

THE

LEGACY

LEADERSHIP

LAB

Cultivating the
social acquisition
movement

PURPOSE

Who are you/your org here?

RESOURCES

What resources do you/your org offer? Why should someone ask you for help?

NAME
ORG

BARRIERS

What barriers do you face in your work, especially as it relates to conversions-through-succession?

VISION

What would it look like to **take** full advantage of the conversion-through-succession opportunity. What would your/your org's role be in it?

FOREWORD

Communities across Canada have been through two years of tremendous change as the COVID-19 pandemic has radically disrupted all our lives.

People living in long-term care facilities have been locked-down, kids have been out of school, and many have switched their work lives to ones that are entirely home-based. As the uncertain end of the pandemic does seem to be coming into view, many of us are wondering what the future of our local communities will look like. One area that has been hit particularly hard are small businesses, and we wonder what the Main Streets we casually strolled pre-pandemic will look like once all the lockdowns have been lifted.

To survive the pandemic many businesses have had to be incredibly nimble and pivot. Companies have moved to working virtually, changed the way they have shipped and received deliveries, and built the infrastructure to meet with customers outside. They have changed their suppliers, their way of delivery, their customers, and even what it is they make. From distilleries that went from producing gin to making

hand sanitizer and tailors who started making face masks to restaurants who closed everything but their kitchens to curbside and delivery orders, we have seen small businesses across the country rethink how they do everything.

Alongside those changes, many small business owners have been rethinking their future, and their legacies too. Before the pandemic, the ‘Grey Wave’ of Baby Boomer business owners had started to grapple with how to leave their businesses to enjoy the well-earned next phase in their lives, and for many, this period will have accelerated their thinking. For other small business owners surviving the pandemic has required taking on levels of debt to survive that may have been necessary in the short term but will require difficult restructuring as both restrictions and supports are lifted. For some of these small businesses a transition to becoming a social purpose organization (SPO) may be the next possible step in their evolution.

The work of the Legacy Leadership Lab (L3) has made the case for *social acquisitions*, the transformation of conventional businesses into social purpose organizations, and has mobilized a national network of stakeholders to enable more of these social acquisitions to happen. Not only did L3 activate a considerable network in size, scale,

and scope, but it simultaneously raised the issue of business succession and connected it to the social finance and innovation community. This work has been generously supported by the Canadian Social Finance Fund’s Investment Readiness Program, and we believe Canada can become a world leader in social financing with social acquisitions as a key element in our ecosystem. We also received financial support from [DUCA Impact Lab](#) and the [Atkinson Foundation](#), and in-kind support from [Realize Strategies](#) and [The Making Box](#). We are also grateful for the generous investment of time and energy that has come from our network of over 600 professional stakeholders representing over 300 organizations from across the country who have helped us collectively understand what the current social acquisition ecosystem looks like and imagine what it could look like.

As we move forward, we look forward to deepening the work of social acquisitions beyond L3. While the Waterloo Institute for Social Innovation and Resilience (WISIR) has been honoured to steward this community, ultimately the work of social acquisition will be that of the L3 community of partners and stakeholders. We look forward to continuing to support social acquisitions through our scholarship and training programs and are excited about the collaborations emerging from it.



Sincerely,

Sean Geobey

Assistant Professor, University of Waterloo’s School of Environment, Enterprise and Development (SEED)

Co-Director, Waterloo Institute for Social Innovation and Resilience (WISIR)

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INTRODUCTION

CONTEXT | P.7
In 2018, WISIR researchers suggested a possible 700,000 businesses risked failing and closing because of the business succession challenge. With the pandemic’s disruption to local and the global economies alike, every single one of Canada’s 1.3 million small businesses are grappling with additional uncertainty. Communities that rely on these small businesses are likely to be disproportionately affected by closures, restructurings or the replacement of these businesses by national chain outlets. Meanwhile, the Government of Canada has dedicated \$775 million over 10 years with the intention of bolstering the social impact sector.

SOCIAL ACQUISITION OPPORTUNITY | P.10
‘Social acquisitions’ have emerged as both a solution to the small business continuity problem and a leveraging of the growing social economy. A social acquisition occurs when a conventional business undergoes both a change in ownership as well as a change in its business model to transform into a social purpose organizations. Through social acquisitions, the coming wave of owner exits becomes an opportunity not only to prevent communities from losing access to vital employment, products, and services that their local businesses offer, but also presents a clear pathway to scale and accelerate the social entrepreneurship efforts of communities across Canada.

THE LEGACY LEADERSHIP LAB

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The Legacy Leadership Lab (L3) was an 18-month project launched in Fall 2019 to mobilize national collective capacity-building, knowledge creation, and action to enable more Canadian social acquisitions.

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L3’s process was inspired by WISIR’s social innovation lab model. Labs investigate and address complex challenges by examining systemic causes, and supporting interventions that address the issue at different points within the system.

THE ECOSYSTEM | P.15
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L3’S GOALS | P.16
In concert with its mobilization efforts, L3 would lead the design of interventions that support social acquisitions; identify cases and develop system- and process-level knowledge products; and serve as a basin of attraction for news, best practices, resources, and knowledge for a community of leaders and lab participants.

MAJOR WORKSHOPS | P.17
L3 delivered four major workshops to support the design, prototyping, and testing of solutions.

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SOCIAL ACQUISITIONS

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An introductory one-pager on social acquisitions.

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Social acquisitions and the systems within which they are performed have numerous actors and stakeholders. L3 laid these out by category and sub-category to capture the extent to which social acquisitions can impact the world.

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BUILDING SYSTEMIC SUPPORT

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PROTOTYPES | P.36
There were 15 different ideas and prototypes that our participants advanced that can broadly be categorized into five different high level leverage areas: encouraging business advisors to promote social acquisitions with their clients; increasing social acquisition supports for buyers; building awareness and social acquisition capacity with targeted audiences; facilitating social acquisition relationships; and developing social finance solutions for social acquisitions. This will also delve into the details of three of its leading prototypes.

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MOBILIZED ECOSYSTEM

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CONCLUSION

CONCLUSION | P.48
Where L3 has shown transformative potential is in bringing together a range of stakeholders to catalyze an ecosystem and providing them with the language and networks they need to bring more social acquisitions to fruition. The legacy of L3 will depend on its assembled community’s willingness to deepen the successes and learn from the limitations in its process.

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How do we get
Economic Development
people in alignment
to be in alignment
with our goal of
succession AND
conversion of
businesses led by
those looking to
retire?

INTRODUCTION

Depuis plus de vingt ans, le vieillissement et l'exode des populations de plusieurs petites villes accélèrent la baisse de l'activité sociale et économique provoquant la dévitalisation des territoires. Et l'avènement de la pandémie de COVID-19 n'est pas venu améliorer le pronostic. Cependant, là où il y a une crise, il y a souvent des opportunités.

Dans ce sens, l'entrepreneuriat collectif apparaît — plus que jamais — comme un levier pour redonner, aux communautés touchées, le pouvoir d'assurer la pérennité de leurs services de proximité. C'est particulièrement vrai le cas d'un transfert d'entreprise à une nouvelle génération de gestionnaires. Il s'agit d'un parcours complexe et d'un défi encore sous-estimé qui doit être mieux compris. Les travaux du L3 ont définitivement contribué à valoriser le repreneuriat collectif, à ouvrir les perspectives et à favoriser l'innovation dans les approches.

- Mathieu Vigneault

*Directeur général
Coopérative de développement régional du Québec*

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*

CONTEXT

PROBLEM SPACE

The small business succession issue has been a topic of concern in Canadian business leadership and media since before the millennium (Deloitte & Touche, 1999; CIBC, 2005; Bruce & Picard, 2005; Bruce & Wong, 2012; Tal, 2012; Cruz, 2018). The subject has reappeared throughout the last several decades as Canadian small business owners from the baby boom generation began to age out of their businesses without planning for the business' succession. Before the pandemic, [*The Co-Operative Opportunity: A Strategy for Small Business Succession in Ontario*](#), a paper produced by WISIR researchers, suggested a possible 700,000 businesses risked failing and closing because of this issue. The threat this poses to Canada's small business sector may also result in lasting, cascading effects on other facets of the economy, including:

- lost productive capacity (GDP);
- lost employment (jobs);
- increased speed and scale of economic decline in rural, remote, and Northern towns and regions;
- increased strain on public and non-profit retirement supports for business owners who were hoping to support their retirement through the sale of their business; and
- lost knowledge transfer opportunity to a new generation of business owners (Ronson and Geobey, 2018).

Policy-makers and funding bodies fail to recognize the vibrant, living assets embedded in a sustainable and resilient small business sector when they prioritize new business and market development, and start-up incubation and acceleration. This policy emphasis also prioritizes cycles of business failure within the first five years of start-up. What this strategy fails to consider is the long-term view, that aligns with business as a going concern.

Business closures are not just the conversion of business assets into re-deployable financing, possibly at lower than anticipated investor returns. To other key stakeholders they also represent a loss of employment, broken supply chains, and consumers stuck with less desirable alternatives. The physical, social, and human infrastructure embedded in an enterprise cannot always be easily moved to other uses. The knock-on effects of this can range from lost opportunities, like decades of experience and innovative potential being lost and reducing Canada's competitive economic position, to the destruction of entire communities as keystone businesses that support critical infrastructure like food distribution are lost. The recognition of the importance of key export-oriented sectors such as Atlantic shipbuilding and Canada's auto sector a

decade ago¹ shows that large business infrastructure can be critical to a region. It is time that a similar lens be applied to critical small businesses as well.

The small business sector also faces challenges brought on by the global pandemic and associated lockdowns and economic recessions. The Canadian Federation of Independent Business (CFIB) estimates that 17% of all Canadian businesses are at risk of closure – in addition to those that have already closed (a 7% decrease in active businesses). They anticipate that the sectors most at risk of these closures (i.e., likely facing at least a one in four decline) are in the following sectors:

- hospitality (33%);
- arts, recreation and information (28%); and
- transportation, warehousing and utilities (25%)².

CFIB also predicts that 13% of jobs in Canada are at risk from COVID-19-related business closures (Gaudreault, 2021). “Government programs have

provided initial support [for those who face barriers to employment because of the pandemic] but many ... will struggle to reattach to the labour force as their jobs may never return. Firms in the impacted industries will need to innovate in order to survive, including automation and digitalization,” (Cook et al., 2021) as well as find new ways of approaching each stage of the business life-cycle.

The added challenges to succession will likely be compounded and worsen the succession issue due to multiplying factors known as VUCA (volatility, uncertainty, complexity and ambiguity). Owners planning to retire or exit in the coming years may have limited options and may choose not to attempt to sustain a struggling business. This increases the risk that otherwise viable businesses will fail even earlier than previously projected. Also, longer-term, surviving businesses may have accrued additional debt to survive or restructure in response to the pandemic, and the size of this debt may have long-term implications on how and when current owners exit their enterprises or if they may need to access different types of investment to restructure their debt burden. Over one in three respondents of a KPMG survey on succession said they wanted to retire or sell but were not positioned to do so because of successor readiness and planning (2020).

¹ Governments frequently seek to mitigate their waning market advantages through specialized programming: some Canadian examples include the Federal Government's 2008 Automotive Innovation Fund or 2012 Atlantic Shipbuilding Action Plan.

² This figure may surprise some because of the increased need for online shopping. Statistics Canada outlined some of the industry's challenges in fall of 2020, citing a significant decrease in the movement of people and goods as a major contributing factor ([see pages 30-31](#)).

CONTEXT

This glut of businesses coupled with low interest rates opens a space for predatory investors to greatly increase market concentration as owners seek to restructure and recuperate their finances (Shell, 2021). Indeed, some experts even suggest cooling the market for corporate acquisitions of small businesses to prevent opportunistic transactions that would be detrimental to competitive markets in the long-term. Communities that rely on these small businesses for essential products and services are likely to be disproportionately affected by closures, restructurings or the replacement of these businesses by national chain outlets.

“CONCENTRATED MARKETS HAVE BEEN ASSOCIATED WITH LOWER PRODUCTIVITY, LOWER WORKER WAGES RESULTING FROM DEPRESSED BARGAINING POWER, HIGHER CONSUMER PRICES, AND HIGHER INEQUALITY.”

(Do, 2020)

Alongside the need to restructure individual enterprises, the pandemic has been revelatory to many, bringing into sharp focus looming social and environmental challenges, including

- Indigenous reconciliation and decolonization (Mashford-Pringle et al., 2021)
- Disproportionate impacts of economic stressors on equity-deserving groups (including racial, ethnic, gender, orientation, and physical and mental ability)
- Poverty, housing affordability, and economic inclusion
- Ecological deterioration and climate change (Amnesty International, 2020; Social Innovation and Social Finance, 2018)

While these issues are not new, the pandemic has brought these issues into the centre of mainstream conversation, further highlighting the importance of creative approaches to responding to these complex problems.

OPPORTUNITY SPACE

In approaching such complex, mutually reinforcing socioeconomic challenges as the ones outlined previously, it is crucial to use a systemic lens. The Government of Canada’s Social Innovation and Social Finance Strategy acknowledges a need for more social innovation focused on Canada’s more persistent and complex challenges, while it also seeks to grow Canada’s social finance sector to catalyze community-led solutions to such challenges. Social innovation labs allow such needs to be addressed: in social innovation labs, groups of diverse stakeholders come together and collaborate in sense-making, problem and solution mapping, and design and prototype creation and testing, to uncover or create ways to solve problems.

WISIR’s Legacy Leadership Lab was one of many projects funded as Investment Readiness Program (IRP) partners. The IRP delivered support to over 680 social purpose organizations over its two-year pilot period (2019-2021), and the program was renewed for another two years as of Budget 2021. These commitments are part of the Government’s comprehensive Social Innovation and Social Finance Strategy, which will make available \$755 million in cash over 10 years to provide social purpose organizations with access to financial opportunities

(ESDC, 2021). The Government hopes to generate up to \$2 billion of economic activity and up to 100,000 jobs over the next decade through this strategy (ESDC, 2018). Although L3 was the only partner addressing the opportunity space of converting existing conventional businesses into social purpose organizations, many partners’ projects efforts were positioned to bolster and enhance L3 and its outputs. Consult the [Appendix – IRP Partners](#) for more information on the IRP partners.

The IRP and the Canadian Social Finance Fund are building on work that goes back decades in some parts of the country. From the Antigonish Movement in Atlantic Canada and Chantier de l’Economie sociale in Quebec to social entrepreneurs in Ontario, co-operatives in Western Canada and Aboriginal-owned businesses across the country, there is a foundation of work that social acquisitions are built upon³. Funded by the Government of Canada and released by the Social Innovation and Social finance Strategy Co-Creation Steering Group, the [12 recommendations to the Government of Canada on growing Canada’s social finance and social innovation sectors](#) were released in 2018 and

³ Those interested in Québec’s long social economic history will find Nancy Neamtan’s Trente ans d’économie sociale au Québec an enlightening read.

