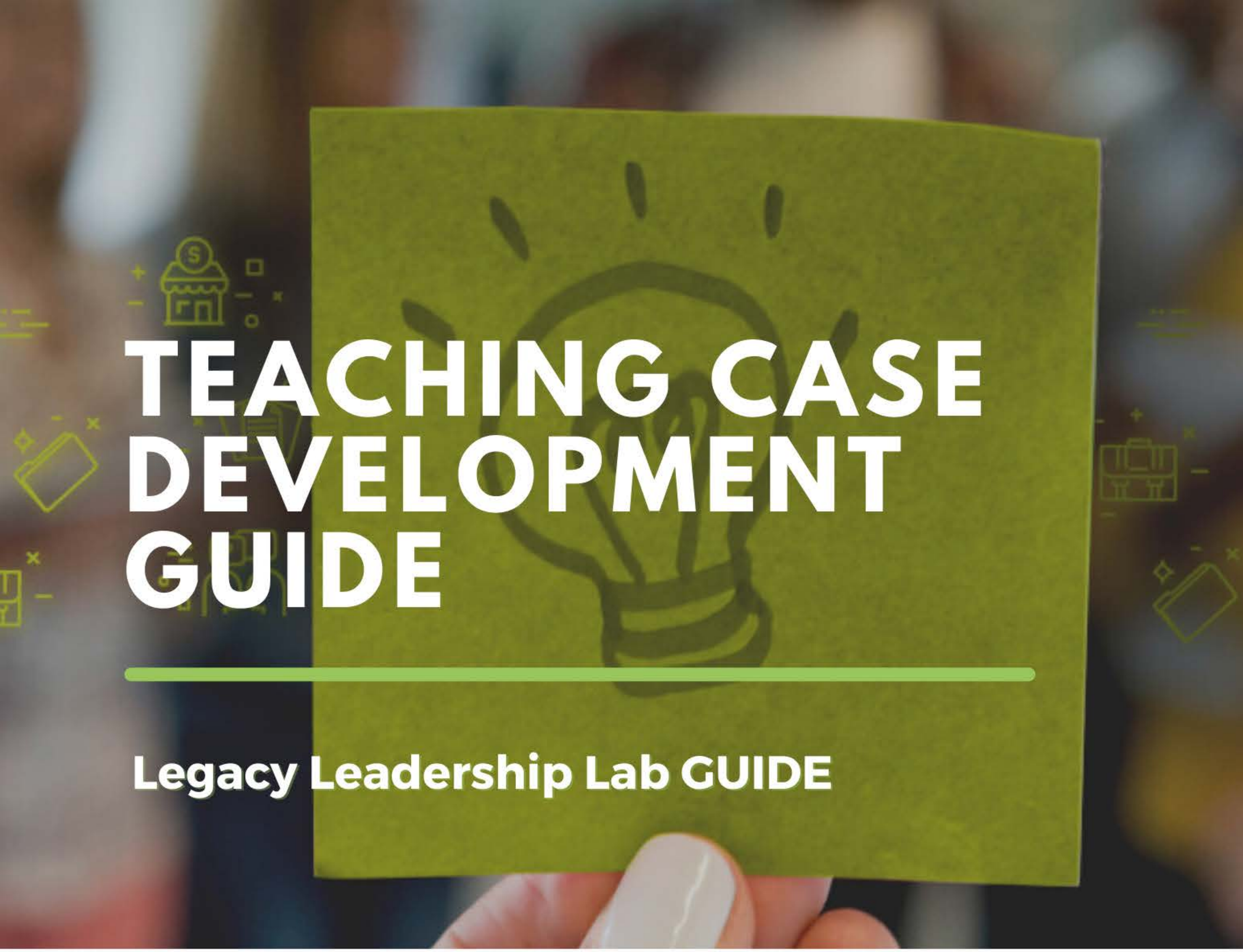

TEACHING CASE DEVELOPMENT GUIDE

Legacy Leadership Lab GUIDE

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TEACHING CASE DEVELOPMENT GUIDE

LEGACY LEADERSHIP LAB

UNIVERSITY OF WATERLOO

CASE STUDY OVERVIEW

"A case is a description of an actual situation, commonly involving a decision, a challenge, an opportunity, a problem, or an issue faced by a person (or persons) in an organization. A case allows you to step figuratively into the position of a particular decision maker." *- Erskine et al., 2012, p2*

As part of the Waterloo Institute for Social Innovation and Resilience's (WISIR's) ongoing research and knowledge dissemination, we have developed a process for creating teaching cases that can be used to help people understand complex challenges with a current focus on the work of the Legacy Leadership Lab (L3). Teaching cases allow individuals to put themselves into the position of someone who is grappling with difficult decisions, helping build empathy while working through complex challenges in a low-risk environment. Cases can be used for community engagement, training, and for classroom education. More broadly, building the capacity to develop teaching cases can have applications in professional environments as well. They can be useful for training, team-building, or to explore comparable decision-making challenges.

