

CONFERENCE PAPER

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**Social Enterprises: Financial and Marketing Strategies Utilized and**

**Tensions**

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**Respondent : Ethel Côté**

Good day

I am grateful for this invitation.

As a practitioner, I am involved in social enterprise development for many years, and reading this paper, was confirming mostly what we are experiencing.

Every year, there is more interest to social enterprises and it will continue to grow both in number and importance here and all over Canada. Interest in supporting local economy, in creating wealth in the community, in establishing proximity services, in creating decent jobs for people marginalized by the labour market, in addressing the major social, cultural, economic and environmental issues by concrete social economic solutions by and for the communities. **Social enterprises are innovative...**

It was interesting to see than François and Judith explained well the focus of their paper on investigating the utilization of financial and marketing strategies for developing financial sustainability and self-sufficiency in social enterprises.

The authors unveiled the key marketing tension many social enterprises are facing and the importance to build understanding of the strategies used in social enterprises and also on the implications of social enterprise managers. The 3 questions were very precise and important on financial strategies and on marketing strategies employed to achieve sustainability and tensions that are faced by social enterprises as they utilize various financial and marketing strategies in social enterprise. But I think it would have been interesting to add a 4<sup>th</sup> questions on organizational strategies to achieve sustainability.

On a daily basis, we invested so much time on social entrepreneurship and collective entrepreneurship organizational development, on business development, on exploring various ways to diversify sources of funding and on market development, ... But we will need to invest more and probably in different ways in capacity building, in coaching, in mentorship, in strategic planning - because we can elaborate any very good strategies but if the leadership is not ready to discuss, to debate, to plan and to act, we won't improve the situation.

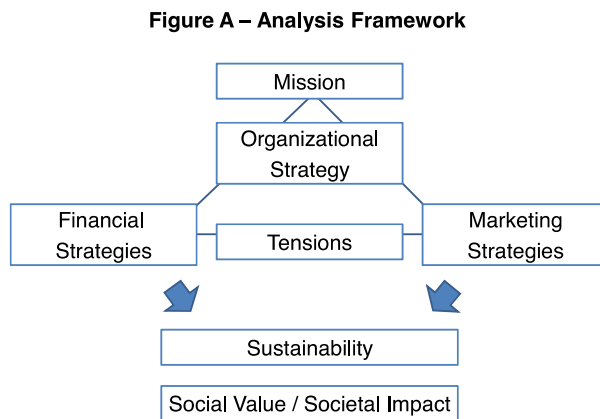
Regarding **Methods of Income Generation**, depending of the legal structure of the social enterprise, many social enterprises try to establish and maintain multiple streams of funding, including some combination of earned income, government contracts, foundation and corporate grants, individual contributions, bonds or membership shares ... but it takes time to get there and to stabilize their financial positions – it does not come overnight or after one year of operation.

As the researchers mentioned, it takes time to build that basis of financial diversification and to reduce the risk of financial crises or interruptions in funding, but we see some innovation, a few social enterprises are mobilizing funds by issuing community bonds transforming their social networks in social investors, others are using crowdfunding or looking at crowd equity funding to mobilize money from people who share the same values and who are looking to have impact in the society.

In Marketing Strategies, it was very interesting to read about the background literature... it explains a lot of things...

The different interviews confirmed the complexity of social enterprises.

## The Analysis Framework



Many social enterprises adhere to 2 or 3 missions – social, economic, environmental and for francophones in a minority context we will add cultural.

Strong alignment of missions and strategies is critical, but in that triangle between Organizational Strategies, Financial Strategies and Marketing Strategies not only between financial and marketing strategies.

I was not surprised when I read, “ the research shows that organizational strategy is not formalized – is it time constraints ? is it lack of capacity to invest in organization development? Is it lack of time because they are busy to fill a grant application or a report? Is it lack of resources because everyone is so busy doing their activities ? Is it lack of understanding about the importance to invest in organizational development during the whole life of the social enterprise ? Or else...

**Regarding the Financial Strategies, the finding are interesting as well..**

The list of strategies is real – but why 13 organizations did not answer that question? It should be something to investigate, because we had a similar difficulty during other research.

## **Sustainability... Financial diversification...**

Juggling with multiple sources of revenue - it is demanding – instead of investing time doing good and also doing business, managers and their team are challenged and overloaded with paper work...

## **Regarding Marketing Strategies...**

The research mentioned social enterprises have many channels of distribution / promotion takes various forms /wide range of products and services / ... question regarding the importance to promote the distinction “a business with social values” ...

In Social Enterprise, we have the 4 P of marketing - Yes product, price, promotion and place... But it is more complex ... the product needs to be a good product responding to a need, the price needs to be a fair price, the promotion need to be responsible promotion and the place need to be accessible. But because of our dual or triple mission as a collective social enterprise, we will have an additional 4 P of the social economy integrating some marketing and organizational elements.

## **The research results suggest that skills and probably patience are key...**

The tensions social enterprises experienced in developing and managing their organizational, financial and marketing strategies are real...

It was clear when the researchers shared the findings about diversification of revenue sources for financial self-sustainability and independence. It should not have been only a question of attracting a diverse array of funds, but the need for cohesive approach to fund and invest in social enterprise, to get the right funds and investments with the best fit with the mission(s) of the social enterprise. We will need to research and document coherent and cohesive ways to invest and to fund social enterprises : by mobilizing funders and investors from private, public and social sectors / by co-designing public policies / by fiscal incentives / by reproducing efficient holistic network of funders and investors who invest strategically and in a complementarity way in social enterprises.

- We need more capacity building (organizational, financial and marketing training) for managers, boards, staff, practitioners to operate better social ventures without losing their raison d'être... We also need better tailored wraparound services, more peer to peer support through for example a cluster approach, lending circles, better collective ways to promote and to sell to different market niche (in some part of the country, these services are amazing, but it is not constant all over the country) So, more research is needed to document efficient processes or approaches in capacity building.
- We need to document collective and efficient marketing strategies, like social procurement strategies (local, sectorial, institutional, etc), collective portal to promote and sell online, cluster approach – peer to peer support at all level ... etc.
- On the cost side of the equation in financial strategy development, the research shows that it is critical to recognize the specific cost structure and constraints AND IT IS specific to social enterprises : we called this : the social cost of a social enterprise. So many funders are looking to document impact... But so many SROI evaluators are popping up, we need some light on the most efficient ways to document our impact.
- Key issues that emerged in every workshop or meeting about marketing... should social enterprises position their products and services as social enterprise brands? On one hand, we need to be a loyal competitor on the market, have a competitive price list, and be a good player within the plural economy, on the other hand, the market is changing quite a bit, and more consumers are looking to make a difference, they want to support companies and organizations who share the same values... So I like the idea of being a great player in the plural economy and at the same time promoting our social values, social impact... how it is another question!
- No matter if this research was done in a relatively small sample size and limited geographic areas of study, it represents a certain reality. As you can see, we need future research, discussion, debate and analysis involving researchers and practitioners. This work is important and needs to be shared. Future research is required and we can begin to determine the relationship between use of particular organizational, financial and marketing strategies for successful SEs.