CONTEXT

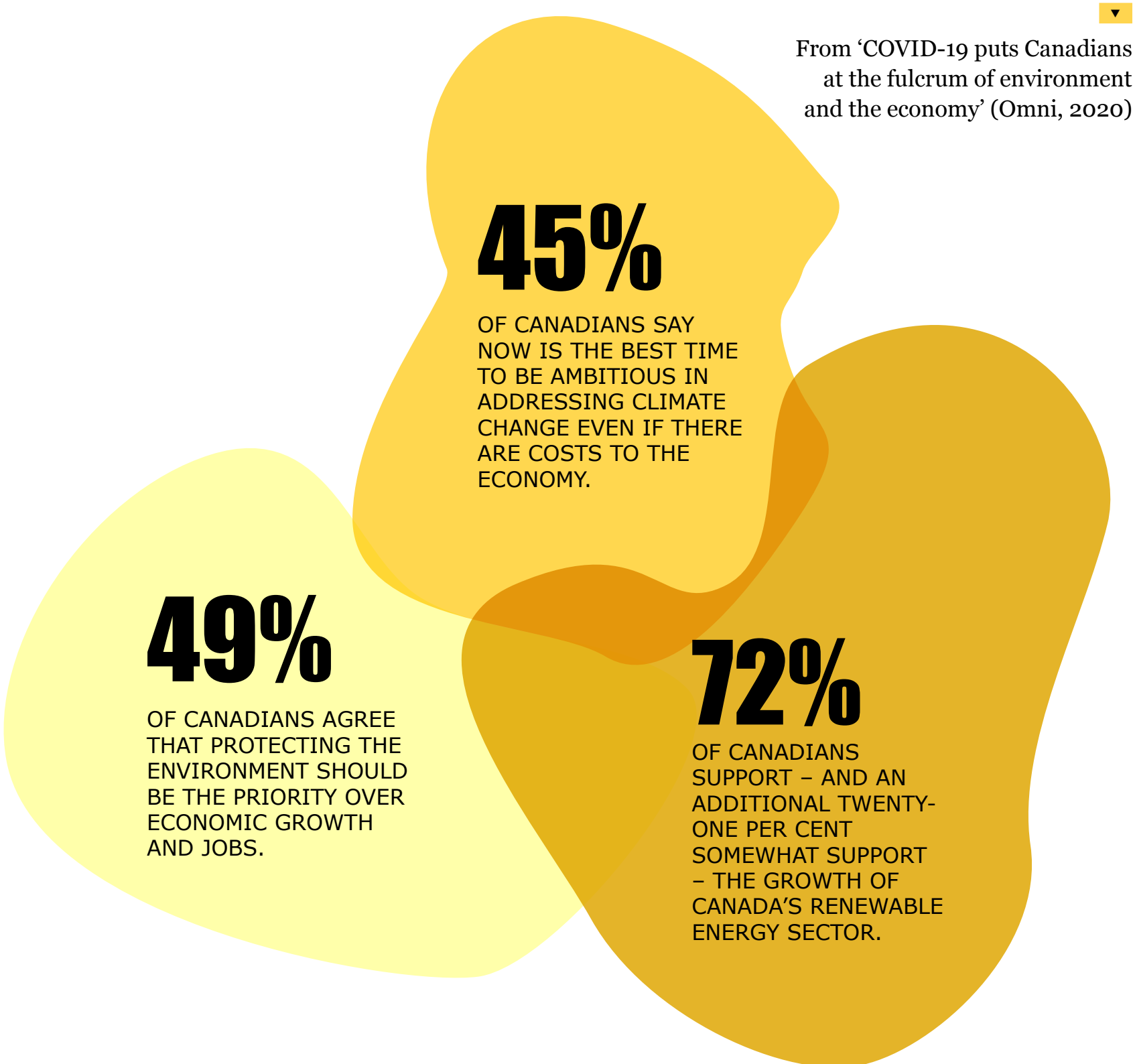
provided a holistic, multi-sectoral, stakeholder-driven and internationally inspired review of Canada’s best opportunities to unlock the potential of this sector and mobilize it to solve some of the country’s most challenging problems and build on national strategies started more than a decade earlier. The report pointed to domestic organizations already leading the way, while turning to the [United Nations Sustainable Development Goals](#) as a wayfinding tool to ground the impact of social finance.

Alongside this growing environment of opportunity, the pandemic has succeeded in raising the profile of some of the country’s most glaring social challenges, namely, the continued inequity of our social and economic systems which fail to ensure equal access to resources, opportunities, wellness, inclusion, and security. The Canadian Human Rights Commission’s 2020 Annual Report to Parliament, Build Back Better, painted a grim portrait of the racism, poverty, and isolation that plague the country’s most vulnerable citizens.

The pandemic’s disruption has forced Canadians into serious conversations about what our economy is for and the opportunity to reorient our economic goals more closely towards sustainable development. While the sudden halt in global travel

and work-from-home orders reduced greenhouse gas emissions temporarily, climate experts warn that economic crises tend to be shortly followed by economic booms that go on to increase emissions to higher levels than before the crisis (WMO, 2020). Meanwhile, the earth’s temporary reprieve from emissions does nothing to halt the increasing global temperatures and the resulting surge in extreme weather events. Though Canada made numerous commitments in the 2015 Paris agreement (Government of Canada, n.d.), its actions remain insufficient to meeting those commitments, and in fact miss the mark of reducing global warming to the 1.5 degree warming limit by between 0.5 and 1.5 degrees (Climate Action Tracker, 2021). Public opinion polls reveal an appetite for “building back better” post-COVID-19, and social purpose organizations can play a critical role in that.

The pandemic has demonstrably increased awareness of and attention to these pervasive challenges. The sociocultural ramifications of this heightened awareness should increase investments in work that reduces and eventually eradicates the harm these issues inflict on Canadian communities. In short, the demand for impact may perhaps be higher than ever.



SOCIAL ACQUISITION OPPORTUNITY

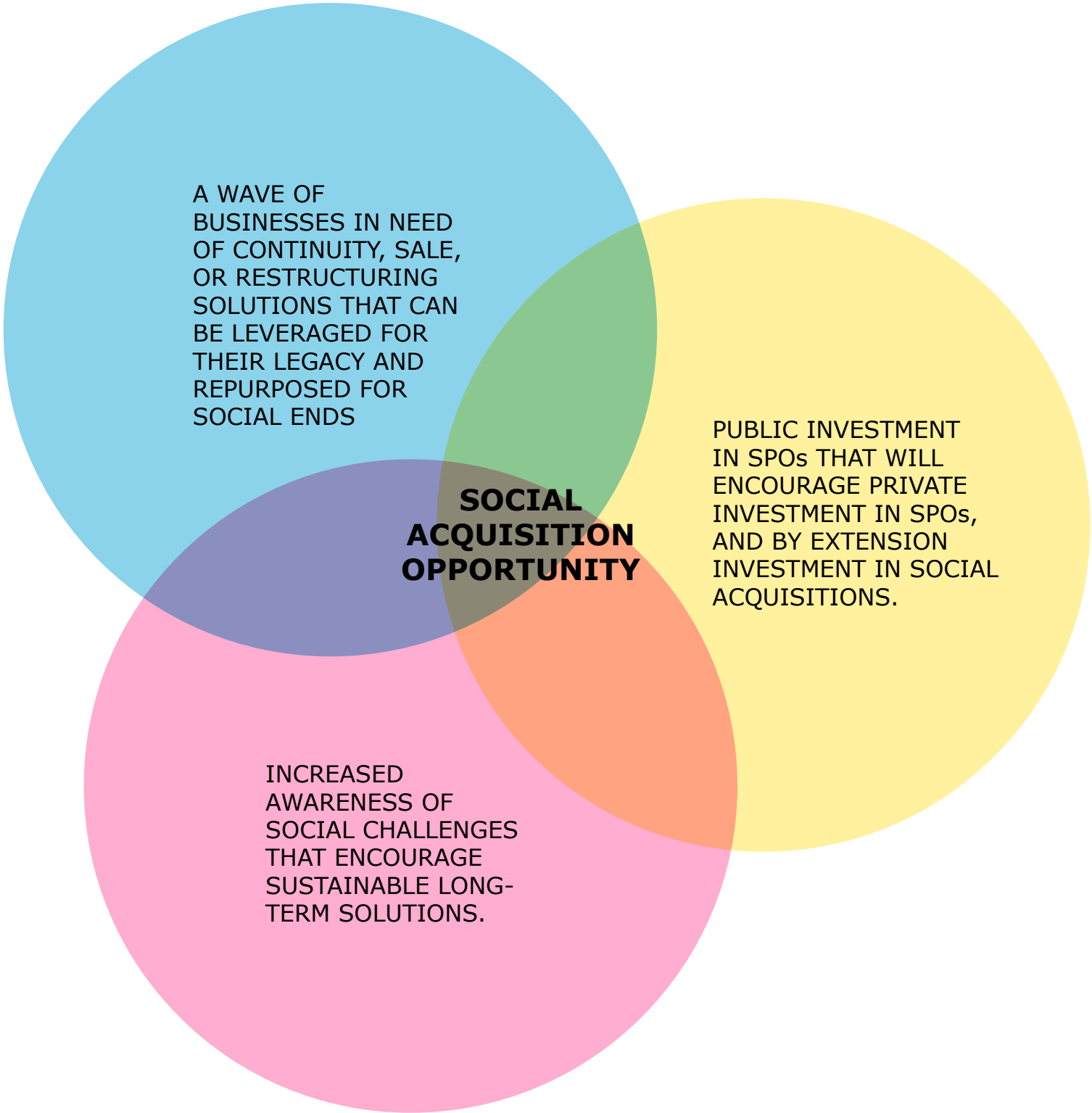
Out of the above context emerges the concept of ‘social acquisitions’ as both a solution to the small business continuity problem and a leveraging of the growing social economy. A social acquisition occurs when a conventional business undergoes both a change in ownership as well as a change in its business model to transform into a [social purpose organization](#) that merges profitability with social impact to achieve blended or shared value returns (Geobey, 2016; Emerson, 2003; Porter and Kramer, 2019). Though converting businesses into social purpose organizations is not a new practice⁴ the Legacy Leadership Lab captured a set of pre-existing business transition concepts and grouped them to co-create a shared language and knowledge framework. It then assembled essential but disparate stakeholders to help them meaningfully engage with that framework through sense-making, research,

⁴ The practice of municipalization– the conversion to public ownership of privately-owned utility services – is a common practice and economic discussion point in the United States. See [here](#).

Cooperative conversions have been practiced around the world for over a century. A [collaboration of Canadian scholars](#) from University of Toronto, Saint Mary’s University, and Université de Sherbrooke have been studying the practice for several years. You can also read an Ontario-specific report on co-operative conversions as a business succession and economic resilience strategy in a 2018 report by Geobey and Ronson [here](#).

organizing, knowledge-building, and the collective creation of enabling environments and viable market interventions.

Social acquisitions allow communities and individuals to pursue social ends by reorienting the structural, financial, and productive capacity of small businesses toward a social purpose. Past work on business conversions into cooperatives suggests that profitability is critical to the success of a social acquisition (Vieta et al., 2017), though there may be differences in how community members such as employees and consumers value an enterprise compared to investor-owners. This could reshape what form the long-term business model of the social acquisition would take, as profitability may be reduced to encourage other outcomes such as higher quality services, better working conditions, or greater community impact. Framed in this way, the challenge of the coming wave of owner exits becomes an opportunity not only to prevent communities from losing access to vital employment, products, and services that their local businesses offer, but also presents a clear pathway to scale and accelerate the social entrepreneurship efforts of communities across Canada by socially repurposing viable conventional businesses in replicable ways.





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THE LEGACY LEADERSHIP LAB



L3: A BRIEF OVERVIEW

The Legacy Leadership Lab (L3) was an 18-month pilot project launched in Fall 2019 to mobilize national collective capacity-building, knowledge creation, and action to enable more Canadian social acquisitions.

L3 was originally conceived to focus on Canada's small business succession challenges, but the arrival mid-project of the pandemic in Canada significantly expanded the Lab's opportunity space because of the widespread economic and societal challenges that the pandemic created and/or uncovered. It led online workshops and events to build an ecosystem of organizations and professionals to deepen their understanding of areas of social acquisition-centred problems and opportunities and in co-designing system-changing social acquisition solutions.

L3's core purpose was to assist the development and activation of market interventions and prototypes that would allow conventional and social finance players, business service providers, and community leaders to facilitate social acquisitions of existing businesses in their own towns and contexts. Over the course of the pilot, however, a broader community formed around the concepts, events, and projects that L3 was harvesting. By the pilot's conclusion, over 600 individuals and 350 organizations, mostly within Canada but with some participants from abroad, had engaged with L3 to:

- learn about and integrate more deeply into its community;
- seek out resources and support on how to pursue social acquisitions as a succession, recovery, community development, financing, or investment strategy; and
- explore partnership and engagement opportunities.

While L3's main deliverables remained the creation and testing of social acquisition-enabling prototypes, L3 also became the de facto virtual place for interested parties to go to for answers to their questions, requests, resources, support, or opportunities in the social acquisition system. Canadian stakeholders came to rely on L3's network whenever they were looking to use social acquisition concepts and tools, to replicate the Lab, or connect with, test, or use the solutions that were built by the Lab's Design participants.

There was nothing convenient about the arrival of COVID-19, but L3 stepped in at a crucial time—just as the reality of the global pandemic was setting in—to host and create a virtual community of actors intent on embedding social purpose into their local economy.

The L3 workshops were extremely well-run and gave us a sense of community when the pandemic thwarted any attempts to meet in person. The workshops helped inform my project partners' deliberations around how to encourage and foster community ownership collaboratives in London, Ontario. COVID-19 might have upended L3's initial plans but they transitioned and offered a facilitating role just when we needed it. Kudos.

- Trish Hennessy

Canadian Centre for Policy Alternatives

“Complex systems are unpredictable and can disrupt even the best-laid plans, and yet this emerging pattern of events, trends, ideas etc., also presents a constantly shifting landscape of opportunities for change.

Critical thresholds, which are characterized by breaks in the normal state of the system (this might be an economic crisis, a change in political power, a grassroots shift in beliefs, etc.) represent real windows of opportunity for change agents.”

**- EXCERPT FROM THE
WISIR LAB GUIDE**

SOCIAL INNOVATION LABS

Labs are “a process to support multi-stakeholder groups in addressing a complex social problem.” (Westley et al., 2015)

While the Legacy Leadership Lab may sound like a place, it was actually a process called a *social innovation lab*. It has similarities to multi-stakeholder design lab processes but integrates social innovation concepts developed at WISIR.

The WISIR Lab Guide describes: “[t]he Social Innovation Lab emphasizes not only imagining high potential interventions but also gaining system sight, redefining problems, and identifying opportunities in the broader context with the potential to tip systems in positive directions. It is a three-step process of developing, testing and instigating innovation strategies. It requires the right starting conditions, an investment in research and skilled facilitators.” (p. 1)

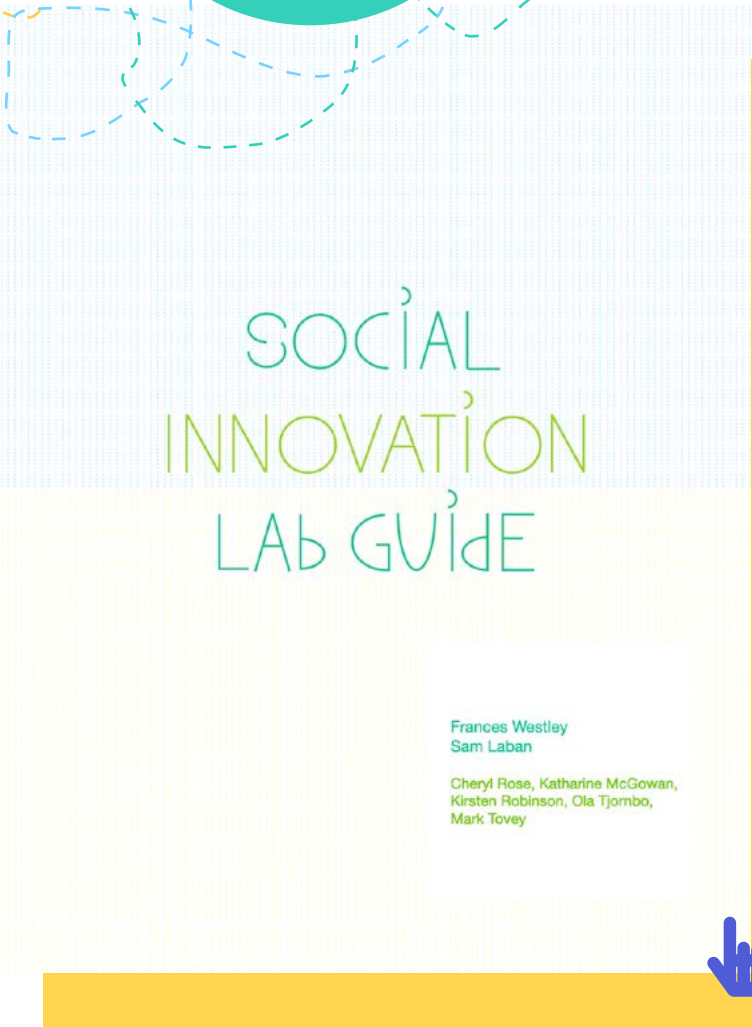
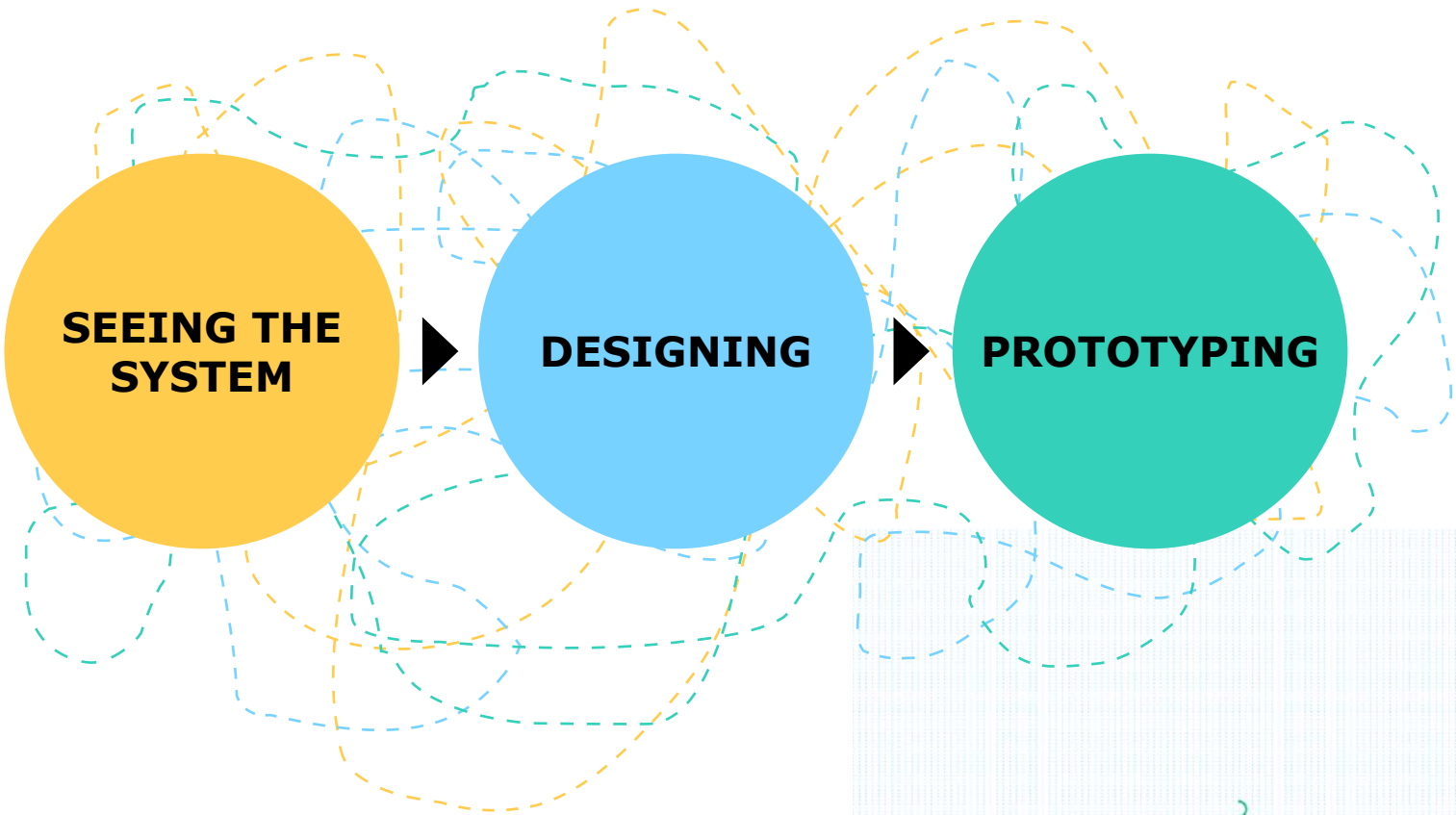
The L3 lab process was characterized by:

- overlapping problem and opportunity areas that deeply affect one another;
- high amounts of diversity in terms of who is at the table and why; and
- principles of innovation and design targeted at having a collective impact.

EMERGENCE

The social innovation lab model, and social innovation generally, require a significant degree of openness, flexibility, and adaptiveness in the face of “emergence.” Social innovation labs investigate and address difficult social issues by examining the issues’ systemic causes. The lab then supports the design of interventions that work to address the issue at different points within the system. This approach is necessary because of the nature of complex systems and their tendency to behave in unpredictable and unexpected ways – “emergent” ways.

Recognizing and responding to emergence requires acknowledging the interrelatedness of actors and patterns at different scales of the system and also that actions and patterns that function on one scale contribute to and reinforce those at other scales (Waterloo Institute for Social Innovation and Resilience, n.d.). By the same token, in multi-level complex adaptive systems disruptions that occur at one scale can initiate disruptions in others – a catastrophic failure.



THE ECOSYSTEM

An embedded feature of a social innovation lab that is not always immediately apparent but which becomes increasingly important as it progresses is the mobilization of an ecosystem that can then self-organize and continue functioning towards the mutually beneficial goals even once the lab process has come to an end. Far from being an exception to this feature, the Legacy Leadership Lab’s primary value to its community was in providing a framework for focused ecosystem mobilization around social acquisitions.

L3 employed an event-based research and engagement strategy centred on capturing, focusing, and sustaining the collective capacity of key stakeholders in the social acquisition system. The Legacy Leadership Lab was originally designed to run in-person multi-day workshops in five cities across Canada. The cities were chosen for their accessibility in terms of travel (for example, the workshop in Ontario was held in Toronto because of its robust infrastructure and proximity to a major airport). The workshops were also intended to be hosted in parallel with locally embedded partner organizations’ events in order to generate related spin-off research, development, and design opportunities at a local level. The pandemic having rendered this delivery model impossible by February 2020, L3 was redesigned to attempt to achieve the above opportunities remotely.

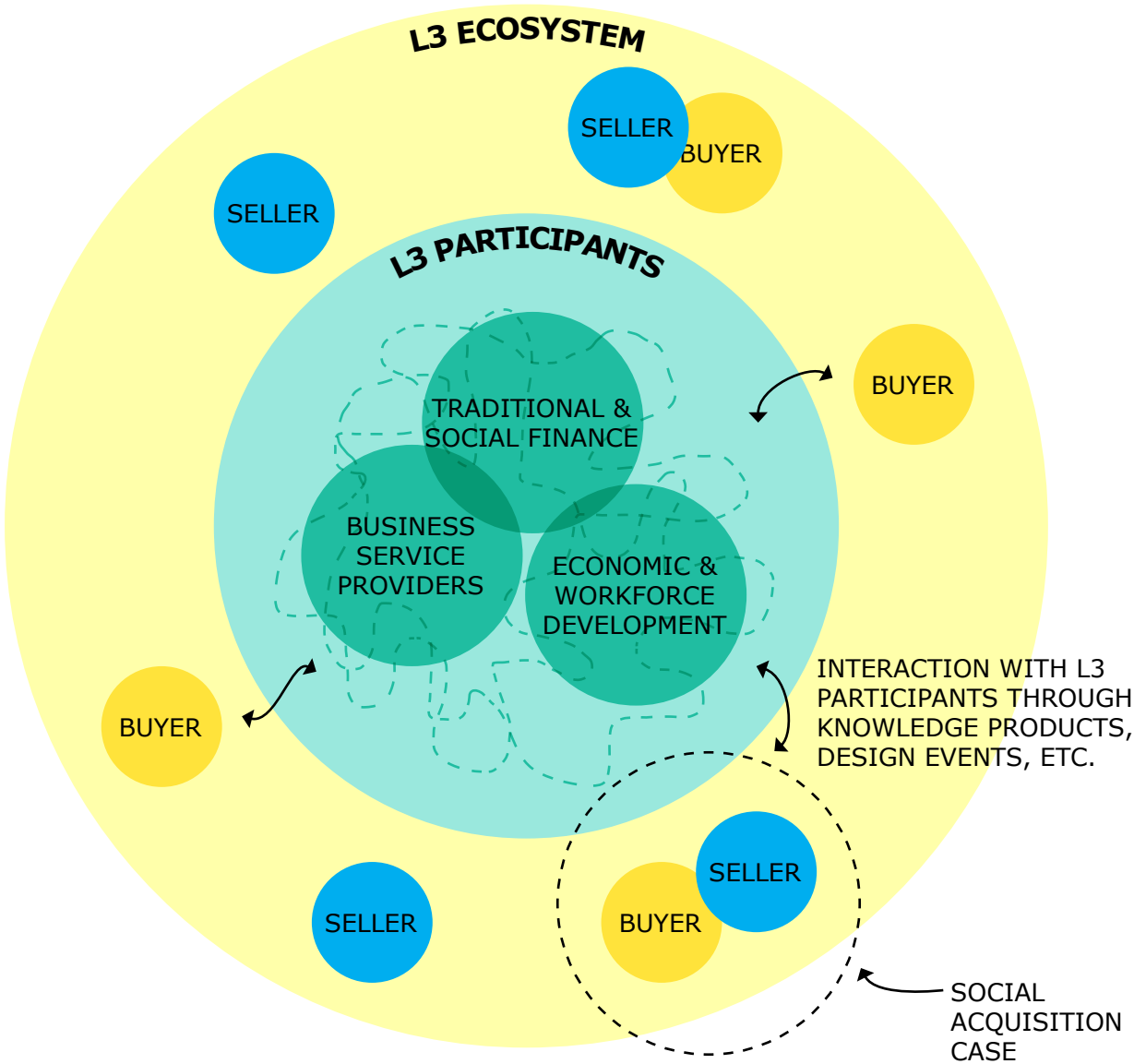
DEFINING THE ECOSYSTEM

The ecosystem being mobilized constituted any individual or collection of individuals with a stake in seeing the social acquisition solution widely implemented in Canada. One of the challenges of working early on with and within that ecosystem was that what a social acquisition was, and what ultimate purpose or stakeholders it was meant to serve, had yet to be defined. These and other early open questions made the boundaries of the ecosystem fluid, allowing for greater flexibility in how the ecosystem was defined but also increasing the uncertainty as to who was most important to include and what was most important to achieve.

As the Lab progressed, the ecosystem boundaries began to solidify. This occurred not only because the Lab increased the participants’ collective knowledge and sense-making capacity but also because community-led projects began to emerge, influencing and being influenced by L3 and its participants in their turn. These projects were by and large independent of L3 but were striving for the same possible solutions that Lab participants were prototyping and so were absorbed and supported as prototypes in their own right.

▼ THE L3 ECOSYSTEM

L3’s participants were largely *enablers* of social acquisitions rather than direct beneficiaries of social acquisitions. The graphic below demonstrates how L3’s participants were generally in traditional and social finance, economic and workforce development, and business service provision, who would be in a position to support the buyers and sellers in a social acquisition process, or “case.”



L3'S GOALS

The Legacy Leadership Lab’s overall mission was to build systemic support for social acquisitions in Canada.

MOBILIZATION STRATEGIES

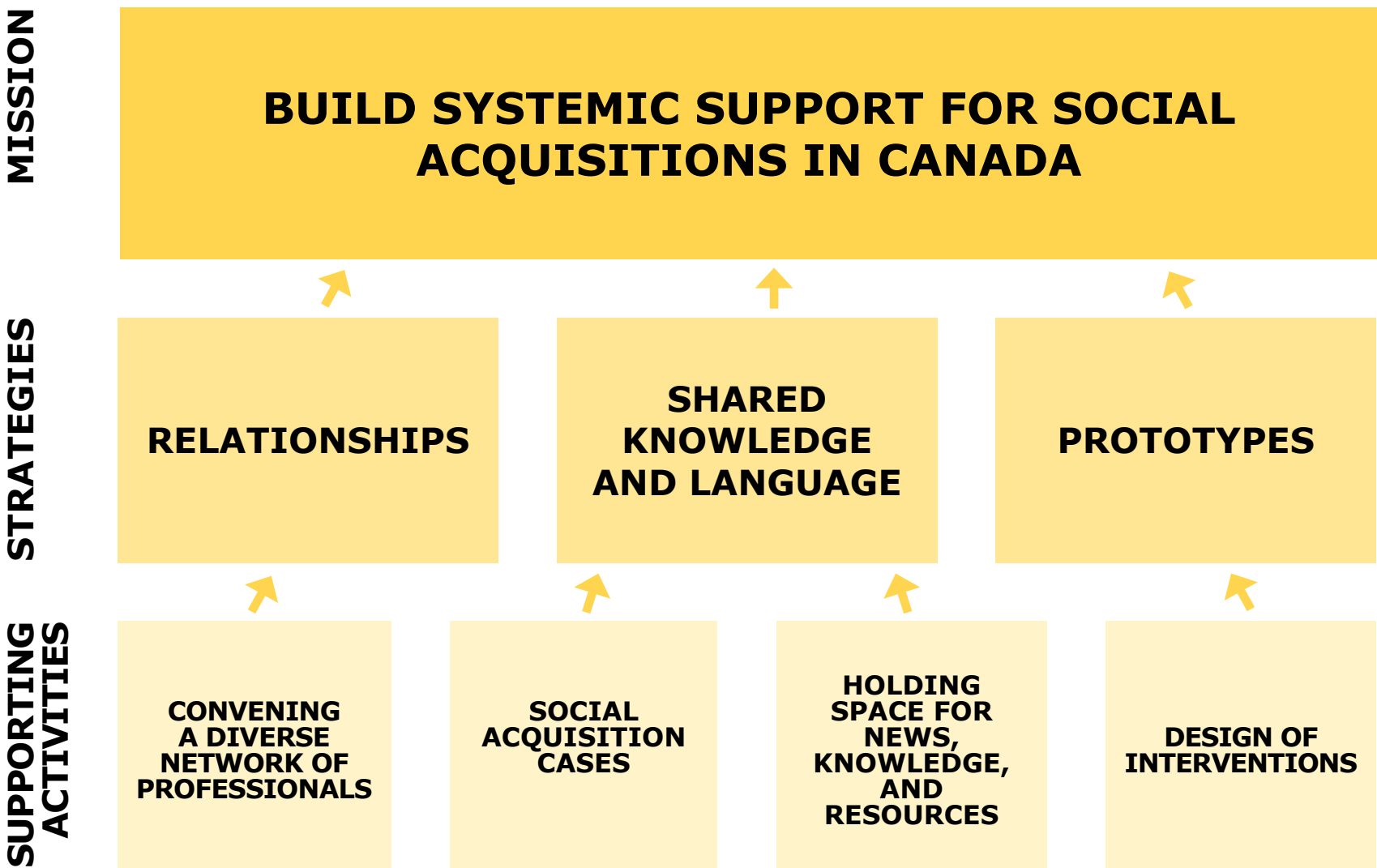
L3’s approach to mobilization theorized that systemic change would occur through introducing three key system elements that were either previously not present or were not necessarily being directed toward advancing social acquisitions. Effective mobilization would require:

- **Relationships:** promoting or strengthening ties between the various identified stakeholders.
- **Shared knowledge and language:** facilitating the co-creation and dissemination of a common understanding around the core definitions, purposes, and needs of a community hoping to advance social acquisitions.
- **Prototypes:** supporting stakeholders in the design of prototypes, particularly for organizations that stood to gain the most if social acquisitions succeeded as a strategy or lose the most should small businesses fail to secede.

SUPPORTING OBJECTIVES

With the above understanding as a guide to mobilization, L3 pursued four essential, simultaneous objectives that would effect the sought-after change. The pursuit of each objective was mutually reinforcing, so that success in one objective led to greater success in others.

- L3 led the **design of interventions** into social finance, business succession, and economic recovery systems that could enable more successful social acquisitions in Canada
- L3 led the **convening of a diverse network of professionals** that were already engaged or would likely engage in various parts of the social acquisition process, creating a sense of purpose, community, and direction.
- L3 identified existing **social acquisition cases** and enabling environments, showcasing their learnings and best practices and demonstrating the viability of emergent social acquisition concepts.
- L3 acted as a basin of attraction and loudspeaker, and it **held space for news, knowledge, resources**, and sense-making of social acquisition concepts.



MAJOR WORKSHOPS

The Legacy Leadership Lab was conceived as a pan-Canadian social innovation lab with a workshop series hosted in different major Canadian cities.

MAP — JANUARY 2020

At our first workshop we had 30 participants from across the country gathered together for two days in Toronto to start making sense of social acquisitions and mapping the social acquisition process.