Mauffette-Leenders, Erskine, and Leenders (2007) describe cases as being "to management students what cadavers are to medical students, the opportunity to practice on the real thing harmlessly" (p. 4). Cases can be fact, fiction, or a combination of both. Cases are intended to mimic on-the-job training, where a participant puts themselves in the position of a decision maker (Mauffette-Leenders et al., 2007). However, there is not one commonly accepted definition of a case. Herreid (2006) asked faculty the question 'what are case studies' with varied responses:

> *"Sometimes the cases are closed (there is a real answer to the question) and sometimes the cases are open (there are multiple possible answers). Sometimes the cases are dozens of pages long and sometimes they may be a single paragraph. Sometimes the cases extend over several days or even over weeks, while sometimes they last only part of a meeting or session. The variations seem endless" (p. 30).*

The most common form and discipline associated with case studies is the Harvard Business School. The use of cases has grown significantly over the years, however. Nathan (2013) points out that "there are in fact many other approaches to the use of cases in business classes and it is by no means certain that the Harvard method is the most widely adopted, with significant variety likely between different contexts and cultures" (p. 58). This diversification and growth are also seen outside of business schools. The focus remains on exploring real world examples in a safe setting, but the applications and formats have changed.

Teaching cases can help a community build a sense of shared, collective knowledge. Within that, there are a variety of purposes for teaching cases. Swiercz (personal correspondence, 2015) has identified four types of teaching cases[1]:

1. 'Profiling' cases, which often are used as important and known examples of events and organizations from which we can learn valuable lessons.
2. 'Decision-making episodes' refer specifically to situations in which various stakeholders must make judgment calls based on their assessment of the situation, their knowledge, and experience.
3. 'Theoretical Explorations' which help illustrate how particular theories can apply to different situations.
4. 'Ethical and confrontational' cases depict a dilemma that must be addressed based on a series of questions to guide the discussion.

The cases being developed by WISIR are primarily used to highlight decision-making episodes because they are useful for highlighting the critical issues tied to social acquisitions.

1 Paul M. Swiercz. 2015. SWIF Learning: A Guide to Student Written-Instructor Facilitated Case Writing. The George Washington University, Washington D.C.

CASE DEVELOPMENT PIPELINE

WISIR is producing a series of teaching cases for L3. Not every possible case will be fully written up as a teaching case because the universe of possible cases is so large. Because of this, the development pipeline can be thought of as a large triage process through which we can identify the cases that provide the highest impact to our community, given the resources we have available for case production.

Phase	Description	Number of cases	Resources	Additional notes
1: Case identification	Identify the largest number of possible cases	50-100	Active list: L3 Case Database	Pull very widely from the internet
2: Case abstracts	Build a short description	25-50; roughly half of identified cases	Active list: L3 Case Database Case abstract format: • Short description of the business • Vital stats (approximate # of employees, location, revenue, profits) • Vendor's and buyers' motivations for the social acquisition • Link to organization's website	Make educated best guesses when needed. For example, if you don't know financials you can estimate the order of magnitude (ex. revenue of $100k-$500k vs $1-10M, 8-12 employees, etc.)
3: Case prioritization	Quickly assess case abstracts to prioritize case writing	10-20; all case abstracts prioritized	Active list: L3 Case Database Refer to case abstracts, adding prioritization evaluands such as: • Ease of data collection • Engagement of vendors and/or buyers in L3 community • Equity-deserving communities represented • Adds to breadth of industry/size • Adds to breadth of conversion process represented	
4: Data collection for short teaching cases	Conduct desk research and interviews to build cases	5-10 active	Refer to interview guide	
5: Write short teaching cases	Construct 2-page teaching cases	5-10 by March 2021	Refer to case study template	**For L3, our process will only go this far**
6: Testing teaching cases	Actively teach or train using teaching cases	3-8	Testing teaching cases with L3 community Classroom testing of teaching cases Presentation at teaching case conferences	(future work)
7: Publish expanded teaching cases	Develop short teaching cases for academic publication	1-3	Format for publication (Ivey, Harvard, etc.) Go through peer-review process	(future work)
8: Promote published teaching cases	Publicize beyond L3 community	1-2	Use L3 communication channels Use WISIR, SEED, UW channels to promote Integrate into course offerings Present at academic conferences	future work)

CASE DEVELOPMENT RESOURCES

Active case list: [L3 Case Database]

CASE IDENTIFICATION

Potential sources to identify new cases:

- L3 Community
- TRANSFORM
- CONVERT
- Others?

