

## Go-slow approach pays off for Inner City Renovation

Winnipeg Free Press

Thursday, February 5, 2004

Most entrepreneurs will attest to the fact starting a business can be an arduous, time-consuming, challenging undertaking with absolutely no guarantee for success.

So it shouldn't be surprising to learn the same holds true for undertakings referred to as social enterprises.

One such operation in Winnipeg -- Inner City Renovation -- is closing in on its second anniversary, which for many businesses would be a noteworthy feat of longevity in and of itself.

Inner City bills itself as a "community-based residential and commercial construction company" committed to a revitalized inner city. Its joint venture owners include four community housing development organizations and two venture capital organizations dedicated to creating quality employment for those who might not otherwise have access to such jobs.

The latter entities are Community Ownership Solutions (COS), a not-for-profit offshoot spawned partly by the Crocus Investment Fund, and Social Capital Partners (SCP), a unique venture philanthropy organization based in Toronto which has about \$10 million to invest in revenue generating social enterprises which employ people outside the economic mainstream.

ICR has received about \$350,000 in financial support -- about \$200,000 of it in loans that are expected to be repaid -- split equally between COS and SCP. The exciting news for ICR is that the company, which is based in a north end strip mall and employs about 25 people, has broken even during the last three months.

Marty Donkervoort, COS general manager, acknowledges it has probably taken a little more work than originally anticipated to keep the enterprise going, but adds it has grown into a much more efficient operation with about half its work coming from the non-profit housing authorities that are its joint-venture owners and the rest from commercial construction jobs, many of which require competitive bids.

During its first year of operation it generated almost \$1 million in revenue.

"Every company loses money at first," Donkervoort said. "We had to do some re-balancing of the staff regarding the number of unskilled and semi-skilled workers and we have had to scale back a bit during the winter."

Donkervoort and Gary Loewen, a board member and former executive director of North End Community Renewal Corp., both agreed it took longer than expected to get ICR to the break-even point. But they suggested it shouldn't be surprising considering that the goal of the enterprise -- in addition to making a profit -- is to hire people who might otherwise not have access to mainstream employment so learning the human resource management side requires more effort than a mainstream business would be expected to expend.

"The model doesn't make sense if the business can't stand on its own and operate without subsidies," Loewen said. They are convinced it can stand on its own for various reasons. Donkervoort pointed out that the construction industry is labour intensive and not particularly capital intensive and provides low-skilled workers the chance to become much more skilled with on-the-job experience.

Sean Van Doorselaer, the director of social investments for Social Capital Partners, sees its association with ICR as an important one in its attempt to get a social enterprise model to take shape in Canada.

"We knew that the model would be a challenge to make work, and we expected it to be difficult but we are very happy with the progress that has been made at ICR," he said in a telephone interview from Toronto. "We knew it would probably take a couple of years to get a good feel for things."

Officials of both COS and SCP said originally they expected they would be involved in more enterprises by this time. But they admitted the model they are attempting to create -- self-sustaining, profitable and ultimately employee-owned community economic development corporations -- is so different extra time and attention is required to achieve the best results.

---