FRAME — APRIL 2020

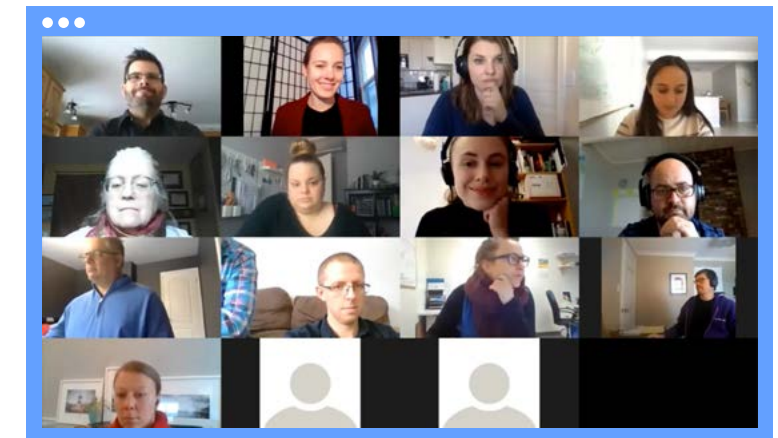
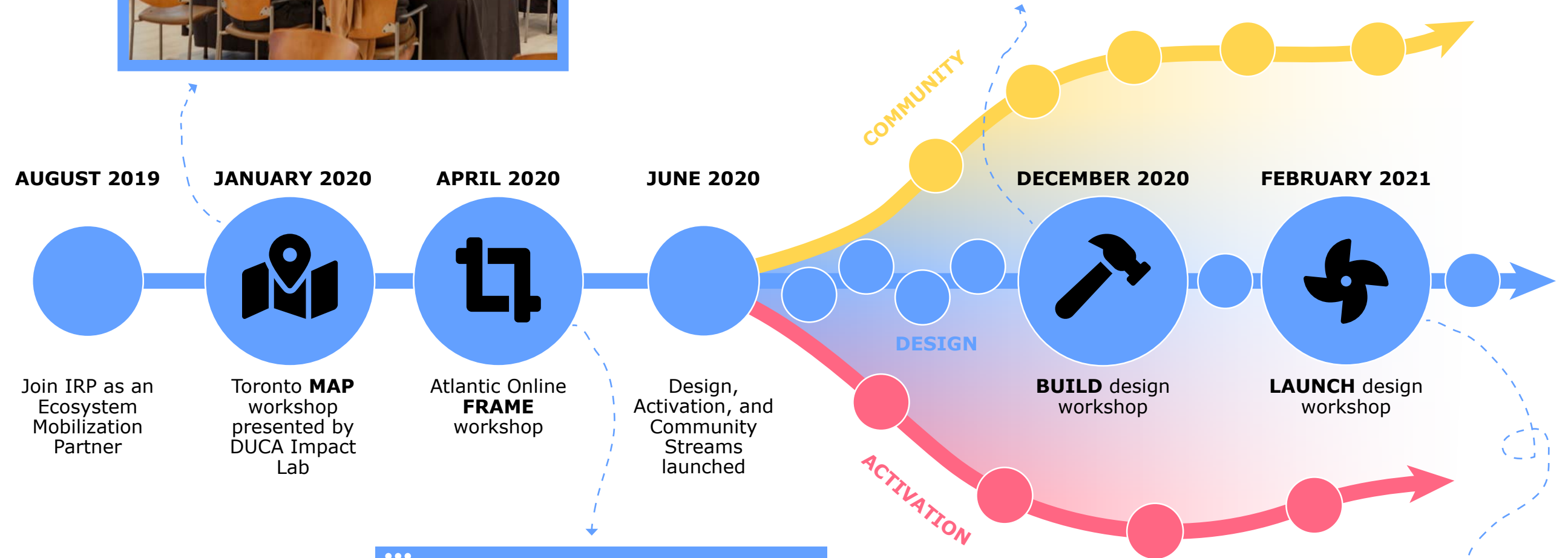
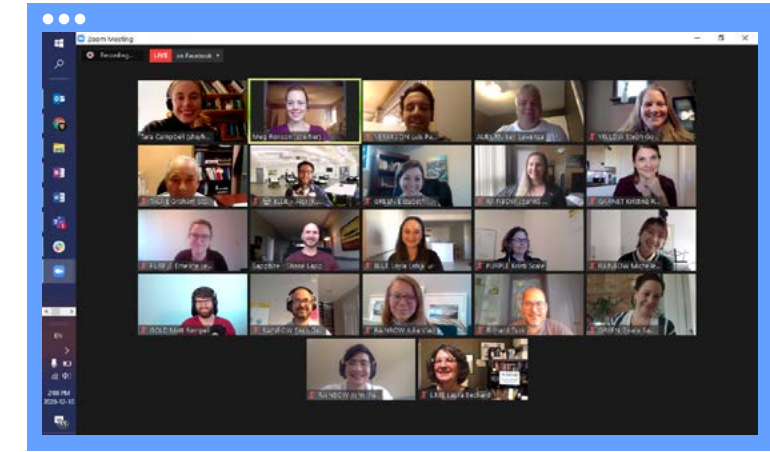
It quickly became evident that the in-person events we had originally planned would not be possible due to the COVID-19 pandemic. We delivered an online workshop closely modelled on our planned in-person event where we collectively envisioned an alternative system and identified opportunities for change.

BUILD — DECEMBER 2020

After a lot of experimentation and decentralized organizing, we returned to our large workshops and ran BUILD. Over a dozen design groups and initiatives joined us to develop their ideas and prototypes, and to get feedback from peers and experts.

LAUNCH — FEBRUARY 2021

At our final major workshop, design teams and individuals had another opportunity to get feedback and plan next steps for their initiatives. We also reflected on our work as a whole and mapped all the initiatives together to see what gaps remained.



STREAMS

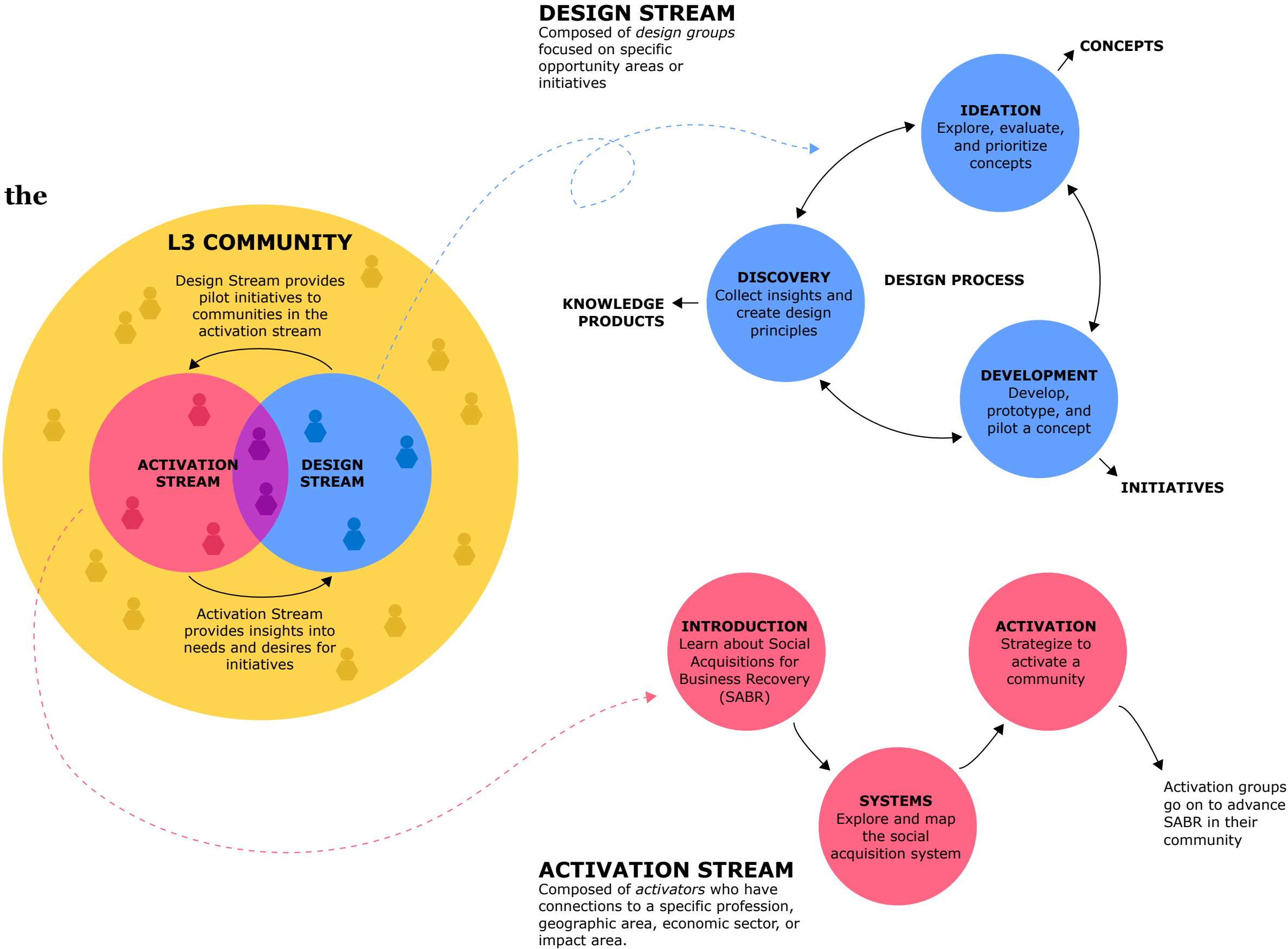
With the onset of the pandemic, we reworked our delivery model to leverage the advantages of a fully online format.

The new model focused on three interconnected streams of activity: Design, Activation, and Community.

DESIGN
The Design Stream convened small design groups and individuals to support the development of prototypes at our major design events. These prototypes ranged from ideas for innovations to market-ready products and services, some of which are currently being piloted or launched.

ACTIVATION
Activation efforts convened participants who were connected to different stakeholder groups in the social acquisition system and worked together to deepen their understanding on how to engage and activate these groups. L3 hosted activation events to assemble activation knowledge and capacity, and to collect insights on how stakeholders understand themselves as fitting within the social acquisition system.

COMMUNITY
The L3 Community was an open network of actors and stakeholders from the Design and Activation Streams, as well as more loosely involved members that attended Community events, received mailing list updates, or interacted with the L3 team and other members external to events in some way.



CMC and many of its stakeholders, namely those involved with the Conversions to Co-operatives Project, were very pleased to participate in the activities of the Legacy Leadership Lab (L3), as it convened a diverse network of professionals with experience or interest in social acquisitions.

The various workshops, streams, case studies and stakeholder relationships quickly made the L3 team the nucleus of social acquisition knowledge gathering and dissemination in Canada. The learnings concerning enabling environments and best practices will prove invaluable to meet the succession planning and community needs in the years to come.

- Daniel Brunette

*Director – Advocacy and Partnerships
Co-operatives and Mutuals Canada*

CMC et plusieurs de ses intervenants, notamment ceux qui participent au Projet de conversion en coopératives, ont été très heureux de participer aux activités du Labo de leadership en patrimoine (LLP), car il a réuni un réseau de divers professionnels ayant de l'expérience concernant, ou un intérêt pour, les reprises socialement durables.

Les divers ateliers, créneaux, études de cas et relations entre les intervenants ont rapidement fait du LLP un centre de collecte et de la diffusion des connaissances sur les reprises socialement durables au Canada. Les apprentissages concernant les environnements favorables et les meilleures pratiques s'avéreront inestimables pour répondre à la planification de la relève et des besoins communautaires dans les années à venir.

- Daniel Brunette

*Directeur – Représentation et partenariats
Co-operatives and Mutuals Canada*

SOCIAL ACQUISITIONS

Who are the likely & unlikely allies you can work with on specific SPO conversion projects to improve your/their community?

Community Foundations
(New)
(sometimes)

~~Ben~~
Trusted advisors

lawyers
accountants
(but they don't know everything)

Canadian Community Development Network

What resources already exist to facilitate/educate in different locations?

How to help communities or individuals to know where to turn to?

Russ
&
Fiona

Who are the likely & unlikely allies you can work with and what are the resources for SPO conversion projects to improve your/their community?

Community Futures
(Rural)

Your Community

Who is the person or resource that knows every thing?
(local)

Economic Development Officer

Exit Smart
MNP

Train the trainers to mobilize locally

Animators

Our work in co-operative conversions has uncovered some of the indicators that make for a strong conversion candidate: an owner that wishes to remain in the business; an owner that is familiar with the co-operative model and has perhaps discussed the option with potential co-operative acquirers; smaller firms with 50 employees or less; firms in service or construction; firms that are being sold by a founder.

Business owners that care about the sustainability of their businesses and recognize the importance of employee loyalty and low employee turnover in ensuring their business' long-term stability may find just what they need in social acquisitions through co-operative conversions. More research is needed to confirm the ideal conditions for all types of social acquisitions, but this emerging field of study is deepening and expanding our knowledge of how to move the small business sector towards more sustainable and community-oriented futures.

- Dr. Marcelo Vieta

*Associate Professor
Ontario Institute for Studies in Education
University of Toronto*

PRIMER

A social acquisition is the process by which a *conventional enterprise* is acquired and restructured into a *social purpose organization*.

THE GOAL

The goal of social acquisitions is to create a new social purpose organization that serves its community. The organization is mission-driven and aims to sell goods or services to earn a revenue, while also helping achieve positive social, cultural, or environmental results.

HOW IT HAPPENS

A social acquisition starts with an existing business looking for change, like a business looking for succession options (e.g., due to owner retirement) or one that is failing or needs to restructure (e.g., due to COVID-19 impacts).

A social acquisition requires both:

1. **a change in ownership** (full or partial, control or minority), and
2. **a change in mission** towards the creation of social and/or environmental good while existing revenue generating capacity is maintained or improved.

SOCIAL ACQUISITION COULD LOOK LIKE

- an **employee or community buy-out** (e.g., a transition to a worker, consumer, or multi-stakeholder co-op);
- a **municipal buy-out/non-profit takeover** (e.g., a vital cultural or tourism service provider getting purchased by the city and being set up with a volunteer board from the community);
- a **sale to new owner(s)** who embed(s) a social purpose into the organization as social entrepreneurs; or
- a **partial version** of each of these (investments coming from any of the above that lead to a strategic change in an enterprise).



CASES



COMMUNITY DEVELOPMENT ACQUISITION

Coombs Country Candy

A locally owned candy store in Port Alberni was sold to Community Futures Alberni-Clayoquot in November 2020 so that the owner could retire. Eight part-time and eight full-time employees remain while the business runs as a social enterprise.



NON-PROFIT ACQUISITION

Fernwood NRG

Fernwood NRG is a non-profit organization dedicated to improving the quality of life in Fernwood, Victoria. They purchased the Cornerstone Café in 2005 and have since used that as a platform to acquire other small businesses in their community.



WORKER CO-OP CONVERSION

Coopérative de travailleurs d’ambulance de l’Estrie

The co-op ensures the health and safety of the population in Estrie, QC with emergency pre-hospital care, transport by ambulance, and transport between health facilities.



CONSUMER CO-OP CONVERSION

Épicerie Co-op Grocery Moonbeam

The only grocery store owner in Moonbeam, ON announced closure of the store in 2012. Local residents decided to form a co-op to acquire the business, and they now have 800 members.



ESOP AND DESIGNATION ACQUISITION

Beau’s Brewery

Beau’s is a family-owned and run craft brewery established in 2006. It became the first brewery in Canada to achieve B Corp status in 2013. They began the process of transferring partial ownership to their 150 full-time employees through an ESOP in the summer of 2016.



NON-PROFIT ACQUISITION

Gateway Foundation

A not-for-profit residential property for senior citizens managed by Murdoch Management in the Town of Winnipeg Beach. The Gateway Foundation raised \$225,000 towards the 44.84 million needed for the project. They acquired additional funding from governments in 2009.



MULTI-STAKEHOLDER CO-OP CONVERSION

Mont Adstock

The mayor of L’Amiante, Quebec arrangd the purchase of a ski hill, which the municipality ran for three years before it was turned into a multi-stakeholder co-operative with: (1) business members, (2) leisure members, and (3) worker members.



FEDERATED CO-OP ACQUISITION

Fédération québécoise des coopératives funéraires

The FCFQ has over 200,000 members in Quebec and focuses on converting funeral homes into co-operatives.

Les employés ont-ils l'esprit entrepreneurial et l'autonomie nécessaire pour prendre collectivement la relève? Les fournisseurs ont-ils une proportion importante de leur chiffre d'affaires avec la PME? Les clients sont-ils dépendants de la PME pour répondre à un service de proximité? Ont-ils un sentiment d'appartenance à l'offre de la PME, comme pour une entreprise d'activités sportives, de loisir ou culturelles? Ont-ils besoin de produits ou services spécialisés ou onéreux, comme les librairies scolaires ou les services funéraires?

Une réponse positive à ces questions mène vers l'un ou l'autre des différents modes de relève collective des PME: la coopérative de travailleurs, la coopérative de producteurs, la coopérative de consommateurs ou encore l'OBNL. L'implication des usagers dans la gouvernance des PME reprises ouvre la porte à un type de développement local différent: un développement qui priorise une réponse aux besoins des communautés de manière durable et viable, dans l'intérêt prioritaire des personnes et des usagers. Le CTEQ est fier d'appuyer les PME d'ici et leur repreneur dans ces types de reprise, en collaboration avec le réseau de développement coopératif et de l'économie sociale du Québec et avec l'appui financier du Ministère de l'Économie et de l'Innovation.