CASE ABSTRACTS

Case abstract format:

- Short description of the business
- Vital stats (approximate # of employees, location, revenue, profits)
- Vendor's and buyers' motivations for the social acquisition
- Link to organization's website

CASE PRIORITIZATION

Refer to case abstracts, adding prioritization evaluands such as:

- Ease of data collection
- Engagement of vendors and/or buyers in the L3 community
- Equity-deserving communities represented (see Gerring, 2007)
- Adds to breadth of industry/size
- Adds to breadth of conversion process represented

DATA COLLECTION FOR SHORT TEACHING CASES

Data sources that may be useful:

- *Press releases and news articles*
- *Interviews with key stakeholders (ex. current or past owners)*

INTERVIEW QUESTIONS COULD INCLUDE:

What was the problem or opportunity that presented itself?

- Example answer #1: COVID-19 radically changed our business. Overnight we lost all of the American tourists who would visit our town.
- Example answer #2: We aren't the spring chickens we used to be. I love the business but I am ready to spend more time with my grandkids and have a slower pace.

Why did you decide to exit to [community / workers]?

- Example answer #1: A lot of the surrounding businesses rely on the tourists that we attract. The restaurants, bars, outfitters. It isn't just about our business. We knew we wanted to try and save the business for the community, but it turned out the community wanted to try and save the business for themselves.
- Example answer #2: COVID-19 required a lot of changes to our business model. It was no longer just managing an existing business, we had to re-invent the business. That made us recognize that we want a slower pace.

What was the most difficult part of the sale?

- Example answer #1: We were trying to sell a business experiencing financial crisis to a community that was itself experiencing financial crisis. We aren't a large business but we owned equipment and real estate.
- Example answer #2: Our usual advisors gave us usual advice: sell to the highest bidder, selling to employees will take too long or destroy the business. It was really hard to find people who understood what we wanted to do.

What did you learn that surprised you or that you think others should know?

- Example answer #1: The community really rallied together and worked hard to save the business. We have a close community, but it can be difficult to get everyone to dance the same tune.
- Example answer #2: The interest from our employees was much higher than I thought it would be. The concept of employee ownership resonated strongly with them.

How has the business done since the sale?

- Example answer #1: The community did buy the business with support from the municipality and a local Community Futures. Tourism did not rebound quickly enough and unfortunately the community ran out of funds and had to sell the business to a private investor. Fortunately the business still exists but it created a lot of tensions within the local community.
- Example answer #2: After the transition we stayed on for two years, slowly working less each month. The employees really came into their own. They have had challenges in building a culture of employee ownership, but the company has continued to grow and I think is now a model for others.

WRITING SHORT TEACHING CASES

Our goal is to create a large number of short 2-page cases. We understand that each case is quite rich and that 2-pages may not seem like enough to cover all of the material you have available to you. This suggests that you may have a variety of possible decision-points, time periods, or perspectives that could be used to develop your teaching case. If there are many possible cases it is worth identifying what they could be as a particularly interesting case can *and should* be used to produce more than one teaching case.

This all being noted, you will be writing 2-page cases and that means making tough decisions about what material to include and what material to leave out. Think about the pedagogical objectives you have when writing the case and which ones you want to highlight. Barbazette (2004) identifies five purposes for using case studies in teaching (see Figure 1 below). When you are writing, consider which you would like to highlight.

It is likely that problem-solving and application are going to be highlighted in many of L3's cases. However, it is also worth noting that many of our cases will be about active conversion projects. For this likely application, people in the L3 community will be using these cases as an entry point for helping the actual subjects of the study solve their real world problems. These cases are not and should not be written from the perspective of having a 'right answer'; rather they should be available to open up conversations that are generative to those who are new to L3's work (ex. undergraduate students), those who are professionals working in some part of the conversion ecosystem, and anywhere in between.

FIGURE 1. WHY USE CASE STUDIES?

1. IDENTIFICATION:

This type of case study is appropriate to help learners identify both positive and negative characteristics of a situation. As part of the learning process, the learner is asked to find points similar to those which may be present in his or her own work life. These provide a safer way to identify the characteristics or points from the case that they find in themselves.

2. PROBLEM-SOLVING:

This type of case study helps the learner use systematic and creative problem-solving techniques. Problem-solving case studies can be used to have learners solve an entire problem using a specific problem-solving model or to have learners focus on any part of the problem-solving process, such as finding a solution, or clearly identifying the problem.

3. PRACTICE:

This type of case study helps learners think about and use a new idea or try out a skill in a safe setting before using it in the real world. These case studies can also be used to help learners explore and clarify their attitudes about specific issues.

4. APPLICATION:

This type of case study is often used at the end of a training program to summarize and review a set of complex ideas and skills presented during the course. Different elements of the case can address how the complex ideas that were learned are interrelated as well as show how to overcome obstacles to using new ideas and skills back on the job.

5. SERIAL:

This type of case study uses an initial situation or set of characters and progressively adds new elements for the learner's consideration. Some of the elements from the above four types of cases may be used at different times during the workshop. This type of case study can save time since learners already understand the background of the case and can focus on the new element, idea, or skill being introduced. Another type of serial case study uses the same situation and asks the learners to use different tools and skills to apply to the same case study.

