

LEGACY LEADERSHIP LAB



INTRODUCTION DECK



BACKGROUND

In the next 10 years, an estimated **700,000 small businesses** are at risk of closure because they lack an adequate succession plan.

Small and medium businesses are disproportionately being impacted by COVID-19 as they handle major changes in every aspect of their business from **consumer spending and demand, business cash flow, debt, staffing, and logistics.**

As the immediate impacts and continued uncertainty of COVID-19 grow, owners may be forced to **close permanently** or continue to **push off their succession planning.**

SOCIAL ACQUISITION FOR BUSINESS RECOVERY (SABR)

Social Acquisitions for Business Recovery (**SABR**) is the term we use to describe the practice of transitioning ownership and then converting a conventional enterprise into a **co-operative or social enterprise** or another social purpose form in order to **revive and sustain it through an unplanned disruption** like the COVID-19 crisis or a **business succession/ownership transition.**

WHY SOCIAL ACQUISITION?

- 4 million Canadians are expected to apply to the Government of Canada's Canada Emergency Response Benefit (CERB) due to wage losses, according to CRA
 - This lost labour capacity could be recovered and leveraged towards social (and economically viable) ends
- To preserve important businesses in small and rural communities
- To address pressing social and environmental challenges

SOCIAL ACQUISITION FOR BUSINESS RECOVERY (SABR)

SABR can encompass various types of efforts by communities, business owners and stakeholders.

A social acquisition occurs when there is 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 FOR BUSINESS RECOVERY (SABR)

Efforts typically include transitioning a conventional business into a *socially driven form* for the purposes of:

- **sustaining** a valued local business through economic hardship or distress;
- **reviving** some or all elements of a valued failing or failed local business; or,
- **sustaining, elevating, or renewing its social, environmental, cultural, and/or economic value** for its owner(s) as well as its broader community of customers, clients, suppliers, employees, and other stakeholders.

HOW DOES L3 FIT INTO THIS PROCESS?

Legacy Leadership Lab (**L3**) is an 18-month initiative by the Waterloo Institute for Social Innovation and Resilience, funded by the Government of Canada's Investment Readiness Program.

We are leading **research, online workshops, and events** to help build expert-driven solutions for Canada's transitioning small business community to build systemic support for SABRs.



HOW DOES L3 FIT INTO THIS PROCESS?

The L3 Community is developing and activating **market interventions and prototypes** of solutions that allow conventional and social finance players, business service providers, and community leaders to facilitate social acquisitions of existing businesses.



HOW DOES L3 FIT INTO THIS PROCESS?

L3's funding period from the Investment Readiness Program runs from October 2019 until **March 2021**.

Our exit strategy will be co-created with L3 Community members. Together, we will explore potential mechanisms for knowledge, resources and networks to succeed this iteration of the L3 project.

OUR MISSION

To help a network of professionals and organizations create systemically designed, market-ready pilot products, services, and programs that make it easier for businesses with transitioning and exiting owners to continue under new ownership, **but as an enterprising social purpose organization.**

We call this process *social acquisition*.

WHAT MIGHT AN ACQUISITION LOOK LIKE?

1. An employee or community buy-out e.g. a transition to a worker, consumer, or multi-stakeholder co-op



Arise Architects Co-operative

- 41-year-old firm in Guelph (oldest architectural firm in the city)
- Transitioned to a worker cooperative
- Owner not looking to retire imminently—transitioning to a worker co-op gave the owner the ability to share the responsibility and the workload
- New members have past experience with co-operatives

WHAT MIGHT AN ACQUISITION LOOK LIKE?

2. 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



- In 1998, the owner of the Mount Adstock ski hill in L'Amiante, Quebec announced that he would be forced to sell the business as he was on the verge of bankruptcy.
- The mayor negotiated an agreement to purchase the business for \$450,000, and the owner would continue to run the business for three years.
- The community considered Mount Adstock to be a common resource and support the establishment of a multi-stakeholder co-operative
- Members included: (1) business members, (2) leisure members, and (3) worker members

WHAT MIGHT AN ACQUISITION LOOK LIKE?