- Grégory Brasseur

*Coordonateur à la reprise collective
Centre de transfert d'entreprise du Québec*

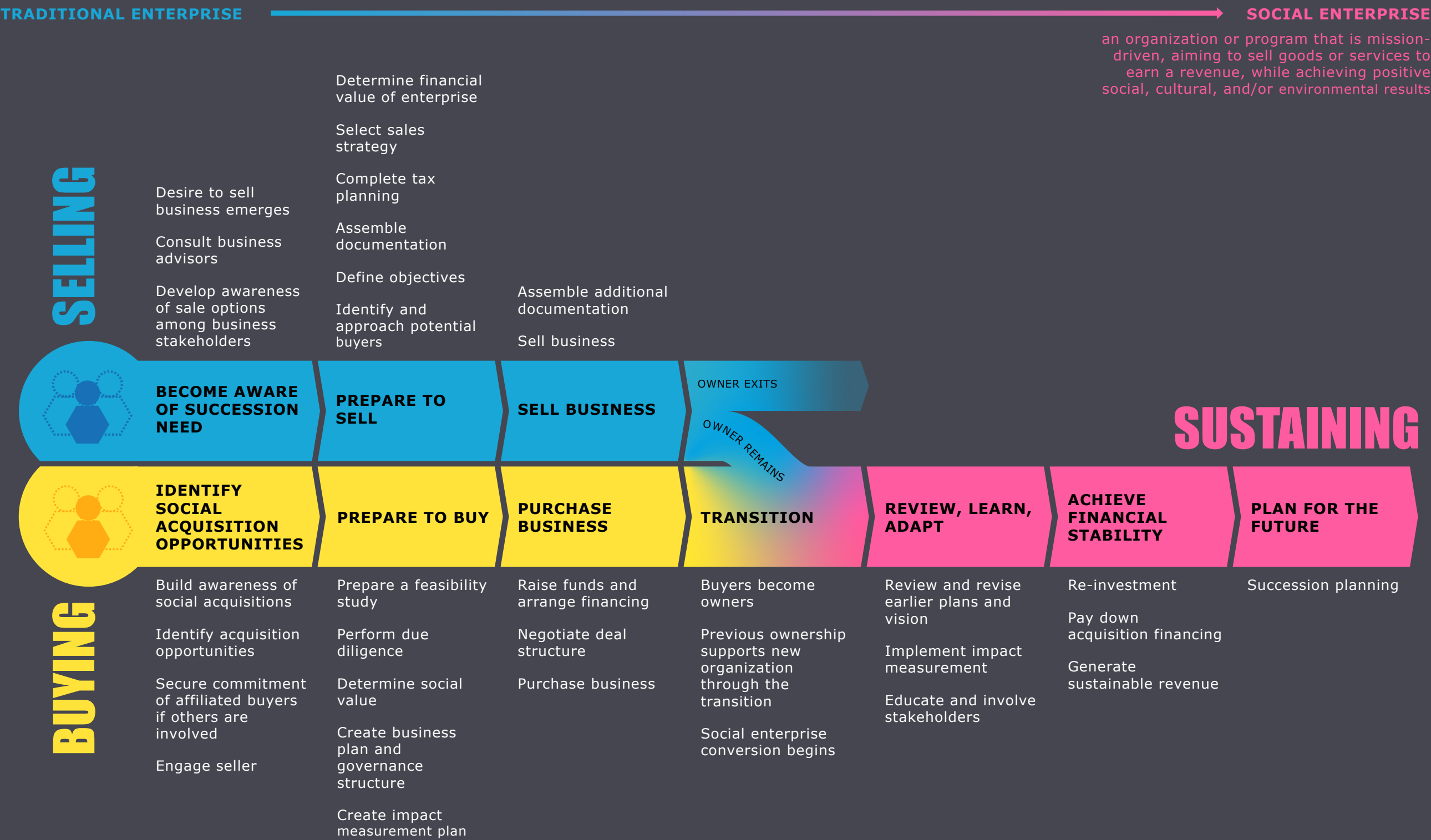
PROCESS

A key part of our early activities was to create a generalized model of the social acquisition process to orient our work throughout the lab.

The map is made up of three legs:

- selling, which represents the seller’s journey;
- buying, which represents the buyer’s journey;
- and sustaining, which represents the newly restructured enterprise’s journey.

You can read the full description of the steps on the following pages.



PROCESS

Selling

BECOME AWARE OF SUCCESSION NEED

DESIRE TO SELL BUSINESS EMERGES

Health or financing challenges; planning for retirement, family succession, or other change in career.

CONSULT BUSINESS ADVISORS

Trusted advisors recommend development of a succession plan.

DEVELOP AWARENESS OF SALE OPTIONS AMONG BUSINESS STAKEHOLDERS

Awareness from past educational opportunities (e.g., “All for Each”, Flourishing Business 101, 7 Co-operative Principles), internal culture of cooperation, or conversations with outside customers and community.

PREPARE TO SELL

DETERMINE FINANCIAL VALUE OF ENTERPRISE

Work with trusted advisors to complete business valuation (market valuation of transferrable value vs. worth assigned by long-time owner/founder), consider non-financial value of business (e.g., local importance, environmental benefits) and access financing to support this work.

SELECT SALES STRATEGY

Determine sales strategy based on valuation (e.g., direct sale by owner, brokerage, private equity) and local context (e.g., fewer actors in rural context).

COMPLETE TAX PLANNING

Work with professionals (e.g., accountants, wealth managers, tax lawyers) to identify options for managing personal and company tax implications for a transfer of ownership with particular attention paid to possible tax triggering events.

ASSEMBLE DOCUMENTATION

Work with trusted professionals to compile and adapt existing documentations (e.g., financial statements, legal documents, employment files, impact reports), create required documentation (e.g., business plan, capitalization table), and industry comparisons (e.g., position against similar firms, industry projections).

DEFINE OBJECTIVES

Sell to a specific group (e.g., employees, community), for a specific purpose (e.g., legacy building, retirement savings, family needs, finance future endeavour).

SELL BUSINESS

IDENTIFY AND APPROACH POTENTIAL BUYERS

Identify ideal buyers (e.g., employees, community, charity, private equity) and determine if they are interested in buying while meeting your objectives (e.g., price, legal and conversion outcomes, can maintain business long-term), and agree on due diligence process.

ASSEMBLE ADDITIONAL DOCUMENTATION

Provide additional documents and access to the firm as required by the potential buyer.

SELL BUSINESS

Sell the firm after negotiating sale value, determining deal structure (e.g., debt vs. equity, share vs. asset), defining transition timeline (e.g., payment milestones), and completing legal documents (e.g., employment and client contracts, sale agreement, government filings, non-compete clause).

PROCESS

Buying

IDENTIFY SOCIAL ACQUISITION OPPORTUNITIES

BUILD AWARENESS OF SOCIAL ACQUISITIONS
SPO advocates (e.g., co-op and charity associations) and economic development organizations offer training (e.g., successful case studies) to raise awareness, financial incentives to encourage uptake, and direct support to interested buyers.

IDENTIFY ACQUISITION OPPORTUNITIES
Opportunities identified by key system stakeholders (e.g., community futures, credit unions, chambers of commerce) to encourage SPO purchase, or by entrepreneurs seeking to build a new SPO.

SECURE COMMITMENT OF AFFILIATED BUYERS IF OTHERS ARE INVOLVED
Engage affiliated buyers in the case of a multi-buyer (e.g., worker, community) acquisition.

ENGAGE SELLER
Organizer/proponent approaches seller on behalf of buyers or as an individual to determine interest.

PREPARE TO BUY

PREPARE A FEASIBILITY STUDY
Engage professionals (e.g., SPO consultant, business analyst) to identify whether the enterprise could be transformed into a viable SPO and what options for new legal forms could be considered if applicable.

PERFORM DUE DILIGENCE
Professionals (e.g., accountant, lawyer, SPO consultant) are engaged to advise due diligence processes (e.g., assess financial records and industry fundamentals), and to educate prospective purchases as required (e.g., financial literacy, Flourishing Enterprise).

DETERMINE SOCIAL VALUE
Work with professionals, researchers, and/or intended impact beneficiaries to identify the social value that could be created by a conversion into an SPO and develop a model for identifying value (e.g., theory of change, social return on investment, common approach to impact measurement).

CREATE BUSINESS PLAN/GOVERNANCE STRUCTURE
Develop a business plan and governance model that meets objectives (e.g., create jobs, deliver positive beneficiary outcomes) and seek opportunities to capture the expense of completing this process (e.g., external grants and subsidies, expense to seller by subtracting expense from valuation).

CREATE IMPACT MEASUREMENT PLAN
Develop a plan with SPO professionals, researchers, and/or intended impact beneficiaries to collect impact data on an ongoing basis and incorporated into the SPO’s operations to be used by key stakeholders (e.g., partners, funders, impact investors).

PURCHASE BUSINESS

RAISE FUNDS AND ARRANGE FINANCING
Select the appropriate financing strategy (e.g., self-financing, traditional loans, government grants, community finance, crowdfunding, vendor take back, philanthropic impact investments, equity investments from Community Futures Development Corporations, loan guarantee backstops, and search funds).

NEGOTIATE DEAL STRUCTURE
Come to an agreement about the purchase and transition with the seller, other investors, and any other necessary partners that is agreeable to all.

PURCHASE BUSINESS
Secure financing, sign contracts, and buy the business.

PROCESS

TransitionSustaining

TRANSITION

BUYERS BECOME OWNERS

Continue engaging qualified professionals (e.g., lawyers) during transition (e.g., structured transition) while accessing required education and training.

PREVIOUS OWNERSHIP SUPPORTS NEW ORGANIZATION THROUGH THE TRANSITION

Train and support new owners during transition, and achieve retirement objectives.

SOCIAL ENTERPRISE CONVERSION BEGINS

Educate new members/owners while delivering on the organization’s commitment to measurable impact, meeting financial demands, and re-investing in development.

REVIEW, LEARN, ADAPT

REVIEW AND REVISE EARLIER PLANS AND VISION

Review earlier plans and direction and adapt to the new SPO goals (e.g., B-Corp, flourishing business model, teal organization). Develop strategic focus, business model, defined staff roles, communications and decision-making processes, and a culture focused on achieving both profit and purpose.

IMPLEMENT IMPACT MEASUREMENT

Undertake social impact measurement, estimate its impact, and incorporate findings into strategy on an ongoing basis; update metrics and data collection processes as needed to incorporate learning from SPO operations and external stakeholders.

EDUCATE AND INVOLVE STAKEHOLDERS

Engage key advisory to undertake ongoing education of all stakeholders on SPO principles, communicate the culture, align the organization’s values (e.g., governance, employees, management), and develop democratic processes.

ACHIEVE FINANCIAL STABILITY

RE-INVESTMENT

Identify what new sources of capital may be needed and the appropriate capital providers who align with the new SPO model to continue development business model for transition, and implement new technology and processes.

PAY DOWN ACQUISITION FINANCING

Manage cash flow.


GENERATE SUSTAINABLE REVENUE

Define economic objectives (e.g., growth vs. steady-state), engage staff to build culture and retain employees, and implement required policies (e.g., equitable pay).

PLAN FOR THE FUTURE

SUCCESSION PLANNING

Plan ahead to develop suitable agreements and future exit, succession, or transition plans.



People who've been working at or with companies for years know them inside and out. They know how they tick. They know what they could do, and they know what they aren't doing. We know great social innovators who start new enterprises, and I think we could meet a new generation of social innovators who embed impact by becoming worker- or community-owners of those companies.

*- Tonya Surman
Chief Executive Officer
Centre for Social Innovation*

PEOPLE

Social acquisitions involve a wide array of stakeholder groups from many different professions and organizations. Broadly speaking, we have mapped these groups into the following categories and sub-categories:

PRIMARY ACTORS	SECONDARY ACTORS				TERTIARY ACTORS
	Directly interact with the primary actors				Influence the environment in which social acquisitions take place
BUSINESSES PLANNING FOR SUCCESSION	BUSINESS SERVICE PROVIDERS	FINANCING	ECONOMIC AND WORKFORCE DEVELOPMENT	COMMUNITY	GOVERNMENT
Owner(s) Employees Suppliers Customers	Essential Team: <ul style="list-style-type: none">Small business lawyersSmall business accountantsFinancial advisorsMunicipal and regional economic development offices Buying/Selling Focus: <ul style="list-style-type: none">Business valuersBusiness brokers Social Enterprise Focus: <ul style="list-style-type: none">ESOP developersCo-op developersB Corp certifiersIncubators and acceleratorsCo-op associations	Traditional Investors: <ul style="list-style-type: none">Venture investorsSearch fundsBanksBusiness loan providers and funds Social Enterprise Investors: <ul style="list-style-type: none">Impact investors and fundsCo-operative investors and fundsCredit unions Traditional Financial Services: <ul style="list-style-type: none">Business insurance providersCommercial real estate	Economic Development: <ul style="list-style-type: none">Economic development organizationsChambers of commerceBusiness improvement areas Education: <ul style="list-style-type: none">Trade and business associationsTrade schoolsBusiness schools Workers' Rights: <ul style="list-style-type: none">Labour organizationsTrade unions	<ul style="list-style-type: none">Leaders and activists(Potential) investors(Potential) volunteers(Potential) customersOther businesses	<ul style="list-style-type: none">Local governmentRegional governmentProvincial/territorial governmentFederal government KNOWLEDGE PRODUCERS <ul style="list-style-type: none">ResearchersNews and mediaExisting SPOsThink tanks

INCLUSION

Equity, inclusion, and empowerment is a measurable social good and offers one of the clearest pathways to a viable social acquisition.

Although issues of equity and inclusion have long been challenging but necessary topics of discussion within Canadian society, the COVID-19 pandemic succeeded in bringing issues of discrimination and exclusion based on race, ability, religion, gender, sexual orientation, and age, among others to the forefront of public discourse. Because the mental, physical, and financial impacts of the pandemic were more acutely felt among some groups than others, many experts from across the country have called upon governments of all levels “to take urgent steps to enhance and strengthen human rights oversight of their responses to the COVID19 pandemic” (Human Rights joint statement).

This revitalization of the conversation, coupled with tumultuous news events linked to historic and present-day racial inequalities, discrimination, and violence, has brought much more attention, and a renewed interest in funneling more resources more directly and quickly, to groups that experience barriers to social and economic inclusion.

Social acquisitions present a powerful opportunity to leverage existing businesses with exiting owners and convert them into businesses owned and/or operated by persons seeking equity, or as an enterprising social purpose organization with a mission to serve and improve the social and economic conditions of equity-seeking groups.

SDG 10.2 - By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Every single business that’s being sold in Canada has the potential to undergo a social acquisition by adopting this social purpose.

INCLUSION GROUPS

EQUITY-SEEKING GROUPS IN CANADA INCLUDE:

- new Canadians,
- youth (under 30),
- seniors (over 65),
- persons of colour,
- Indigenous peoples,
- LGBTQ+ identifying persons,
- women identifying persons,
- persons living with a physical disability,
- persons living with an invisible disability (learning, trauma, mental illness),
- persons living with addiction and recovery, and
- persons returning from the prison system.

SOCIAL ACQUISITION INCLUSION STRATEGIES

INCLUSION AS SOCIAL IMPACT THROUGH OWNERSHIP/LEADERSHIP

- Funding and programming that incentivizes business ownership for inclusion groups through special products and policies would increase access to social acquisitions by those groups.
- Ensuring executive recruitment strategies that ensure jobs are accessible to all inclusion groups can be implemented at an acquired business.
- Worker co-operative or employee share ownership implementation of a firm that predominantly employs equity-seeking persons.

INCLUSION AS SOCIAL IMPACT THROUGH EMPLOYMENT

- Prioritizing the hiring and training of people from inclusion groups.
- Ensuring fair wages and positive, inclusive work environments.

INCLUSION AS SOCIAL IMPACT THROUGH ENTERPRISING

Converting to a social purpose enterprise whose main function is advancing inclusion

- Supplier diversity services
- Employment and employer services
- Accessibility services
- Culture and recreation
- Advocacy and policy services

INCLUSION AS SOCIAL IMPACT THROUGH EMPOWERMENT

- Implementing democratic and worker-based decision-making.

Remember: to the person who is trying to arrange financing for their business, words like ‘social purpose organization,’ ‘ecosystem,’ ‘socioeconomic challenges,’ ‘community-led solutions,’ ‘solutions mapping,’ are all meaningless.

A lot of the people we want to reach will simply understand ‘I need money to help sell/buy a business.’

These are the people we want to reach, so we have to present language that they understand and that is not intimidating.