Source: Barbazette, Jean, (2004), *Instant case Studies: How to Design, Adapt, and Use Case Studies in Trainin*g, John Wiley & Sons, Inc. (p. 4-5).

TITLE OF CASE

The purpose of this exercise is to demonstrate the challenges and opportunities of conversion through succession as experienced from the perspective of key stakeholders. The cases should represent a range of perspectives on successions through conversions, as well as the range of points along an enterprise's life cycle. This will include explorations of the conversion from the seller's perspective and the buyer's perspective, as well as of sustaining the converted business post-succession.

INTRODUCTION

A brief outline of the company and the questions it faces, situated within the broader context of the succession challenge Canada faces. This should include an introduction to the perspective taken in the case (e.g., owner, potential buyer, investor, community member, etc.).

BACKGROUND

Limit this section to relevant details that set the context and help the reader better understand the problem statement.

- Dates and details of founding, including key stakeholders involved. An overview of the growth of the SME until present day should be included. Some key points that could be included:
- Any previous successions
- Employee number growth over time (if any)
- Goods/services - type, market
- Business fundamentals - growth, debt, employee retention
- Community relations - what role does this SME play in its community?
- Current management/governance structure
- Reason for the current critical decision point
- Outline the timeline and reasons for a key decision right now. For example, age, finances, pursuing new opportunities for a business founder seeking an exit

KEY CONSIDERATIONS

Include one to three bullet point statements about each of the following:

- Key human resource considerations
- Existing HR expertise
- Gaps in knowledge and expertise
- Key financial resource considerations
- Business valuation
- Credit availability
- Key social impact considerations
- Ownership structure
- Community outreach

CURRENT SITUATION

Include the resources available and any pre-existing motivations for conversion. Remind the reader of their specific role – what hat are you wearing in this situation (e.g. business owner, business advisor, worker, customer, economic development officer, banker, etc.)?

For early versions of a case, a few different problem statements or possible perspectives about the current enterprise can be offered.

STRATEGIC ALTERNATIVES

The author *may* include a list of strategic alternatives for the purpose of either requiring participants to analyze the suitability of each alternative, or to provide a starting point upon which they can create further strategic alternatives.

REFERENCE

The author may or may not choose to include external references. A case that is the result of primary sources (e.g. experience of author or interviews with business leader) may not require external references. An author who determines that only case content should be relied upon by the participants for their analysis may intentionally exclude external references to focus attention on the course content. Alternatively, a case developed as the result of secondary documentation, or one where the author requires external research of the participant, may include external references.

See Appendix for Case Study Examples

USING AND PROMOTING TEACHING CASES

TESTING SHORT TEACHING CASES

It is good practice for us to test each teaching case as this will allow us to refine them and raise interesting new discussion prompts. As a first test, each teaching case should be subject to a 30-minute test with the internal L3 team (likely as part of our weekly team meeting). The format for this should be simple:

- 10 minutes to read the case and formulate a response to one of the current situation questions
- 10 minutes for people on the team to discuss what their responses to the questions were
- 10 minutes to debrief using a SOAR analysis for the case itself (aspirations and results are likely going to tie more into how the case could be used in the future or tie into other L3 tools)

This process will be further developed starting in May 2021 and shift more towards external testing. Expected external testing process includes:

- Testing teaching cases with L3 community
- Classroom testing of teaching cases
- Presentation at teaching case conferences

Use learning from testing to produce case study teaching notes, revise case, and identify possible variants.

PROMOTE PUBLISHED TEACHING CASES

Promote published teaching cases, likely starting in late 2022.

- Use L3 communication channels
- Use WISIR, SEED, UW channels to promote
- Integrate into course offerings
- Present at academic conferences

ADDITIONAL RESOURCES

Anderson, C., Lambert, S., & Effa, D. (2016). Introduction to Writing Cases.

Barbazette, Jean. (2004). Instant case Studies: How to Design, Adapt, and Use Case Studies in Training. John Wiley & Sons, Inc.

Erskine, J. A., Leenders, M. R., & Mauffette-Leenders, L. A. (2011). Teaching with cases (3rd ed.). Ivey Publishing.

Gerring, J. (2007). Case study research: principles and practices. Cambridge University Press.

Herreid, C. F. (1997). What is a case? Journal of College Science Teaching 27:92-94.

Herreid, C. F. (2006). The Case Study Method in the STEM Classroom. 4. https://journals.iupui.edu/index.php/muj/article/view/20286/19879

Mauffette-Leenders, L. A., Erskine, J. A., & Leenders, M. R. (2007). Learning with cases (4th ed.). Ivey Publishing.