3. Sale to new owner(s) of an equity-seeking group, and/or who adopt and measure a social purpose as social entrepreneurs

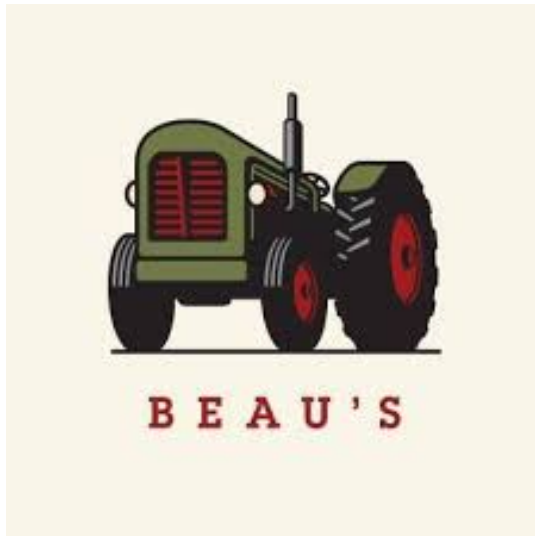


Fernwood NRG
Your Neighbourhood Resource Group

- Fernwood NRG purchases Studio 1313 Hair Design Owner was going to retire
- Local community non-profit purchases business taking over business requirements
- Owner stays on as salary manager, Fernwood NRG makes more revenue for itself

WHAT MIGHT AN ACQUISITION LOOK LIKE?

4. Partial versions of each of these (investments coming from any of the above which lead to a strategic change in an enterprise)



Beau's Brewery is a successful family-owned craft brewery that, in the summer of 2016, began the process of transferring partial ownership to their 150 full-time employees through an Employee Share Ownership Program (ESOP).

Beau's has been a B Corporation since 2013.

PLEASE NOTE

Legacy Leadership Lab workshops are not intended to teach people how to undergo a social acquisition. Each social acquisition is different and requires a unique team of professionals that can help them through the process.

Rather, the Legacy Leadership Lab's purpose is to build Canada's capacity to undertake more social acquisitions through research and awareness, and support the development of solutions that can be delivered to business owners and their successors to make social acquisitions easier, better, and more sustainable.

PLEASE NOTE

L3 does **NOT** fund or enact conversions or prototypes; take ownership or delivery of any of the prototypes; or displace paid work that people in the L3 network can provide.

L3 is not a matching platform for business buyers and sellers (but we do host a community bulletin where you can let other community members know if you are seeking something specific).

HOW L3 SUPPORTS SABRS

- Provides individual organization and groups with support in developing prototypes of solutions through:
 - Providing templates, advice on planning development, networking;
 - Being a sounding board;
 - Sharing results across L3 networks (learnings, as case studies, as common document).



The SABR Hub is a crowdsourced library for specialists of all kinds working on **Social Acquisitions for Business Recovery (SABR)** ideas, products, services, and projects.

HOW L3 SUPPORTS SABRS

- § Provides structured, facilitated social innovation workshops/events/convenings that target initiative-and network-building;
- § Acts as a convening point and core network infrastructure for a community of professionals and organizations working toward systemic support for social acquisitions in Canada, while creating a continuity plan and handing off these responsibilities when project is complete;
- § Is a first response team for the needs and priorities of the members in their social acquisition endeavours.

BENEFITS OF JOINING L3

- Support your existing clients who need help during the various stages of the SABR process
- Expand your current client base to people who are looking for SABR-specific help
- Expand the decision-making power of workers within organizations
- Create new, socially responsible investment opportunities
- Many more

THE L3 STRUCTURE

L3 is now operating two different Streams for L3 Community members to join when they would like to take an active role in building solutions that lead to more and better SABRs in their communities and contexts.

Design Stream

The Design Stream supports the development of prototype products, services, processes, or programs that contribute to building systemic support for SABRs in Canada.

Activation Stream

The Activation Stream brings potential new members in to the L3 Community and orients them to the work they can engage in within the L3 Community.

