar for-profit businesses
- **Remained current & open to change:** Social enterprises remained in tune with, and adaptable to the larger market environment, consumer trends and customer needs. Most importantly they were open to changing their services/products based on customer demands.

## Recommendations:

- Have a team of professionals including key staff, frontline staff or Board members who have industry knowledge.
- It is recommended that key staff have business knowledge/acumen.
- Conduct customer surveys to get feedback on new trends and customer needs.
- Don't be afraid of change. Change is important and will help your social enterprise grow to new levels.

## Customers

Getting to know customers and building long-lasting relationships with them was deemed as the secret to operating a successful social enterprise.

- **Customer type:** Customers can range from individuals purchasing from your storefront or website to corporate clients/groups and local neighborhood businesses. Most social enterprises had a combination of all three types of customers.
- **Customer value-set:** Most social enterprises had customers who believed in supporting a business with a social mission. Social entrepreneurs were also aware of the stigma associated with people with mental health and disabilities and knew that not all people would become their customers.
- **Building relationships through customer service:** Social enterprises strongly believed in building and maintaining strong relationships with their customers. These relationships were often created over a period of time and were based on the following:
  - Excellent product and/or service
  - Great customer service that put the customer's needs first
  - Competitive pricing
  - Staying in contact with customers even when work got busy

## Recommendations:

Without a good service/product customer acquisition will be difficult. To maintain and retain customers, focus on relationships as well as quality control of product/service.

## Marketing is important!

Social enterprises had a diverse range of marketing strategies that showcased their work in the following ways:

- **Social media:** all forms of social media were used in marketing - company websites, Facebook, Twitter, Instagram and Yelp were all effective ways to market
- **Print media:** an easy-to-read brochure/pamphlet was just as important as having a social media presence. This was given to walk-in customers or posted in local neighborhood stores/cafes.
- **Social media management:** social enterprises had a dedicated marketing/communication staff managing their social media feeds and website content
- **Relationship management with customers:** they maintained relationships with corporate clients and other customers by sending them thank you cards, encouraging them to sign-up for newsletters etc.
- **Tours:** they provided tours of their social enterprise and work facilities
- **Door-to-door:** they connected with local businesses in their neighborhood to see if they could leave flyers and pamphlets for their services
- **Seasonal outlets:** farmers' markets, trades shows and artisan shows were effective venues to market and sell products/services
- **Sharing stories:** social enterprises used their website to promote their story, history and who they employed. Similarly they were open to public relation opportunities with newspapers and magazines who were interested in covering their stories.

## Recommendations:

- It is important to be creative and think outside the box when marketing.
- Have a dedicated budget line allocated to marketing.
- Have a dedicated person responsible for marketing and managing social media OR set aside time to invest in marketing activities.
- Utilize more than one strategy to promote goods/services.

## Transition – from participant to employee

It was important for the social enterprises to facilitate a sustainable transition that would help former participants move to their role as employees. This section elaborates more on this transition.

- **Understanding employees' histories:** All social enterprises employed people who faced barriers to mainstream employment, experienced marginalization and or stigma due to their mental health, trauma or substance use. Employees came from a community of people who were often marginally housed or had a history of homelessness. Social enterprises and their managers found that it was important for them to understand this general history of their employees to better facilitate their transition to employment and also foster a sense of community and belonging within the workplace.
- **Appropriate & flexible work load:** understanding employees' histories was important in knowing how to delegate work assignments. The following strategies were used when assigning work:
  - **Start slow:** managers started the employees slowly, worked with their skillset and then moved them onto more complex projects.
  - **Assessing workers' interests & strengths:** managers got to know the employees' interests and skillsets which helped them facilitate employees into the appropriate roles.

- **Helped work towards structure:** employees need to build towards the structure of being on the 'job' and social enterprises worked with them to reach this goal.
- **Provided meaningful feedback:** mistakes happen on the job but managers too the time to provide meaningful feedback which was solution-focused and aimed at fixing future problems/errors or avoiding them completely.
- **Training employees:** training was deemed as very important in order to be able to get the job done and provide a good level of service, it was provided in the following ways:
  - **On the job:** training was provided on the job and employees
  - were paired with experienced workers or work teams to learn new skills
  - **In-house coaching:** life-skills training was provided by senior staff and was geared towards working through 'on-the-job' challenges, rather than general life skills advice
  - **Certification:** employees were sent to colleges or technical workshops to obtain professional certification

## Recommendations:

- Take the time to know your employees
- Work with the employees towards sustainable employment goals that are mutually beneficial for the employee and the social enterprise
- Don't skip training. By training your employees, you are not only investing in their skillset, but in turn investing in the social enterprise, your product and overall quality of service



## Community partnerships

Connection with community partners including drop-ins was important to the sustainability of the social enterprise as well as the well-being of its employees. This section elaborates on the different types of community partners the social enterprises had.