Nathan, Philip. (2013). Academic writing in the business school: The genre of the business case report. Journal of English for Academic Purposes, 12, 57-68. http://dx.doi.org/10.1016/j.jeap.2012.11.003

Quin, M., Raz, M., Blanchard, K., & Maznevski, M. (n.d.). 10 Tips for Taking Case Classes Online. Ivey Publishing. Retrieved from https://www.iveycases.com/News/10-tips-for-taking-case-classes-online

Source: http://www.charleswarner.us/howwrite.html

Beau’s All Natural Brewing Co.

Vankleek Hill, Ontario

Introduction

Beau’s 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). The company is now facing the challenges of sustaining their ESOP in the midst of a constricting craft beer market.

Background

Beau’s All Natural Brewing Company was founded in July 2006 by father-son pair Steve and Tim Beauchesne. The craft brewery is Canada’s largest organic beer producer and operates out of Vankleek Hill, located approximately 50 minutes outside of Ottawa, Ontario. Beau’s experienced year-over-year compounded growth of 45% over the first 10 years of operation. This quick growth situated it as a leader in the craft beer sector. Beau’s beer was featured in pubs and restaurants across the Ottawa and Greater Toronto Area shortly after opening, expanding into New York State in 2014. The company’s beers were available across Canada by 2017. Their beers have won “more than 100 awards for brewing, package design and business practices”.[2] All Beau’s beers continue to be brewed with 100% organic malt and hops, and local spring water.

Throughout this time, the company grew to 150 full time employees. Ownership remained with the Beauchesne family and the company’s community presence grew in Vankleek Hill and beyond. Since its opening, the company has donated more than $1 million to causes including charities, arts, and community organizations. Their goal is to donate a further $5 million over their second 10 years in operation. Beau’s “became the first brewery in Canada to achieve Benefit Corporation (B-Corp) status” in 2013.[3] This third-party certification allows businesses to track and share their environmental and social impact.

The Beauchesne family has always maintained a focus on community impact and giving back. In that vein, Steve Beauchesne was intrigued when he heard about the Employee Share Ownership Program (ESOP) model. He saw it as a way to both give back to the employees that make Beau’s successful, as well as instill a sense of ownership and responsibility among staff. At the time, the company was growing significantly year-over-year and there was little indication that would change in the near future. Steve and his father, Tim, comprise the Board of Directors of the company and once the son presented the idea to his father, things moved quickly. Building on their own independent research and working with their legal and accounting professional partners, Beau’s developed the plan to convert internally. The pair were happy to have discovered another way to formally align their values with business operations. Aligning the announcement with the company’s 10-year anniversary was an opportunity not to be missed.

[2] https://beaus.ca/about-beaus/
[3] https://beaus.ca/about-beaus/

The announcement to roll out the ESOP program was made in May 2016 with a launch date of July 1 that year. Since that time, unexpected challenges have emerged that have threatened the sustainability of the ESOP's role in Beau's. Due to increasing competition and a sector-wide slowdown, there has been staff shrinkage at the brewery. When the ESOP was set up, financial resources were not set aside to enable the share sales or their future redemption. Instead, selling shares to new employee shareholders was seen as an opportunity to pay out existing shareholders who had invested in Beau's early. Because of this, as employees exited the company and requested share buyback, it put financial pressure on a company already experiencing a decline in growth.

Amidst the excitement around the rollout, the need for educating the employees about the limitations and responsibilities associated with share ownership was overlooked. This lack of education about the ESOP model has resulted in mismatched expectations between the company and employees. Employees do not expect to lose any portion of their investment, something which becomes more likely as profits and share value decrease. The Beauchesne family has also not seen the level of professional buy-in and sense of ownership that was expected among the employees. The financial transaction was not matched with an educational or decision-making component, thereby potentially missing an important opportunity.

Key Considerations

1. Beau's is still family-operated but the company's employees own shares.
2. The company is financially healthy but growth has slowed and, as such, there has been a decrease in staff.
3. The company does not have the funds to cover share redemption as employees leave.
4. Beau's continues to be a certified B-Corp with a significant charitable donation footprint and is Canada's largest organic craft beer producer.

Current Situation

It is January 2020. Given the existing commitments made by Beau's – including its charitable giving, B-Corp status, and organic certification – a number of key questions about the continued structure of the brewery have arisen. Does it make sense to abandon the ESOP and phase it out from the company's ownership structure? Or is there still an opportunity to capture the potential benefits of employee share ownership more deeply? What resources would be needed to do so?

OPTION A

As an early impact investor who owns shares in Beau's Brewery, what would be your advice to the Board and fellow shareholders? How would you like to see Beau's move forward?

OPTION B

From Steve Beauchesne's perspective, what would be your preferred way forward? Would you distance yourself from your original position as a proponent of the ESOP model at Beau's? What do you believe should change in order to improve outcomes for your shareholders?

OPTION C

As a new employee shareholder at Beau’s, what impact, if any, will owning the shares have on your relationship with the company? Do you believe implementing the ESOP model has made the company stronger? Would you amend any aspects of the model and, if so, what would you suggest as avenues to keep Beau’s a sustainable enterprise?