DESIGN STREAM

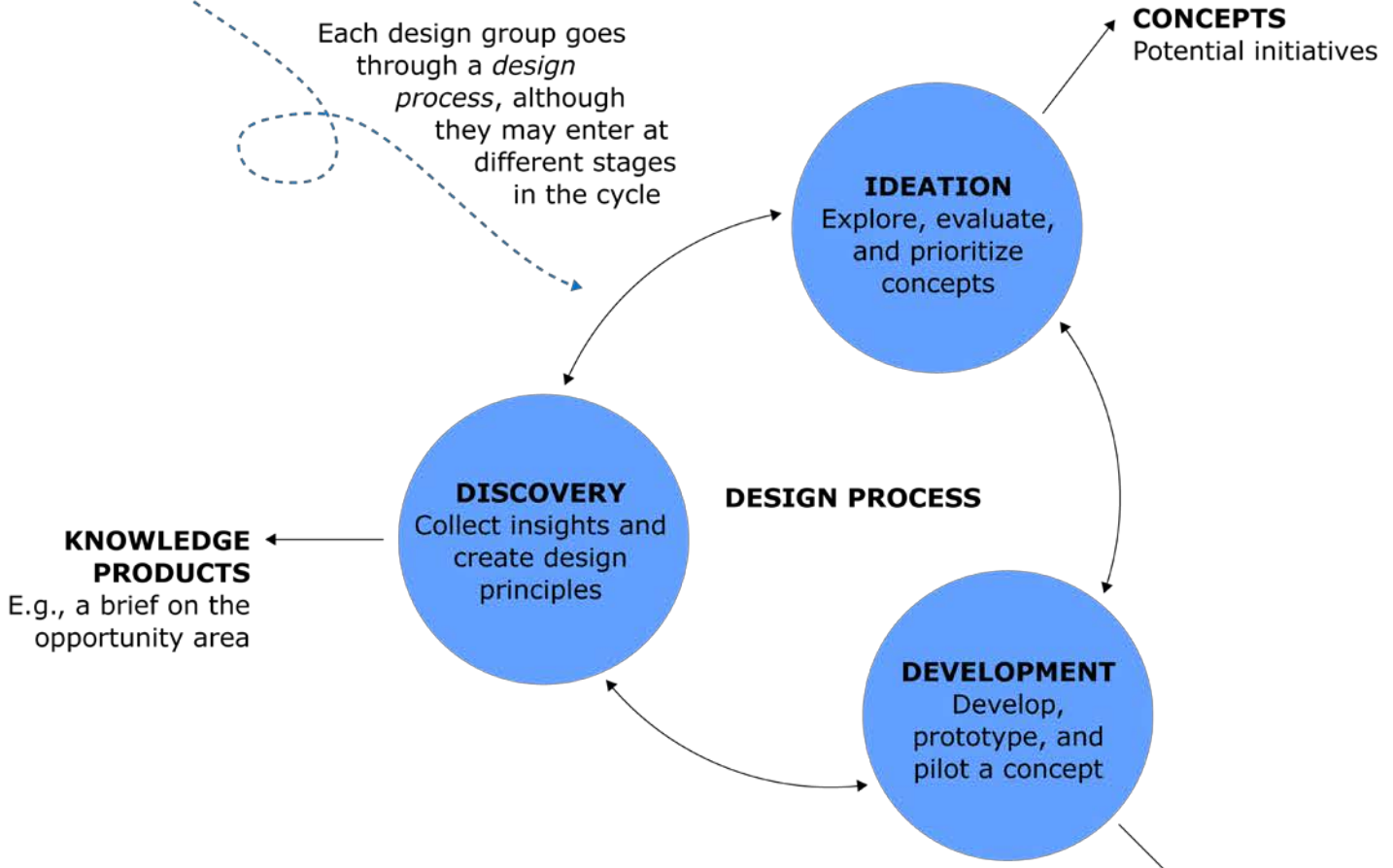
The Design Stream will support the development of prototypes of products, services, processes, or programs that contribute to building systemic support for SABRs in Canada.

The Stream is composed of design groups, each with their own focus area, going through a guided virtual design process at their own pace led by the L3 team.