- **Drop-ins:** drop-ins were an important source of referrals for new employees who were transitioning from homelessness and looking for employment.
- **Government agencies:** Ontario Works and Ontario Disability Support Programs also acted as important sources of referrals for temporary or permanent employees.
- **Educational institutions:** skills training programs for people entering the workforce as new employees, second career employees or those looking to get work experience in Canada, could find placements at the social enterprises.
- **Non-profit community agencies:** some social enterprises originated from non-profit community agencies. Social enterprises partnered with these agencies in two ways:
  - **Employee supports:** employees were referred to these agencies to access health and well-being supports
  - **Cost-sharing:** the agencies provided affordable office and storefront spaces as well as administrative supports such as processing payroll for the social enterprise

## Recommendations:

- Start building partnerships by connecting with your drop-in or non-profit community agency and then branch out to other local agencies
- Use your existing networks of community partners and let them know how you can further develop your relationship
- Don't forget your local neighborhood agencies and institutions such as places of worship, recreation and education.
- See section 2 of this report to see what collaboration opportunities exist for your social enterprise

## Organizational management

Managing and operating a social enterprise requires as much attention and planning as starting one. The following are some ways the social enterprises ran their day-to-day operations.

- **Advanced planning:** social entrepreneurs indicated that adhering to either an annual, quarterly and/or monthly planning schedule was very important. Anticipating in advance of upcoming events, challenges and customer needs allowed them to effectively plan and deliver on the commitments.  
Some travelled away for planning retreats and others met locally to plan.
- **Employee engagement:** having a regular schedule for staff meetings was important to engaging employees and communicating organizational goals to them.
- **Checks & balances:** having internal processes and systems to ensure that you are delivering good products/services was crucial to the overall success of the social enterprise.
- **Inspect products/services:** Social enterprises assigned a dedicated staff-person to inspect products before they were delivered to the customers. This was usually a senior staff person.

- **Timely services:** social enterprises worked hard to ensure they delivered when they said they would. This meant having the product/service ready on time, ensuring the storefronts are open according to the hours of operations and getting back to customer concerns in a timely manner.
- **Catching mistakes quickly:** social enterprises that had multiple stores found that keeping financial records of each store-front separate, helped them identify errors and shortfalls quickly.
- **Importance of structure & being organized:** all social enterprises stressed the importance of developing daily processes, structures and systems that allowed them to stay organized and be consistent. Some of these included the following:
  - Task checklists/to-do lists
  - Assigning tasks
  - Instruction manuals
  - Templates or models
  - Effective storage systems

These proved helpful during busier times, time of staff turnover and when ensuring consistency of the overall product and service. Managers indicated that the internal structures/processes had to be thorough yet simple enough for everyone to understand. A lot of the structures/process were developed through trial and error until the social enterprises arrived at something that worked well with their type of product/service

- **Core group of professionals:** A core group of professional staff were crucial to the operations as they often jumped in during busier times and staff turnover. These were often a team of 2-3 people, passionate about the social cause of the business and were involved in the following:
  - **Start-up:** Starting the social enterprise and executing the idea
  - **Operations:** Running the day-to-day operations of the social enterprise
- **Client management/acquisition:** Attracting/bringing in new customers
- **Administration:** Sharing administrative responsibilities

## Recommendations:

- Setting aside time from the day-to-day work of the social enterprise is important for advanced planning
- Get to know your staff
- Be consistent and check your work before it gets to the customer
- Develop an organizational system that works for you, but keep it simple for it to work everyday
- Core staff can often have multiple roles, so ensure you don't burn them out by giving them too much responsibility.
- In order to share ideas and learn what's new, core staff need opportunities and spaces for networking with other social entrepreneurs.

## Revenue & funding

Funding and the ability to generate revenue was critical to the long-term sustainability of the social enterprises.

- **Seed money is crucial to starting a social enterprise:** Social entrepreneurs have had to rely exclusively on seed funding from external agencies and/or their lead non-profit agency/drop-in, to get their ideas off the ground. All 9 social enterprises interviewed received seed funding.
- **Ongoing funding is integral to operations & output:** 7 of the social enterprises in this report receive annual funding. Ongoing funding helps cover differences in expenses that can arise when employing people who face barriers to mainstream employment. These expenses can include differing levels of productivity, relapse into substance-use or loss of housing etc. A Lack or shortage of funds can mean not hiring new staff or being able to retain old ones. One social enterprise found that for every \$60,000 in funding, they were able to produce \$140,000 in employee wages/salaries
- **Self-sustaining social enterprises also need funding:** this funding is often used for major capital business expenses such as upgrade in equipment, improvement to production area, software purchases etc.
- **Funders' reporting processes:** Social entrepreneurs appreciate the concept of reporting back to funders as it keeps everyone accountable however, they had the following to thoughts on the funding process:
  - Don't make the reporting process onerous
  - If you have online forms to fill out, ensure there is enough support at your end to help the grantees when needed
  - Be partners for the long-run as social change can take time
  - Define sustainability differently for social enterprises
  - Set realistic target goals for social enterprises

## 5) Acknowledgements & References

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<b>Name</b>	<b>Organization</b>
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Cynthia Leung	Switchback Cyclery
Lesli Gaynor	Fabarnak
Carl Kannegiesser	Fabarnak
Shawn Burke	St. John the Compassionate Mission
Father Roberto	St. John's Bakery
Kathe Rogers	The Stop
Tracy Cocks	PARC – Parkdale Activity & Recreation Centre
Morgan Lowe	The Silver Brush
Ed Turalinski	Managed IT Services
Sarah Greig	LAMP Community Health Centre
Warren Hawke	Out of This World Café
Dawnmarie Harriot	Working for Change
Chantelle Brown	MSW Student – University of Windsor

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