Arise Architects Co-operative

Guelph, Ontario, Canada

As an employee that has worked with J. David McAuley Architect Inc. for several years, you have just received the news that Mr. McAuley is planning to retire. He is gauging interest in a conversion to a co-operative as a potential solution for this transition.

Introductory Statement

Arise Architects Co-operative began as J. David McAuley Architect Inc., a practice established over 40 years ago – the oldest architectural firm in Guelph. As David McAuley prepared to retire, he looked for a way to sustain his professional legacy, empower his employees, and have more agency over his work as he moved toward retirement. In order to achieve these goals, a worker co-operative was established and announced in October 2019. In the lead up to this transition, existing employees had to consider the pros and cons of co-ownership, shared risk, and democratic governance.

Background

J. David McAuley Architect Inc. served southern Ontario by designing buildings used and admired by communities across the province. Over its 40-plus years of practice, the company team designed over 200 churches and worked on numerous other design projects under the leadership of J. David McAuley. By the time McAuley was considering retirement, his firm was well established within Guelph and beyond. The company, albeit a small enterprise, was known for its focus on community and sustainability, using new and repurposed materials creatively in their projects.[i] As J. David McAuley reached a new stage in his career, he began to consider his next steps and retirement. Two options available were to either sell the business to a willing buyer or shut the firm down. With a sale, McAuley's company would be in the hands of new owners with their own interests, goals, and resources. The staff would lose their employment if the firm was closed with McAuley's retirement. Neither of these options addressed McAuley's intention to stay on and retain some leadership capacity during his shift to retirement.

During this research process, a third option emerged: conversion to a social enterprise. J. David McAuley became interested in the co-operative model as an option for transition after conversations with the Ontario Co-operative Association. Because McAuley was not looking to retire imminently, transitioning to a worker co-op and becoming a member-owner himself gave him the ability to share the responsibility and the workload and ease into retirement in the future. Staff would have the option of becoming member-owners; by purchasing shares in the co-operative, they would gain a right to take part in decision-making and steer the company, building on the knowledge they had gained during their tenure at J. David McCauley Architect Inc.

One of the company partners described working at McAuley as aligned with a co-operative approach: "our methods have been co-operative for some time, with our commitment to working together to improve our communities, and our collaborative approach to design."[ii] The firm worked hard to gain the trust of the community, focusing on designing homes, daycares, schools, and places of worship over the years – it was important to the founder and the staff that this legacy continue. But key considerations about governance, financing, and legal processes would have to come first if the conversion was to be a success.

Key Considerations

1. J. David McAuley is planning to retire in the near future but would like to continue working for the time being.
2. The company is financially healthy and is a stalwart of the Guelph business community.
3. While considering the decision to invest in the co-operative business, the employees have to consider financial prospects, risk, responsibility, and governance control.

Current Situation

It is June 2019. You are a valued staff person at the firm, having worked there for 5 years. You are aware of J. David McAuley's preference for a slow transition. You are facing a critical decision-making juncture and have to consider many factors. What resources would be needed to accommodate his plans and convert to a co-operative? What policies and practices should be put into place to ensure a successful democratically-run workplace? What are the new responsibilities of potential member-owners?

OPTION A

Is establishing a co-operative the best course of action or should Mr. McAuley sell the company to a third party? What should be considered in such a decision - staff capacity, current governance culture? Which staff members should be offered an opportunity to become a member-owner?

OPTION B

As an employee, how do you assess and understand the big risks and opportunities associated with converting to a co-operative? How do other options at the table compare when it comes to these risks? Consider short term issues as well as long term challenges to sustaining the co-operative.

OPTION C

As an employee of the company who had worked there for 5 years, what would you consider to be the biggest factors in your decision to buy into the co-operative and become a member-owner? What would you like to see the company do to ensure the transition be a positive one?

Aron Theatre Co-operative

Campbellford, Ontario

The purpose of this exercise is to demonstrate the challenges and opportunities of conversion through succession as experienced from the perspective of key stakeholders. The cases represent a range of perspectives on successions through conversions, as well as the range of points along an enterprise's life cycle. This includes explorations of the conversion from the seller's perspective and the buyer's perspective, as well as of sustaining the converted business post-succession.

Introductory Statement

Aron Theatre is a non-profit community-based co-operative in Campbellford, Ontario. After a successful conversion in the early 2010s, the theatre continues to benefit from broad community-based involvement and funding that support its management, operations, and capital investments. Campbellford, however, struggles with the common problems associated with rural Ontario. The broad community involvement that sustains Aron Theatre now needs to be transferred to the new generation of Campbellford residents to support the community-based model.

Background

Aron Theatre is a non-profit co-operative that is owned and managed by the local community members. The theatre is in Campbellford, Ontario, a small rural town two hours outside of Toronto, Ontario. The town struggles with many of the same issues facing rural areas across southeastern Ontario. There is an overall lack of economic diversity relying primarily on seasonal tourism and retirees (Ferguson, 2015). Campbellford also faces an aging population and an outmigration of youth, both of which contribute to a decline in local businesses.