*- Rob Rollingson
General Manager
Indian Business Corporation*



BUILDING SYSTEMIC SUPPORT

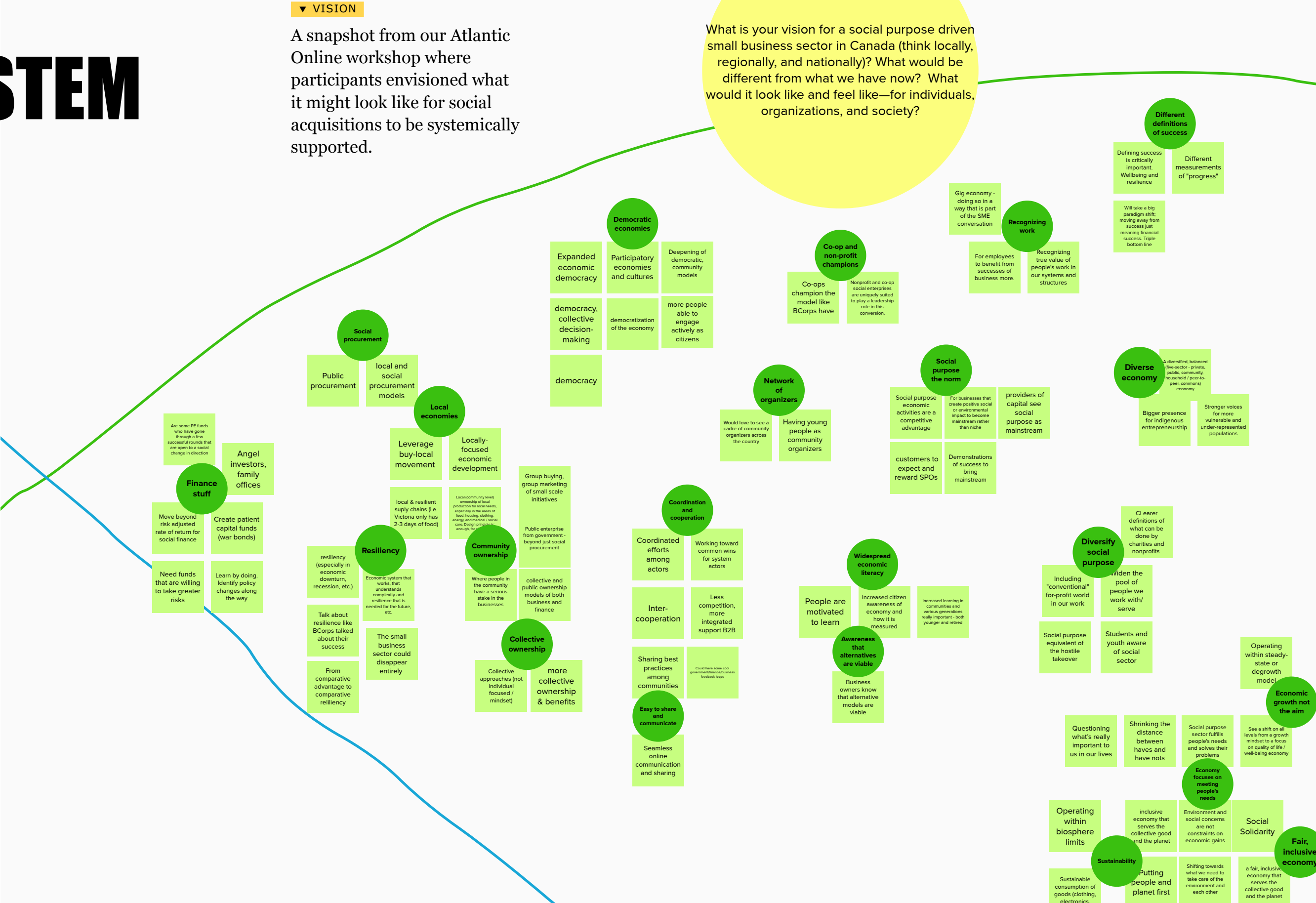
BUILDING SYSTEMIC SUPPORT

VISION FOR A DIFFERENT SYSTEM

In Canada, it is rare to see social acquisitions being used as viable options for small business succession, which illustrates that the current system is not supporting the social acquisition process. L3 identified that businesses transitioning into social purpose organizations (SPOs) as a succession solution is underused because of the overall lack of awareness of the solution and the poor perceptions of existing SPOs’ financial sustainability. There is also a lack of supports tailored to the social acquisition process for owners developing succession plans and potential buyers of those businesses.

The L3 network co-created [an ambitious vision](#) for a transformed acquisition and succession system. Our network called for an economy that was more fair, inclusive, and democratic. We identified a need to focus on local communities and collective ownership with increased co-ordination and co-operation across sectors to enable social acquisitions. We also called for increased diversity and inclusion within the SPO community. Fundamentally, the network wishes to see resilient and sustainable communities where SPOs and the process of social acquisitions are the norm.

We oriented our collective design and innovation work around these visions. You can see some of the ideas and prototypes that were worked on through our lab on the following pages.



Business transitions are not easy. They take a lot of time to plan properly and can cost a great deal if not planned well. Unfortunately, most small business owners nearing retirement in Canada have no plan. Having no plan means these businesses and the jobs they maintain risk closing and going away. This reality is hitting rural communities hard, and many community leaders are searching for solutions.

Employee, consumer, supplier, and community ownership models are often considered last-resort business transition options. But, in our experience working across rural Western Canada, these models are becoming a more attractive alternative. As small communities explore ways to reanimate their main streets and business owners struggle to preserve their legacy or life's work, thinking beyond the traditional acquisition or asset sale is becoming more common. These types of acquisition may eventually become a preferred option once they prove their value to local – especially rural – economies.

*- Audra Krueger
Executive Director
Co-operatives First*

PROTOTYPES

“Prototyping is an approach to developing, testing and improving an idea at an early stage before you commit a lot of resources to it” (NESTA, 2011). Prototyping is a key part of lab processes where participants leverage the systemic awareness they have co-developed to determine key leverage areas for change and to create and test potential innovations.

There were 15 different ideas that our participants advanced during and alongside our major workshop series. Several of these ideas went on to become prototypes or even pilot projects.

While the different ideas and prototypes are all addressing different challenges, they can broadly be categorized into five different high level leverage areas:

- encouraging business advisors to promote social acquisitions with their clients;
- increasing social acquisition supports for buyers;
- building awareness and social acquisition capacity with targeted audiences;
- facilitating social acquisition relationships; and
- developing social finance solutions for social acquisitions.

You can take a closer look at some of the ideas and prototypes that emerged over the course of the lab in the table to the right and in the three prototype cases that follow.

Leverage area:
Encouraging business advisors to promote social acquisitions with their clients

EDUCATIONAL RESOURCE FOR BUSINESS ADVISORS

Creating a social acquisition educational resource for business advisors.

DIRECTORY OF SOCIAL ACQUISITION PROFESSIONALS

Creating a directory of social acquisition professionals.

SUCCESSION CHAPTERS

Organizing succession chapters where advisor groups meet monthly to discuss and collaborate around business succession for their local communities.

EXIT PLANNING INFO SESSION FOR BUSINESS ADVISORS

Hosting an information session for business advisors around Exit Planning.

Leverage area:
Increasing social acquisition supports for buyers

COMMUNITY ACQUISITION INCUBATOR

Developing a process that will help organizations become prepared for future opportunities. Additionally, building internal capacity across various decision-making layers of non-profits.

LEGAL STRUCTURE NAVIGATION

Creating a tool kit focused on social acquisition/social enterprise start-up by charities and non-profits to guide the selection of legal structure.

VIRTUAL MOBILE SOCIAL INCUBATOR

A virtual mobile social incubator that analyzes how solutions to affordable housing, land, agriculture, and social transition are created. In collaboration with municipalities, community organizations, and community leaders, the incubator would discover community challenges and build teams in response to these community economic development issues.

Leverage area:
Building awareness and social acquisition capacity with targeted audiences

SOCIAL ACQUISITION HACKATHON

Engaging post-secondary students through a hackathon to consider social acquisition as a viable option for SMEs.

COLLECTIVE INNOVATIONS

Developing a social purpose economic development cooperative which is capable of scaling up place-based social innovation, social enterprise, community wealth, and local asset and civic capacity building ventures.

OKANAGAN CIRCULAR SOCIETY

Creating a new community platform that integrates a circular economic and political system, centered on fostering individual and collective well-being.

SOCIAL PURPOSE COMMUNICATION

Creating interest among traditional businesses for social good and building business skills among new social entrepreneurs to communicate the social purpose aspect of SMEs.

Leverage area:
Facilitating social acquisition relationships

BUSINESS BUYER PLATFORM

Providing business buyers with a platform to post their search criteria, learn the social acquisition process, access advisors, and connect with businesses/business owners.

IDEA TO MARKET COLLABORATION PLATFORM

Creating a collaboration platform to bring ideas for products, services, and systems to an online market. This initiative makes use of a revenue-sharing program to incentivize the activity.

Leverage area:
Developing social finance solutions for social acquisitions

NON-DEBT FINANCING PEER LEARNING GROUP

Developing a peer learning group for non-debt financing, which investigates how to expand non-debt financing for SPOs and conversions.

PLACE-BASED IMPACT FUND STRATEGY

Including social acquisitions in a place-based impact fund’s investment strategy.

SOCIAL ACQUISITION HACKATHON

CHALLENGE
How might we engage post-secondary students in the process of social acquisitions for local SMEs?

TEAM



Alexi Kubeczek
Lethbridge College



Layla Lahiji
University of Lethbridge



Brandy Old
University of Lethbridge

BACKGROUND
Organizations that consider a social acquisition will need a variety of professional services such as legal and accounting expertise to properly execute the process. There is a lack of sufficient professional service providers experienced in social purpose organization issues to execute social acquisitions at scale. At the same time, post-secondary students are seeking ways to gain work experience so they are more employable. Students could be leveraged to support social acquisitions and develop their skills.

IDEA
A hackathon for post-secondary students that engages them in problem-solving from the perspective of stakeholders in a social acquisition case.

HYPOTHESIZED SOCIAL ACQUISITION IMPACT
This initiative would impact the social acquisition process is on the Buyer side. In the ‘Build Awareness of Social Acquisitions” phase this opportunity would build awareness of social acquisitions in post-secondary institutions and help students identify social acquisition opportunities.

In the ‘Prepare to Buy’ phase, this opportunity could provide resources to conduct feasibility studies and on how to create impact measurement plans.

EVALUATION OF THE IDEA
FEASIBILITY
Because of the collaborations and the commitment from both post-secondary institutions, the project is feasible. The team is prepared to pivot and offer a hybrid or virtual model should social distancing measures require it.

VIABILITY
The two institutions will be supporting and collaborating on this initiative and are excited to offer a larger network, more resources, and greater opportunities for students from both institutions. They will also be collaborating further with external members (L3 and other industry leaders).

DESIRABILITY
The team is looking to test the interest/need for social acquisitions. They will test whether:

- Students are interested in social acquisitions, and if there is enough of a demand to offer continued programming;
- The case study/hackathon model is an effective approach to teaching students about social acquisitions.

HACKATHON WEBSITE
The team has run hackathons in the past, but for their prototype they are centering their hackathon around the social acquisition process



NEXT STEPS
After going through the L3 design workshops, the Social Acquisition Hackathon team is:

- preparing to launch the prototype in Fall 2021 and running an initial event with a case adapted from one developed by L3; and
- connecting with mentors, experts, and collaborators who will support the hackathon.

COMMUNITY ACQUISITION INCUBATOR

CHALLENGE

How might we prepare nonprofits and charities for future social acquisition opportunities?

TEAM



Emeline Le Guen
Scale Collaborative



Kristi Fairholm Mader
Scale Collaborative

BACKGROUND

There are nonprofits and charities that have strategic alignment with businesses that could be acquired and converted into social purpose organizations. However, these organizations often face barriers to participating in social acquisitions including difficult social acquisition timelines, capacity and knowledge gaps, and financing difficulties.

IDEA

A social acquisition incubator program that will help nonprofits and charities learn about social acquisitions and become prepared for future opportunities in the social acquisition ecosystem.

This opportunity brings to life the newly developed ‘[Pathway to Successful Business Purchase](#)’ workbook, that builds on the Buyer journey of the social acquisition process. The incubator will work with 5 Vancouver Island organizations to work through a readiness process, and become prepared for future acquisition opportunities. The impact of successful community acquisitions are maintained businesses and employment in the community, additional revenues to non profits and charities, and increased impact opportunities.

HYPOTHESIZED SOCIAL ACQUISITION IMPACT

This opportunity broadly touches the Buyer journey of the social acquisition process, ideally preparing nonprofits and charities to more successfully navigate an acquisition and increase their overall acquisition-readiness. It also may support the sustaining of a social enterprise to a degree, but this is not the focus of the incubator.

EVALUATION OF THE IDEA

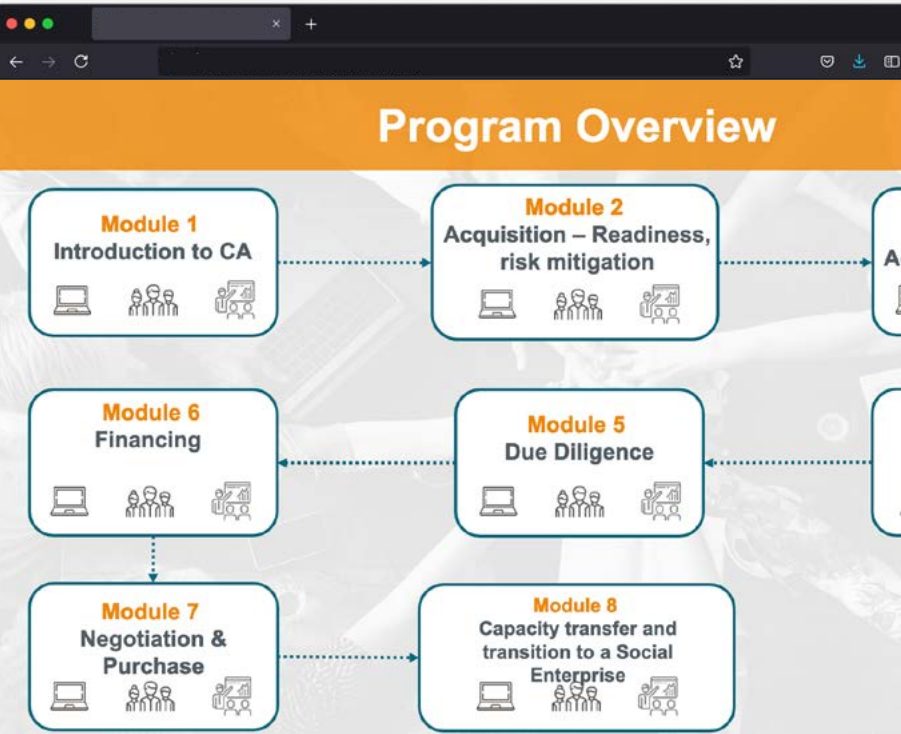
This program aligns strongly with Scale’s expertise so they can develop and run the incubator with existing human resources.

This capacity building program, once developed, will be fairly low cost to deliver on a simple fee for service and sponsorship model.

There were 95 registrations for the four community information sessions that were held in the spring, so it is sparking significant interest amongst local nonprofits and charities.

▼ INCUBATOR PROGRAM OVERVIEW

An overview of the various modules that will be a part of the Community Acquisition Incubator program.



NEXT STEPS

After going through the L3 design workshops, the Community Acquisition Incubator team is:

- preparing to launch a pilot incubator program in Fall 2021;
- developing content for the pilot program; and
- recruiting five pilot organizations

LEGAL STRUCTURE NAVIGATION

CHALLENGE
How might we assist established organizations and entrepreneurs in selecting a proper legal structure for a new social enterprise in Alberta?



Kristina Roberts
Legal Initiatives Manager
IntegralOrg

BACKGROUND
Many non-profits and charities will be drawn to social acquisitions or revenue-generating social purpose organizations, however, there may be several financial, legal and regulatory restrictions on their ability to acquire a business and/or engage in commercial activities. They may not have the resources to access legal advice for structuring or restructuring entities. This lack of information upfront can be a deterrent to pursuing a social acquisition or launching a social purpose organization and can lead to complications and substantial expenses down the line.

IDEA
A “self-assessment” tool that consists of a series of questions leading to recommendations for structuring an entity, and flags other legal and regulatory considerations. While nonprofits and charities are the primary target audience, it will also apply to businesses and social enterprises with other legal structures, and those starting from scratch.

HYPOTHESIZED SOCIAL ACQUISITION IMPACT
This initiative will support the Buyer side of the social acquisition process as buyers develop their acquisition ideas and create a business plan and governance structure.

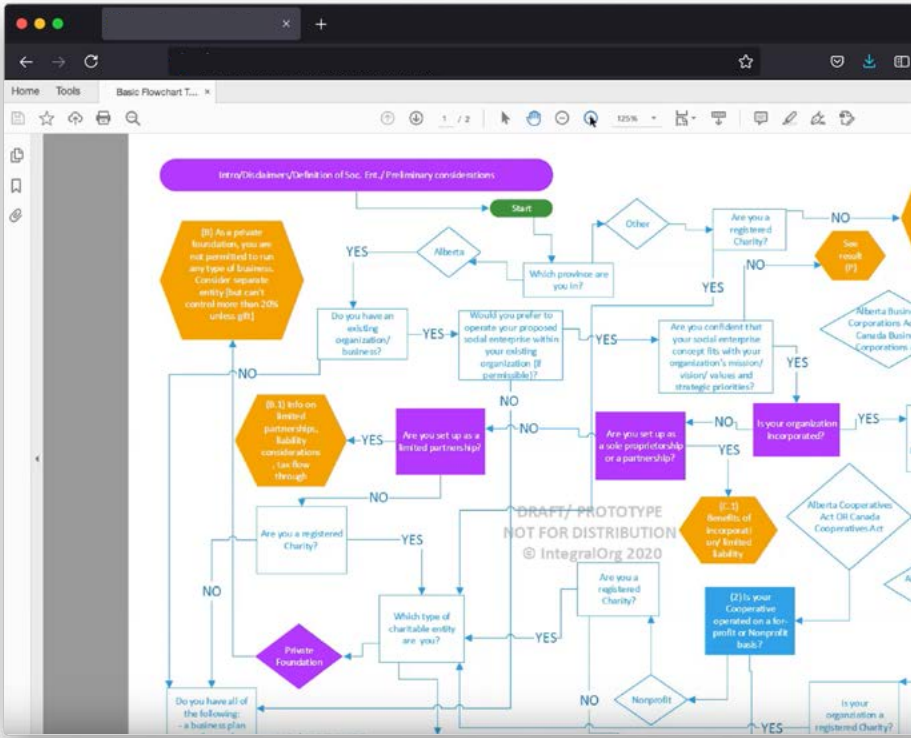
EVALUATION OF THE IDEA
FEASIBILITY
This project is aligned with IntegralOrg’s mission and charitable purposes. The team has the skills and knowledge required to build the prototype, and it will lead to a new body of work for the organization.