DESIGN STREAM
 Composed of *design groups*
 focused on specific
 opportunity areas or
 initiatives

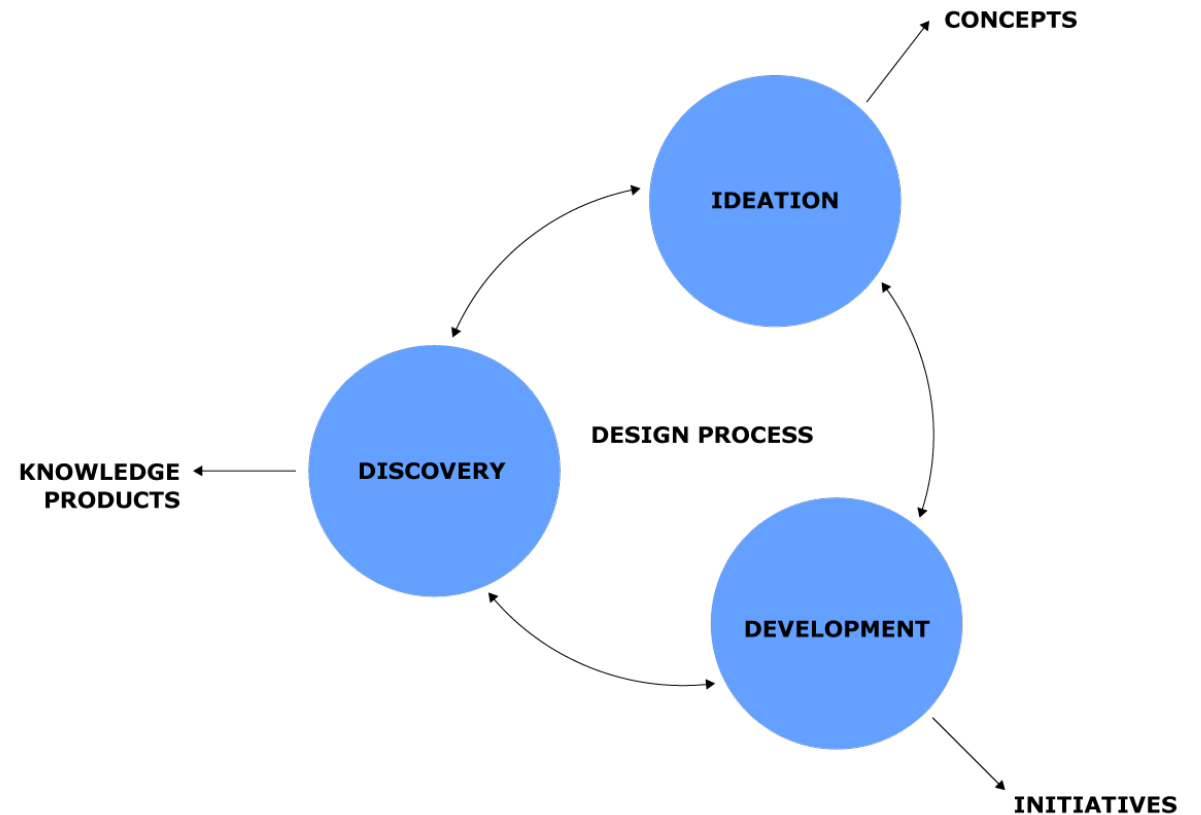
Each design group goes through a *design process*, although they may enter at different stages in the cycle



DESIGN STREAM

How L3 supports the Design Stream:

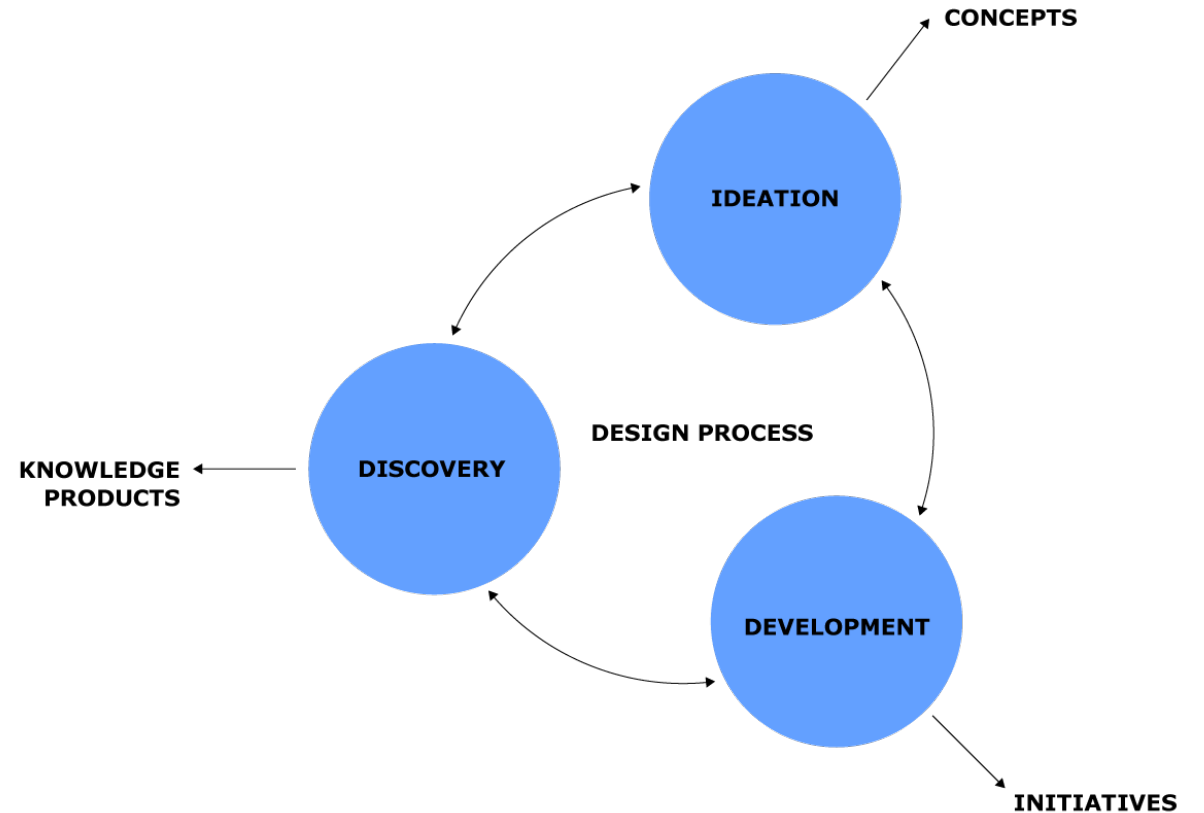
- Help to organize and facilitate Design Group meetings;
- Provide tools and activities to help the groups move through a design process, from research, to ideation, to prototyping and developing an initiative;
- Support Design Group research and networking



DESIGN STREAM

Existing Design Groups:

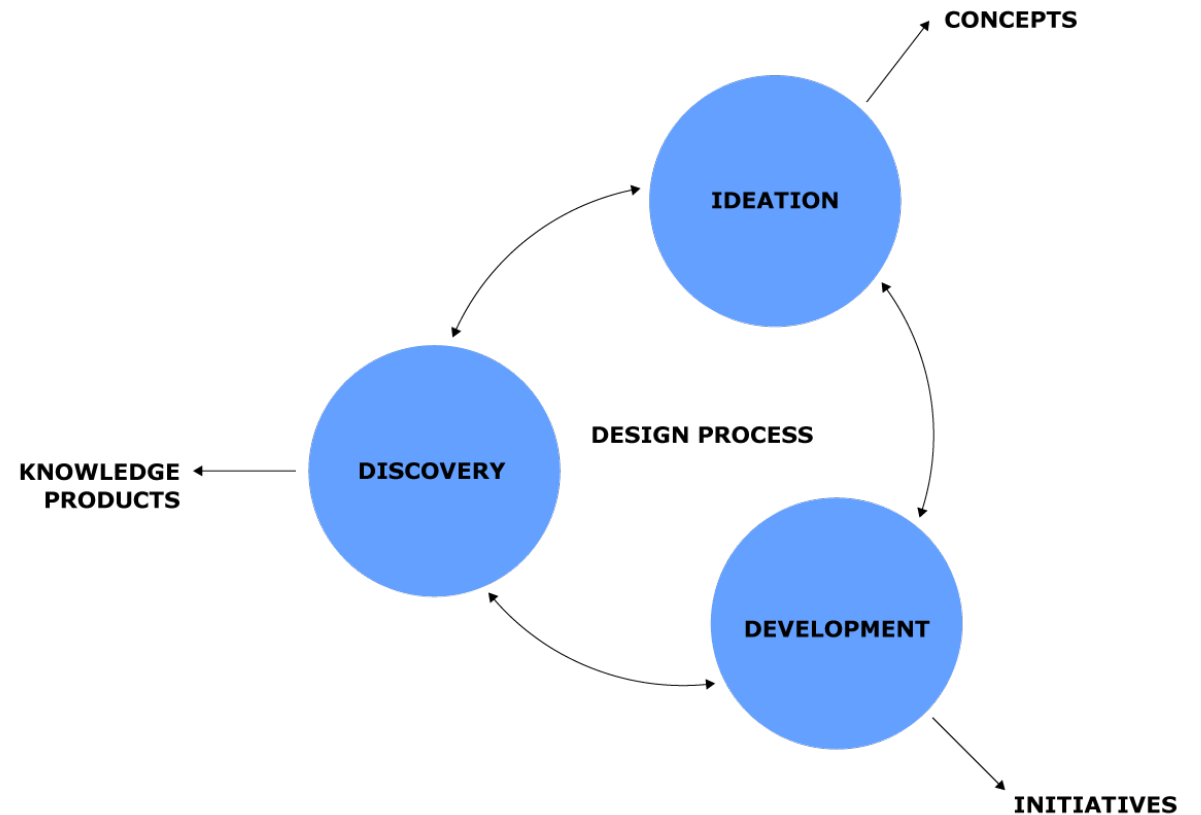
- Business advisor engagement
- Charity acquisitions
- Standard playbook
- Non-debt financing
 - Instrument-focus
 - Capacity-building focus
- Municipality and local institution engagement
- Long-term care facility conversions



DESIGN STREAM

You might join the Design Stream if...

- you or your organization would like to develop a product, service, program, or initiative;
- you feel like you have valuable expertise to contribute to a Design group;
- you would like to be involved in prototyping, testing, or remixing a product, service, program, or initiative.



ACTIVATION STREAM

The Activation Stream aims to raise interest and awareness in Canada for building systemic support for social acquisitions and social purpose conversions.

The Activation Stream brings potential new members in to the L3 Community and orients them to the work they can engage in within the L3 Community.

ACTIVATION STREAM

Composed of *activation groups*. These groups are based around a common interest, such as a profession, geographic area, economic sector, or impact area.

Activation groups go through a series of workshops to kickstart their efforts

INTRODUCTION
Learn about Social Acquisitions for Business Recovery (SABR)

SYSTEMS
Explore and map the social acquisition system

ACTIVATION
Strategize to activate a community

Activation groups go on to advance SABR in their community

Participants may find they belong in the *Design Stream* or *L3 Community* broadly as they learn more

Activation Stream provides input into design process

Design Stream provides initiatives to the activation stream

DESIGN STREAM

L3 COMMUNITY

ACTIVATION STREAM

How L3 supports the Activation Stream:

- Preparing resources and knowledge products that can be customized to reach Activator Groups' networks meaningfully;
- Planning and co-facilitating presentations and events;
- Sharing Design Stream to be prototyped with various audiences.



ACTIVATION STREAM

You might join the Activation Stream if:

- you or your organization would like to encourage your professional community to embrace SABRs as a viable solution for their business sector;
- you are a Design Stream member that also wants to activate a broader strategy for your community and context.