Up until 2009, the theatre was privately owned. The owner was looking to retire but could not find a viable buyer which put the business at risk of closing (Northumberland News, 2009). Aron Theatre was an anchor in the community supporting both the tourist economy and the local arts and culture. Residents were worried that without the theatre, the town would lose an essential piece of its character (Kinch, 2012). This issue was not unique to Campbellford. At the time, as many as fifteen to twenty thousand small-town theatres were closing or had already forced across North America (Goldman, 2019). These theatres could not handle broad socio-economic trends of rural areas, the increasing technology demands to run new movies and the overall shift away from the movie theatre experience. However, the Aron Theatre was saved due to the fast and sustained actions taken by the local community.

The idea for a co-operative came from a local with previous experience in co-operative conversions (Blackwell, 2015). The idea was pitched to the community at a public meeting and immediately 130 people signed on to be members. A community development corporation was set up in partnership with the Campbellford Community Foundation to secure a $20 000 federal grant to develop a business plan (Goldman, 2019). The business plan and incorporation were finished in about a year and it took and another 8 months to raise the $215 000 in capital needed to purchase the theatre. $110 000 was sold in

Aron bonds, with $50 000 bought by the community foundation and the rest from community members. The previous owner took out a first and second mortgage amounting to $75 000. As of 2019, both mortgages have been paid back as well as some Aron bonds.

Aron Theatre is now a non-share co-operative with each member receiving one vote (Goldman, 2019). A board of directors and several committees handle the management and long-term planning of the business, and operations are supported by both volunteers and a few employees; while most volunteers are retirees, there are around 600 individuals and families that support either through memberships or involvement in events (SEontario, 2015). The theatre runs a modest surplus generating enough revenue to cover operations through ticket and concession sales, memberships and sponsorships, and advertising (Ferguson et al., 2015). Most capital improvements are funded by grants; to upgrade its digital technology to show current releases, the theatre secured funding from the province, municipality, and community foundation (Kinch, 2012).

The future of Aron Theatre depends largely on its ability to sustain itself financially while providing social, cultural, and economic benefits to the community. The co-operative transition did not solve the issues that Campbellford struggles with as a rural small town. The conversion and continued support of Aron Theatre rely so heavily on the community. These issues may become more worrisome when considering the older demographic of volunteers and the general trend of youth outmigration from rural Ontario. The personal connection that many community members feel to the theatre which creates this groundswell of support, may not be as strong in the future. If Aron Theatre continues to rely on its community-based model it must decide how best to expand and sustain the connection and support for the organization for a new generation of community members.

Key Considerations

Aron Theatre relies heavily on community volunteers and many of those volunteers are retirees.

The theatre is producing a modest profit but has to rely primarily on grants for capital improvements

The organization has recently brought on a youth representative but attracting the younger demographic has still been challenging

Aron Theatre continues to be a major pillar in Campbellford as the community struggles with many issues common in rural Ontario

Current Situation

Since its conversion to a co-operative, Aron Theatre has continued to grow its membership and revenues. This revenue covers operations, but the theatre still relies on community funding and volunteering to sustain itself. Aron Theatre is an important social, cultural, and economic pillar in the community. As Campbellford adjusts to the changing realities of rural Ontario, the theatre needs to ensure the new generation of residents is ready to support the community-based model.

OPTION A

How should Aron Theatre recruit a new generation of Campbellford residents to care about and be involved in the co-operative? How best can it sustain and grow its membership and recruit a new generation of members?

OPTION B

Currently, Aron Theatre is looking to upgrade its concession stand. How should Aron Theatre handle future capital investments? Should the theatre continue to rely on grants?

OPTION C

What programs or services can Aron Theatre offer to grow its social and cultural impact in the community? How best should they market this impact to the community?

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Fernwood Neighborhood Resource Group (NRG)

Victoria, British Columbia

The purpose of this exercise is to demonstrate the challenges and opportunities of conversion through succession as experienced from the perspective of key stakeholders. The cases represent a range of perspectives on successions through conversions, as well as the range of points along an enterprise's life cycle. This will include explorations of the conversion from the seller's perspective and the buyer's perspective, as well as of sustaining the converted business post-succession.

Introductory Statement

Social Acquisition: The process in which a conventional enterprise is acquired to create a mission-driven organization while maintain its revenue-generating ability.

Fernwood NRG is a non-profit organization in Victoria, BC that provides services to the local community including childcare, recreational activities, and affordable housing. In 2005, Fernwood began acquiring local businesses. Needs aligned as both Fernwood and the small businesses were in need of support to generate revenue and become more financially resilient - these goals could be achieved through collaboration. As COVID-19 continues to disrupt communities across Canada, Fernwood NRG could use its social acquisition model as a tool to aid in the community's recovery. A key challenge will be selecting businesses that work towards the goals of the organization and generate stable revenue.