VIABILITY
IntegralOrg secured two separate grants to pursue this opportunity: one for the legal research and content development; and one to hire a web development agency. Ongoing maintenance and updates will need to be considered in assessing financial viability.

DESIRABILITY
IntegralOrg works with nonprofit organizations and charities in Alberta and often gets approached for guidance around understanding the legal and regulatory environment related to engaging in social enterprise. Often organizations and entrepreneurs do not know where to start in terms of structuring these ventures, and specialized services can be difficult to come by or prohibitively expensive. IntegralOrg’s promotion of the tool has garnered significant interest from stakeholders.

▼ **DECISION TREE**

The decision tree has been turned into an interactive interface that users click through. This will be launched through the IntegralOrg website in September, 2021.



- NEXT STEPS**
After going through the L3 design workshops, the Legal Structure Navigation team is:
- finalizing and launching the web-based prototype;
 - considering altering the prototype to ensure users across the country benefit from information that has national application and
 - conducting research and validation of the model.

GAPS AND FUTURE INNOVATION

On the closing of our final major workshop, LAUNCH, our participants took a step back to reflect on our collective work. They mapped where their initiatives interacted with the social acquisition process map and analyzed gaps that remained and further initiatives and innovation required to systemically support social acquisitions.

Some of the gaps that our community identified as spaces for future work include:

- Little awareness of succession issues, let alone social acquisition
- Ecosystem supporting start-ups (students, people in the midst of career changes, etc.) rarely introduce acquisition as an option
- Social acquisitions are rare
- Need to develop thought leaders in different professional communities
- Few initiatives directed at the Selling journey, though this process could be supported through traditional business services
- Knowledge transfer between owners is critical
- Lack of services for sustaining social purpose after a social acquisition

The broader L3 Community also identified gaps in our participatory budgeting process that were needed to advance the social acquisition ecosystem. You can see details of their suggestion in the tables to the right.

GAP	SUGGESTED CONTRIBUTING ACTIVITIES
An enabling environment for social acquisitions	<ul style="list-style-type: none">• Policy development• A professional development organization to develop materials and train social acquisition practitioners• Peer mentoring programs for social acquisition buyers and sellers• Established social acquisition processes with associated products, resources, and guides• A social acquisition buyer/seller database or matching program• A social acquisition incubator/accelerator• A trust or holding company to socially acquire and convert essential transitioning businesses
Greater awareness for potential business acquirers on social acquisitions	<ul style="list-style-type: none">• Specifically target youth and startup sector; public sector; non-profit and charitable sector; non-profit and charitable sector; social economy and social finance sector; community and equity-seeking groups• Dedicated education and resource development, curation, management, and delivery
Greater awareness for potential business vendors on social acquisitions	<ul style="list-style-type: none">• Dedicated education and resource development, curation, management, and delivery
Greater awareness for business advisors on social acquisitions	<ul style="list-style-type: none">• Dedicated education and resource development, curation, management, and delivery

GAP	SUGGESTED CONTRIBUTING ACTIVITIES
Greater presence of social acquisitions in post-secondary institutions	<ul style="list-style-type: none">• Dedicated academic research into social acquisition cases and process• A business school course on social acquisitions
More products and services to deliver to social sellers and acquirers	<ul style="list-style-type: none">• Social innovation design to build more products, services, programs, pilots, and prototypes to enable social acquisitions• Peer mentoring programs for social acquisition buyers and sellers• Established social acquisition processes with associated products, resources, and guides• A social acquisition buyer/seller database or matching program• A social acquisition incubator/accelerator
Financing for social acquisitions	<ul style="list-style-type: none">• A dedicated fund or granting or investing body to finance social acquirers• Loans or grants to defray professional support for social acquisitions• A trust or holding company to socially acquire and convert essential transitioning businesses
A support system for social acquirers	<ul style="list-style-type: none">• A social acquisition candidate search fund• A professional development organization to develop materials and train social acquisition practitioners• Peer mentoring programs for social acquisition buyers and sellers• Established social acquisition processes with associated products, resources, and guides

▼ ECOSYSTEM GAPS

Gaps and needs of the ecosystem that were identified by L3 and the greater community

La relève d'entreprise est discutée au Canada depuis plus de 10 ans et de nombreuses études démontrent l'importance d'agir à ce niveau. Cependant, elle est rarement abordée sous forme de repreneuriat social, qui est dans la majorité du temps plus durable, équitable et inclusive puisqu'elle appartient à des membres de la communauté qui la fait vivre. Lorsqu'une entreprise est reprise par ses clients, employés, fournisseurs ou toute autre combinaison, ceux-ci ont le désir de la développer, car le lien d'usage très fort.

- Elaine Roussel

*Responsable des communications et stratégies
Coopérative de développement régional-Acadie*



MOBILIZED ECOSYSTEM

EVENT-BASED MOBILIZATION

During the year that L3 ran remotely, it delivered:



COMMUNITY SUCCESS METRICS ▼

Community events became an important way for stakeholders both familiar and unfamiliar with L3’s process and concepts to convene and share ideas, knowledge, opinions, and engage creatively with the Lab without having to commit to the intensive multi-day design events. L3 collected metrics on how effective the community events were at creating new linkages between attendees while also providing them with new resources, tools, and learnings about social acquisitions and the wider ecosystem.

OVERALL L3 NETWORK DESCRIPTION	JUL	SEP	OCT	JAN	FEB
New to the community	46%	46%	41%	13%	40%
Met someone new	100%	97%	100%	100%	91%
Increased understanding of social acquisitions	90%	84%	82%	58%	45%
Learned about a new resource or tool	100%	81%	94%	67%	64%

ACTIVATION

A small but engaged group of participants became “Activation members,” collaborating together to situate themselves and their network within the L3 ecosystem and investigate ways to share social acquisition prototypes and other knowledge products within their own day-to-day work. A total of 14 participants met semi-monthly and together identified nine different stakeholder groups to whom they hoped to bring greater awareness of social acquisition concepts and possibilities.

EVENT SHOWCASE

L3 HOLIDAY SOCIAL

The L3 Holiday Social was held on Zoom the Thursday evening after the December 2020 workshop. The event simulated a physical social event in which attendees were shuffled into small breakout rooms to socialize. Attendees were also entered into a draw to win a \$50 value holiday gift basket. Social relationships and trust being an important ingredient for a successful social innovation lab, the 2020 Holiday Social was one example of L3’s efforts to replicate the ideal conditions of the intended in-person process.



FALL FOR SOCIAL ACQUISITIONS

The September Community Event showcased a panel of leaders who were running localized programming to advance social acquisitions across Canada at the regional level. This event was demonstrative of a kind of spontaneous, independent clustering of prototype development that was to both influence and be influenced by the Lab’s concepts and approach to social acquisitions.



ACTIVATE/MAP

The October Activation event ACTIVATE/MAP invited community members to work on L3’s process map to understand their place in the social acquisition process and the extent to which their network could benefit from engagement with social acquisition and L3 concepts, resources, and prototypes.



MOBILIZED ECOSYSTEM

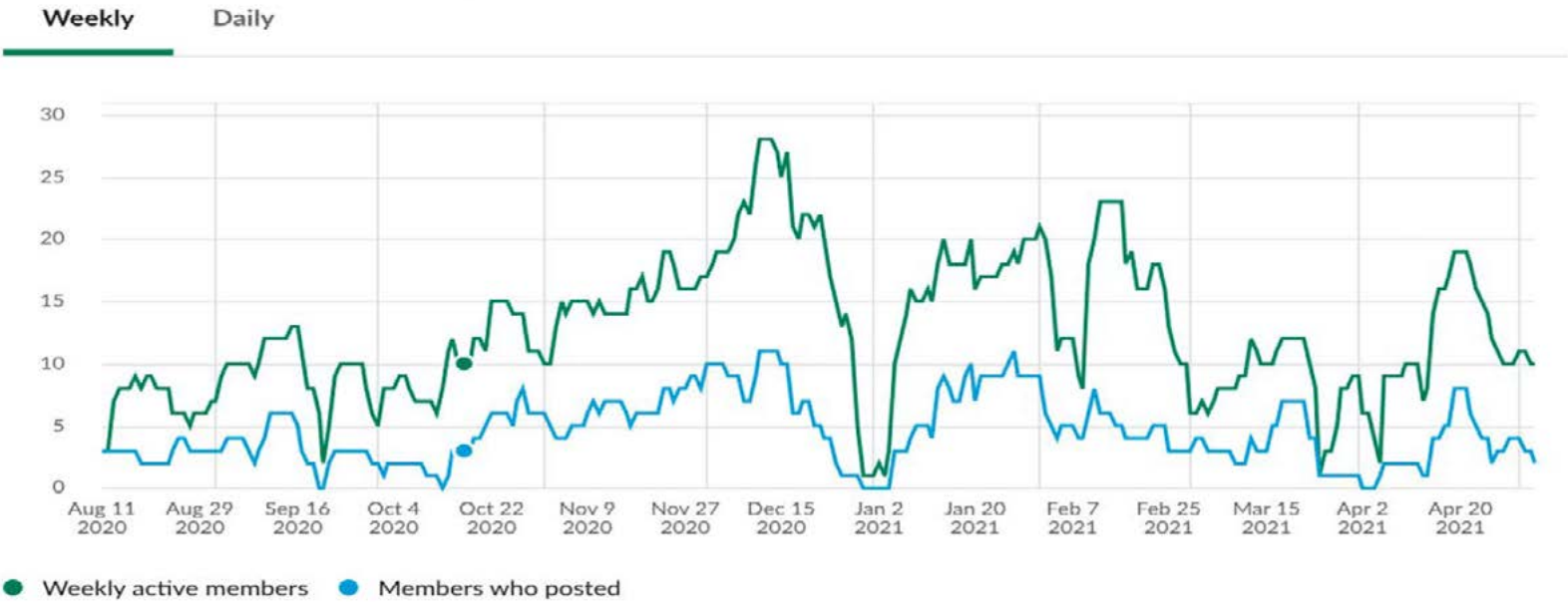
COLLABORATION INFRASTRUCTURE

In addition to convening participants in their chosen streams’ events, L3 also created and managed several different opportunities for participants to collaborate and interact to increase the chances of spontaneous collaboration and ongoing knowledge sharing and development.

SLACK ▼

L3 employed a Slack workspace to assemble and organize its Design efforts. Engagement on the platform was consistent throughout the pilot since the workspace’s launch in August 2020 - see chart below.

See how many people are active — meaning they posted a message or read at least one channel or direct message.



 **LINKEDIN**
144

 **FACEBOOK**
71

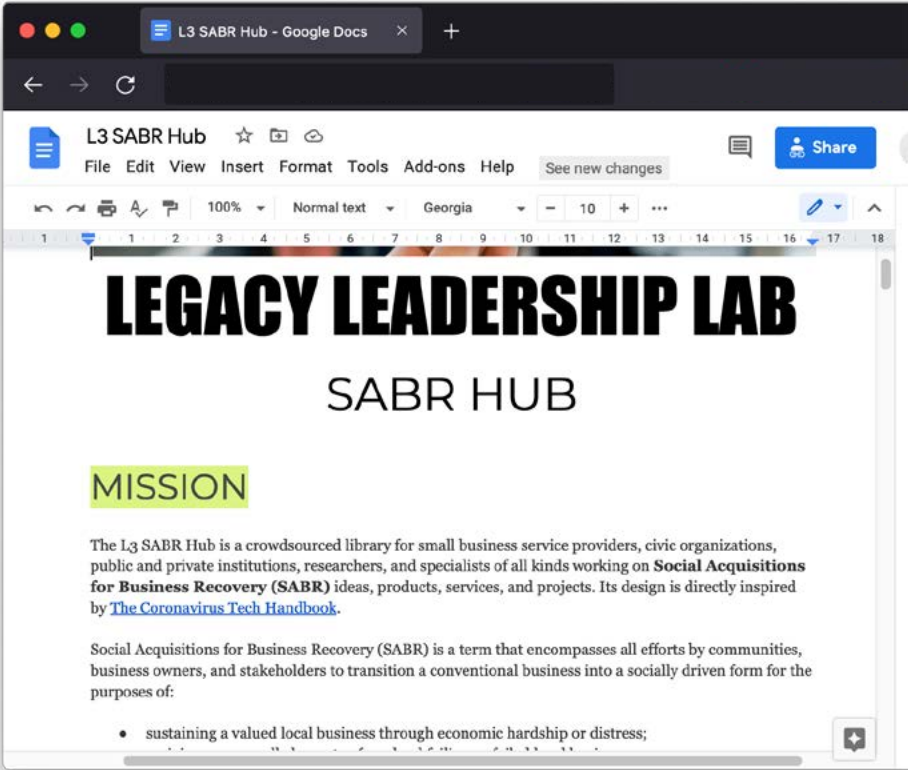
 **TWITTER**
100

SOCIAL MEDIA ▲

L3 established a brand and online presence through LinkedIn, Facebook, and Twitter. The numbers above are a snapshot of the engagement by April 28, 2021.

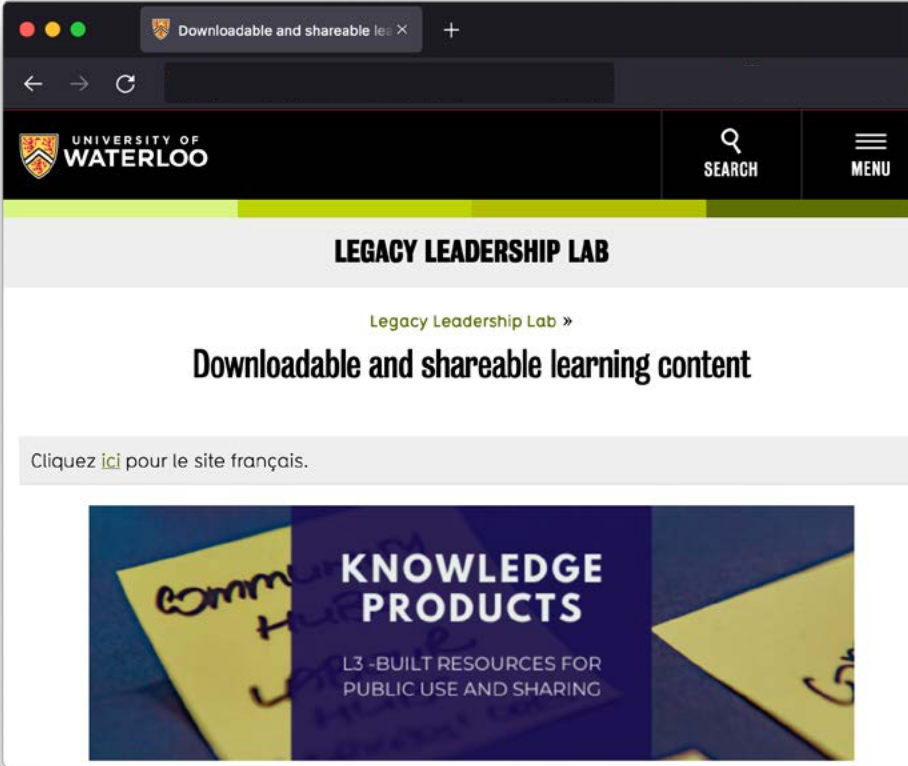
L3 SABR HUB ►

The L3 SABR (Social Acquisitions for Business Recovery) Hub is a crowdsourced virtual library hosted by L3 for the purposes of collecting and hosting any publicly available resources, data, and knowledge that would assist in the further development and design of social acquisition concepts and prototypes. Its target audience is small business service providers, civic organizations, public and private institutions, researchers, and specialists of all kinds working on social acquisitions ideas, products, services, and projects. Its simple Google Doc format makes it an easy, accessible tool that anyone can access and contribute to.