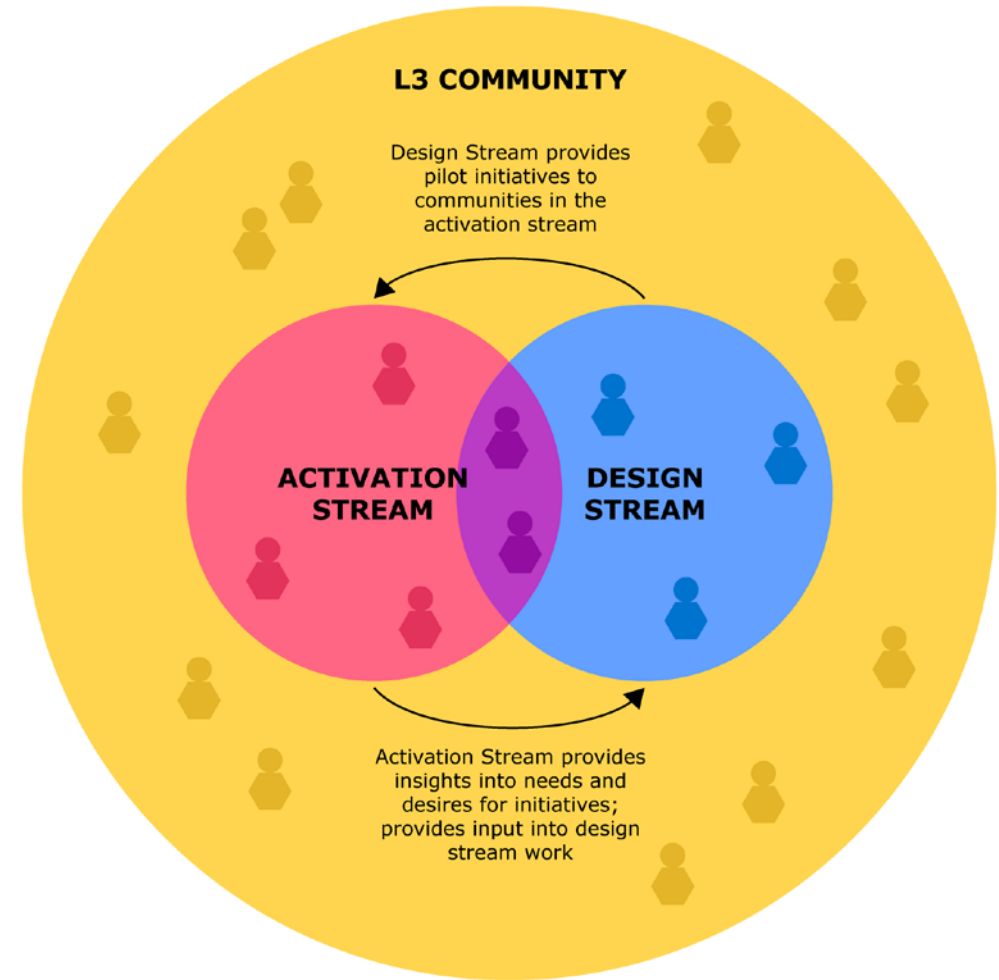
THE L3 COMMUNITY

THE L3 COMMUNITY

You also don't need to join a stream to be part of **the L3 Community!**

You can support participants of those streams at various points in their development, attend L3 events, share your own social acquisition or social purpose resources with other L3 participants, or simply follow along with L3 and L3 members' work.

Anyone who is involved with L3 is a part of the L3 Community.



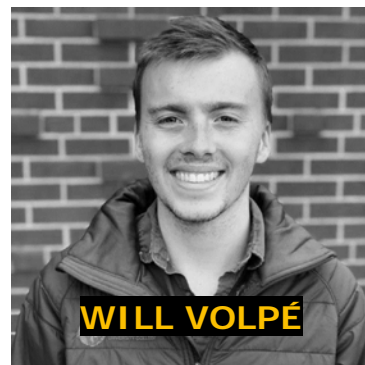
Joining A Stream

Those who are interested in forming or joining a Design or Activation group should reach out to WISIR@uwaterloo.ca.

Not sure what Stream to join or how you want to participate? You could also schedule a 20-minute consultation with the L3 team to chat about what Stream could be right for you! [Use our handy Calendly link](#).

L3 TEAM

This project is led by Dr. Sean Geobey, Principal Investigator, and supported by a team at the Waterloo Institute for Social Innovation and Resilience. [Read our team's bios here!](#)



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