Background

Fernwood NRG was founded in 1979 to provide childcare, recreational activities, and other programs at the local community centre (Fernwood NRG, n.d.-a). The organization primarily existed as a community program provider until 2004, when they held a visioning forum with the community to direct the future of the organization's work in Fernwood. Out of this visioning exercise came a list of values and principles which included ensuring neighbourhood control of local business, supporting neighbourhood employment, and working towards financial resilience (See Appendix A for the full list of values). Another major takeaway from this exercise was the need to rehabilitate the Cornerstone Building, a run-down and boarded up building in the heart of Fernwood.

In 2005, Fernwood NRG purchased and renovated the Cornerstone Building for $1.28 million (Findlay, 2012). After this renovation, they were able to provide affordable housing, a new Cornerstone Café run by the organization, and less some space to other commercial tenants in the building. By generating revenue from both the café and the commercial leases, Fernwood positioned itself as an innovative social enterprise, working for community benefit. When the Cornerstone Café opened, it became a community hub, hosting regular community dinners and giving the organization a stable source of revenue (Leger, 2018).

The new revenue provided by the café and commercial tenants not only allowed Fernwood NRG to expand its services to better meet the needs of community members but it also built capacity to take on other community economic development projects. Several years after the opening of the café, they bought a local hair salon, the owner of which was planning to retire and sell the business (Fernwood NRG, 2018). Fernwood NRG leveraged its experience and capacity in administration (e.g. bookkeeping), while the previous owner stayed on as a salaried employee to manage the salon. This acquisition not only generated revenue for Fernwood NRG but maintained a small business in the community.

In 2018, Fernwood NRG similarly partnered with a local yoga studio. Fernwood NRG purchased the yoga studio under an agreement where the previous owner would stay on as studio director while they managed administrative activities (Fisher, 2019). They also moved the studio to a larger and upgraded space owned by Fernwood NRG. In the same year, Fernwood NRG closed the Cornerstone Café and began renting the space to another coffee shop that was looking for a new location after facing a rent increase (Leger, 2018).

In 2020, the Fernwood community was hit by the COVID-19 pandemic. This not only affected the work of the organization but all small businesses across the city. Fernwood's restaurants, which employ over 100 local residents, were particularly affected (Czemerys, 2020). Recently, restaurant owners across Fernwood came together to apply for patio areas onto public space (roads, sidewalks, parking, etc.). While this has helped them generate revenue, more recovery efforts will be needed.

Social Enterprise: A mission-driven organization (social, cultural, and/or environmental) that generates revenues.

Key Considerations

1. Fernwood NRG is run by a volunteer Board of Directors and relies heavily on other volunteers for operations.
2. Thus far, Fernwood NRG has provided administrative support while maintaining management leadership from the existing business throughout their social acquisition process.
3. The Fernwood community, including small businesses, has been heavily impacted by the COVID-19 crisis.

Current Situation

As COVID-19 spread across Canada, it has significantly affected Fernwood NRG's revenue-generating abilities, as it has for all small businesses across the country. Fernwood NRG's social acquisition model has been successful in the past but not every business they have acquired has lasted. Despite this, their social acquisition model may prove beneficial to the community during its COVID-19 recovery, especially the local restaurant industry which has been one of the hardest hit. It is important that selected projects align with the values and principles of the organization - but also contribute to stable revenue generation.

OPTION A

As a member of the Board of Directors, consider whether should Fernwood be using its social acquisition model to aid in the COVID-19 recovery efforts? Would the purchase of potentially struggling businesses be the best decision for the organization?

OPTION B

As a member of the Board of Directors, consider what would qualify a business to be a possible new acquisition for Fernwood? What qualities or characteristics should Fernwood NRG search out?

Appendix A: Fernwood NRG's Principles and Values (2005)

1. We are committed to creating a socially, environmentally, and economically sustainable neighbourhood;
2. We are committed to ensuring neighbourhood control or ownership of neighbourhood institutions and assets;
3. We are committed to using our resources prudently and to becoming financially self-reliant;
4. We are committed to the creation and support of neighbourhood employment;
5. We are committed to engaging the dreams, resources, and talents of our neighbours and to fostering new links between them;
6. We are committed to taking action in response to neighbourhood issues, ideas, and initiatives;
7. We are committed to governing our organization and serving our neighbourhood democratically with a maximum of openness, inclusivity and kindness;
8. We are committed to developing the skills, capacity, self-worth, and excellence of our neighbours and ourselves;
9. We are committed to focusing on the future while preserving our neighbourhood's heritage and diversity;
10. We are committed to creating neighbourhood places that are vibrant, beautiful, healthy, and alive; and, most of all,
11. We are committed to having fun!

(Fernwood NRG, n.d.-b)

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