WEBSITE ►

The L3 website acted as a resource and news hub for the Lab while it was active, and it has now been converted into an evergreen online destination for those seeking artifacts from the original lab, its process, and discoveries.



CONTINUITY OUTCOMES

The Legacy Leadership Lab released a [continuity report](#) leading up to its conclusion which presented recommendations for future work that the community as a whole should undertake post-Lab. The full text goes into detail on the process of determining the following recommendations for WISIR’s future continued involvement and next steps for the entire community, illustrated below.

PARTICIPATORY BUDGETING RESULTS ▼

OVERALL L3 NETWORK DESCRIPTION	BUDGET	NEW ACTIVITIES FUNDED AT THIS LEVEL
Curating social acquisition resources and communities of practice	\$50,000	<ul style="list-style-type: none">• Social acquisition website• Ongoing peer support
Curation and development of social acquisition research alongside developing a social acquisition ecosystem backbone	\$125,000	<ul style="list-style-type: none">• Solidify Partnerships• Interactive system & resource maps• Case Teaching Development
Social acquisition ecosystem backbone with directed outreach and coordinated research plan	\$250,000	<ul style="list-style-type: none">• Coordinate with municipalities• Coordinate with unions• Research Reports on Social Acquisitions• In-person Post-Pandemic Symposium

CONTINUITY RECOMMENDATIONS

1. **Transition to a network**

Continue the essential work of L3 and transition the bulk of its work from WISIR to members of the L3 network. There has been value created in catalysing a social acquisition ecosystem and buy-in from actors across the network in maintaining and advancing the network.
2. **Coordinate research**

Focus the role of WISIR on research coordination, further developing teaching and dissemination strategies in partnership with academic and applied partners. Social acquisitions are still rare, so the community still needs support to build the business case for them, develop practices to enable them, and share learning to build the capacity to conduct more of them.
3. **Align action**

Expand social acquisition ecosystem-activities within and outside the L3 network, with L3 continuing to broker relationships and share learning. There are still substantial gaps in the ecosystem and the efforts of organizations representing a variety of skill sets, economic sectors, and geographies will have to be coordinated to provide the depth of coverage needed to enable more social acquisitions.
4. **Incubate a backbone organization**

Incubate a coordinating body with a shared governance structure within WISIR with the goal of transitioning to a shared governance and ownership model for social acquisition ecosystem activity. A touch point will still be needed for the short- and medium-term to coordinate activities and broker relationships, though the exact structure of such an organization will still need further development so incubating it under an existing institution such as WISIR will help provide the network with some stability while the backbone organization is being established.
5. **Scale in-line with resourcing**

Scale the range of activities offered by the backbone organization in-line with the resourcing available to support it, shifting from curation and sharing of learning towards direct engagement with new sectors and support of social acquisitions as the increased resources enable such activity. Financial, human, and infrastructural contributions to the L3 network are a strong sign of support for building the social acquisition ecosystem and the pace at which this ecosystem is built should ramp-up to the level of resourcing that supports the network.

L3's “remarkable team at the University of Waterloo are pioneering visionary work in the social acquisitions and social innovation ecosystem. My colleagues and I have remained impressed with their diligence and leadership to ensure that Canadians are aware of models of succession and the benefits of social finance.”

- Victor Beausoleil

*Executive Director
Social Economy through Social Inclusion*



CONCLUSION

CONCLUSION

Where L3 has shown transformative potential is in bringing together a range of stakeholders to catalyze an ecosystem and providing them with the language and networks they need to bring more social acquisitions to fruition.

The legacy of L3 will depend on its assembled community's willingness to deepen the successes and learn from the limitations in its process.

As a Lab, L3 was particularly useful in helping participants co-create an understanding of social acquisitions that made sense to them. This led to people finding novel ways of working together, and the process has helped produce a new network of relationships that can be tapped when needed to enable new social acquisitions as they emerge.

What it has not produced are clear definitional boundaries around what a social purpose organization is or is not, as this is a much broader systemic conversation that Canadian ecosystems are still having, nor has it clarified what would be considered a fully social acquisition. Those being

noted, working definitions are likely enough at this point as the social acquisition ecosystem is still in its infancy. Indeed, the clarification of terminology will likely only come into place when there are more cases of both successful and unsuccessful social acquisitions in Canada and abroad. As we see more social acquisitions occur, nuances in terminology will become more important.

Supporting individual social acquisitions has been an area where communicating L3's role as an ecosystem mobilizer has been difficult. L3 was not a boutique consultancy or private equity fund executing social acquisitions, yet the process of moving through a full social acquisition was of interest because it could reveal a great deal about the ecosystem. When stakeholders approached WISIR with a "living case," these cases could be used to test prototypes and L3's understanding of the system, but implementation and its support had to come from the broader community. In practice this meant that L3's main value-add was through brokering relationships to support the acquisition.

From this, one element which became more important over the course of L3 was in developing accessible "[teaching cases](#)" to illustrate how different aspects of a complex social acquisition have worked in practice. Cases have been an important component in surfacing the key financing, governance, and business model issues that are

unique to social acquisitions. We have used cases at the core of developing peer-to-peer capacity-building for social acquisitions, and this is a powerful use for developing a common language and integrating people into the emerging social acquisition. The continuation of peer learning opportunities for people in the ecosystem is a natural next step from L3 with the further development of teaching cases to support this work.

The L3 process went through a major pivot in its approach because of the COVID-19 pandemic, and in doing so, L3 made substantive deviations in the implementation of the social innovation lab process from the original implementation plan (Ronson, 2020), which sheds light on novel ways in which these processes can be applied. The pandemic forced small businesses and the communities that support them to rapidly innovate, and while the design of our process initially focused on prompting innovation, this shift meant that our role switched to being one which focused on curating innovation and supporting the sharing of knowledge. This also meant a shift in our approach towards taking advantage of emerging opportunities and taking on a backbone organization role earlier than anticipated. Tied to this, we saw a great deal of potential in bringing together people in smaller groups to deepen their knowledge and connections rather than focusing on large events as per our original plan.

We would like to thank Employment and Social Development Canada, the Government of Canada's Investment Readiness Program, and all the people who have engaged with and supported the development of Canada's social acquisition ecosystem. Building the capacities needed to enable social acquisitions are, fundamentally, the capacities needed to support social financing and social acquisitions more broadly. The gaps identified by the L3 community also highlight gaps in the overall social financing ecosystem.

We look forward to seeing the continued work of the Investment Readiness Program partners in building Canada's social finance ecosystem and the impactful work that Canada's Social Finance Fund will be supporting in the years to come. Alongside this, we encourage conventional business owners and the ecosystem of public, private, non-profit, and academic programs that support them to explore new ways that they can embed social purpose into their activities. Social purpose organizations must be enterprising to have sustainable social impact, and conventional businesses are all embedded in their communities and have social impact. We encourage organizations in both ecosystems to increase their connections to enable the transition of the whole Canadian economy towards deeper sustainability.

ACKNOWLEDGEMENTS

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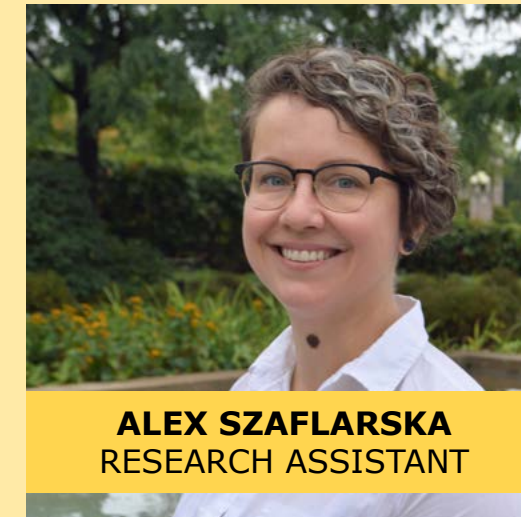
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Lawyer for Charities
Lethbridge College
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MNP
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Pillar Nonprofit
Pilot PMR
Realize Strategies
Richardson Wealth
Saint John Community Loan Fund

Saint Mary’s University
Scale Collaborative
School for Social Entrepreneurs
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Strategy Made Simple
Studio Morelo
Sustainable Waterloo Region
Tamarack Institute
Tea Base Co-op
Tides Canada
Unifor
Université de Sherbrooke
University of Lethbridge
Upper Canada Equity Fund
VanCity Credit Union
VillageWellth
Wakopa Financial Workers’ Cooperative
Wellington-Waterloo Community Futures
Wilfrid Laurier University
York University

THE L3 TEAM



GLOSSARY

SOCIAL ACQUISITION

the process in which a conventional business undergoes both a change in ownership as well as a change in its business model to transform into a social purpose organization that merges profitability with social impact to achieve blended or shared value returns.

SOCIAL FINANCE

investments whose purpose is to create social or environmental impact alongside financial returns. Social finance differs from traditional finance because returns or profits are not the only motivation. Social finance is the type of financial support that developing social purpose organizations need to advance their missions (ESDC, 2021).

SOCIAL INNOVATION

a response to a social or environmental problem (including everything from a program or a service to different ways of structuring organizations) which, once adopted, results in better outcomes than existing approaches. Social innovations have a transformative impact, delivering improvements across organizations, communities, regions, or systems. Social innovation often takes place when social purpose organizations are enabled to invest resources in social research and development, helping them to grow the impact of their work (ESDC, 2021).

SOCIAL INNOVATION LAB

While the term ‘lab’ commonly denotes a place, when used in the context of innovation they often refer to a process, “one that is intended to support multi-stakeholder groups in addressing a complex social problem” (Westley et al., 2015). Labs draw on design thinking and systems thinking, and involve creating space for dialogue and sensemaking while stewarding a group of diverse stakeholders through a collaborative innovation process (Westley, Geobey, & Robinson, 2012; Tiesinga & Berkhout, 2014; Kieboom, 2014; Zivkovic, 2018).

SOCIAL PURPOSE ORGANIZATIONS

organizations with a social or environmental mission. SPOs straddle the charitable and non-profit sector and the private sector (including registered charities, incorporated non-profit organizations and non-profit co-operatives), the private sector (including market sector co-operatives and private businesses advancing a social or environmental mission), and hybrid entities such as Community Contribution Companies and Community Interest Companies, found in British Columbia and Nova Scotia respectively (ESDC, 2021).

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L3 RESOURCES AND KNOWLEDGE PRODUCTS

[INTRODUCTION PACKAGE ↗](#)

This document helps you understand the Legacy Leadership Lab purpose, methods, and process, and understand if and how to join a Stream or the broader L3 Community.

[INTRODUCTION DECK ↗](#)

A slide deck offered as a resource for those looking to introduce L3 to potential new members.

[SOCIAL ACQUISITION PRIMER ↗](#)

This one-pager is a useful handout that quickly explains what a social acquisition is for the uninitiated.

[SOCIAL ACQUISITION WEBINAR ↗](#)

This webinar was designed by L3 to be used by the community to present to their members, clients, customers, stakeholders, or other audiences that should understand the basics of social acquisitions. The content can be adjusted and adapted to suit a variety of purposes. L3 is happy to support in the adaptation and delivery of the content.

[SOCIAL ACQUISITION PROCESS MAP ↗](#)

A map of possible steps to be taken during a social acquisition from selling, buying, to sustaining the business.

[SOCIAL ACQUISITION TEACHING CASES AND DEVELOPMENT GUIDE ↗](#)

L3 produced a case study series, and this guide provides support for other organizations looking to write up their own social acquisition cases for research, teaching, and awareness purposes.

[STAKEHOLDER BRIEFS ↗](#)

Social acquisitions are a complex process requiring many interest groups, professionals, and skill sets. These Stakeholder Briefs were compiled to outline some of the major players that are involved in a successful social acquisition. These briefs help community builders, municipalities, business owners, co-ops, and any other groups to leverage the full system of supports and leaders at their disposal when executing a SABR.

[MAP EVENT SUMMARY ↗](#)

An overview of L3’s January 2020 workshop in Toronto, presented by DUCA Impact Lab.

[FRAME EVENT SUMMARY ↗](#)

An overview of L3’s April 2020 online workshop, Atlantic Online.

[BUILD EVENT SUMMARY ↗](#)

An overview of L3’s December 2020 online workshop.

[LAUNCH EVENT SUMMARY ↗](#)

An overview of L3’s February 2021 online workshop.

[CONTINUITY REPORT ↗](#)

This document presents a continuity strategy emerging from conversations with and priorities set by the L3 community, leveraging the collective action mobilized through L3 and its network. The continuity plan simultaneously leverages L3’s original work while anticipating the future needs of Canada’s social finance systems to make greater use of social acquisition as a tool. This report is for those connected to the L3 Community and other stakeholders who see themselves as part of Canada’s social acquisition solution.

[INVITATIONAL DESIGN BRIEF ↗](#)

The initial conceptual and problem framing of L3 as articulated before the first workshop.

[PROTOTYPE EVALUATION PLAN ↗](#)

In the final major workshop event LAUNCH, participants were invited to use this prototype evaluation schema to determine the feasibility, viability, and desirability of their prototype.

[FINAL REPORT SLIDE DECK ↗](#)

Recording ([English](#) and [French](#)) and [slides](#) from Final Findings: L3 delivered a 90-minute Final Findings webinar on April 15, 2021 to present the results of the pilot back to the community and public. Both a recording of that webinar and the accompanying slides are found in the link.

INVESTMENT READINESS PROGRAM AND PARTNERS

The IRP was structured in such a way that the partners funded to support or develop different areas of the Social Innovation/Social Finance strategy were mutually reinforcing one another’s work. The below table outlines the different types of partners and their roles, and the ways that the efforts of each of these partner types contributes to a long-term, sustainable enabling system for the kinds of enterprises that would result from social acquisitions in Canada.



IRP PARTNER TYPE	PARTNER TYPE ROLE	POTENTIAL FOR PARTNER TYPE EFFORTS TO BOLSTER/AMPLIFY THE SOCIAL ACQUISITION SYSTEM/PROCESS	LIST OF READINESS SUPPORT PARTNERS
Readiness support partners	Provided funding to SPOs hoping to use social enterprise as a tool for social innovation. These funds allowed social purpose organizations to gain skills and knowledge needed to access new forms of finance, like social finance, to advance their social and environmental missions.	These partners supported SPOs engaging in investible, enterprising efforts. In helping to increase existing SPO’s capacity to pursue an enterprising for-purpose project, readiness support partners equipped the social sector with the skills, knowledge, and experience required to appropriately identify viable social acquisition opportunities. Investment-ready SPOs are then more readily able to choose to participate in social acquisitions as an investor; resourcing, advocacy or impact partner; acquirer, or other such roles.	<ul style="list-style-type: none">• Community Foundations of Canada• Chantier de l’économie sociale• Canadian Women’s Foundation• National Aboriginal Capital Corporations Association• National Association of Friendship Centres
Expert service providers	Helped social purpose organizations along the investment readiness continuum, from idea to investment to realization.	These partners provided essential sense-making on an enterprising social purpose organization framework.	<ul style="list-style-type: none">• McConnell Foundation• LIFT Philanthropy Partners• Social Enterprise Ecosystem Project• Social Venture Exchange• UBC Sauder School of Business: Centre for Social Innovation and Impact Investing• Raven Indigenous Capital Partners

INVESTMENT READINESS PROGRAM AND PARTNERS

IRP PARTNER TYPE	PARTNER TYPE ROLE	POTENTIAL FOR PARTNER TYPE EFFORTS TO BOLSTER/AMPLIFY THE SOCIAL ACQUISITION SYSTEM/PROCESS	LIST OF READINESS SUPPORT PARTNERS
Ecosystem mobilization – community awareness builders	Strengthened the access of marginalized groups to social financing and to social financing information.	A social acquisition systemic strategy in Canada must be embedded into all layers of society, not just those layers that have easy access to supports for undergoing successions and transitions.	<ul style="list-style-type: none">• Canadian Community Economic Development Network• Imagine Canada• Startup Canada• Native Women’s Association of Canada• Inuit Tapiriit Kanatami• Co-operatives and Mutuels Canada• Social Economy Through Social Innovation
Ecosystem mobilization – research focus	Used research to strengthen the social innovation and social finance ecosystem by developing sustainable solutions to persistent problems. These partners prioritized social innovation research in particular, focusing on interdisciplinary and multi-stakeholder research and development and ensuring the widespread availability and effectiveness of social finance efforts in Canada.	Ongoing research and research-oriented development are crucial for the success of the social acquisition opportunity, particularly on novel/non-debt methods of distributing social finance; case writing and teaching; co-creation, prototyping and piloting of community-driven solutions.	<ul style="list-style-type: none">• Congress of Aboriginal Peoples• Carleton Centre for Community Innovation• Centre for Social Innovation• New Market Funds• McConnell Foundation• Waterloo Institute for Social Innovation and Resilience – University of Waterloo