

Social enterprise -- charitable investing with a conscience



MONEY 301 | Columnist
Ellen Roseman looks at the phenomenon of venture philanthropy

Are you tired of "chequebook giving?" Are you dying to get involved with the charitable projects you support?

Venture philanthropy, a new trend in giving, was instigated by the dot-com millionaires.

Flush with cash from stock sales, these young entrepreneurs wanted to share their success with their local communities.

But they didn't believe in handing over money to traditional charities and stepping back. They preferred hands-on engagement and results.

Bill Young was an investor in Red Hat Inc., a software company founded by his cousin Bob Young. He used his wealth to start Social Capital Partners, which provides seed money to enterprises in economically depressed areas.

Last year, he gave \$50,000 to a home cleaning service for downtown condos. The idea came from St. Christopher House, a non-profit social agency in the Parkdale area, and a team of MBA students at the University of Toronto's Rotman School of Management.

Ann Armstrong teaches courses in non-profit consulting at Rotman. She says charities have had to look at different models because of cutbacks in government funding.

By setting up businesses related to their missions, charities can generate new revenue streams and make their donated dollars go further.

"Venture philanthropists, such as Bill Young, are really looking at what they do as an investment, rather than a donation," Armstrong says.

At his Web site, www.socialcapitalpartners.com, Young talks about investing in social enterprises. These are businesses that have a "double bottom line," which means making a profit and getting people back into the economic mainstream.

Brad Zumwalt is another new-age philanthropist. Through luck and good timing, he sold his technology company (Eyewire) and left the business in

He was impressed by Social Venture Partners, a network started in Seattle, in which participants donate \$5,000 a year to a pool and decide how the money will be allocated. Later, he set one up in his native Calgary.

"This is a business approach where, like a venture capitalist, we invest in organizations and support that investment with our time and expertise in a long-term relationship," he said in a speech.

"However, instead of a financial return, we receive a societal return that results in stronger non-profit organizations and huge savings to the public sector."

Zumwalt hopes to get 200 partners in total, who would funnel \$1 million a year into strengthening Calgary's social infrastructure.

Social Venture Partners has a second chapter in Richmond, B.C., but nothing yet in Toronto.

BMO Harris Private Bank has entered into a three-year relationship with Social Venture Partners to help it grow

and expand outside North America.

"We need a good role model in Toronto. I can help donors start one here," says Marvi Ricker, the bank's vice-president and managing director of philanthropic services.

Are you an engaged philanthropist? Here is Ricker's list of attributes:

★ You're more interested in community issues than global issues.

★ You like to take things into your own hands and donate time as well as money.

★ You think charitable organizations do a better job than governments in fixing local problems.

★ You focus on children and prefer spending money in the early years to prevent costlier disasters later on.

If you want to support social enterprises, you need look no further than the United Way of Greater Toronto.

The United Way is a partner in the Toronto Enterprise Fund, which supports businesses working with homeless and low-income people.

"This is how we're reinventing ourselves and adding to the variety of things we do. We're moving into groundbreaking work," says president Frances Lankin.

Here are three of the dozen or so enterprises in the portfolio:

★ The Phoenix Print Shop is a commercial facility that trains homeless and at-risk youth. It's located at Eva's Phoenix, a shelter for homeless youth. Graduates have become press helpers and production assistants, earning \$8 to \$14 an hour.

★ Out of This World Café is located inside the Centre for Addiction and Mental Health on Queen St. W. It provides permanent part-time employment to 40 of the centre's patients, who take responsibility for the business.

★ Inspirations is an entrepreneurial initiative that brings women together in a common studio space to produce arts and crafts for sale. After the self-employment course is finished, women can continue to work in the studio.

...sufficient? That's still a raging debate in the philanthropic community.

Lankin points to successes, such as a literacy organization that set up a profitable business helping companies with plain-language writing.

"We're working with vulnerable, often fragile, populations of workers," she says. "Not all of them can become part of the market sector."

"But we're increasing the capacity of what these organizations can do, or helping them do more with less government dollars."

The United Way hosted a Canadian conference on social enterprise last November. It's hoping to kick-start such initiatives in the charitable sector.

"Our strategic direction is to maximize the impact we're able to have in the community," Lankin says. "We're taking new models, trying them out and spreading the knowledge to others."

Next week, we'll look at how you can boost your career by volunteering or working in the non-profit sector.

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