

# Business Models of Social Ventures

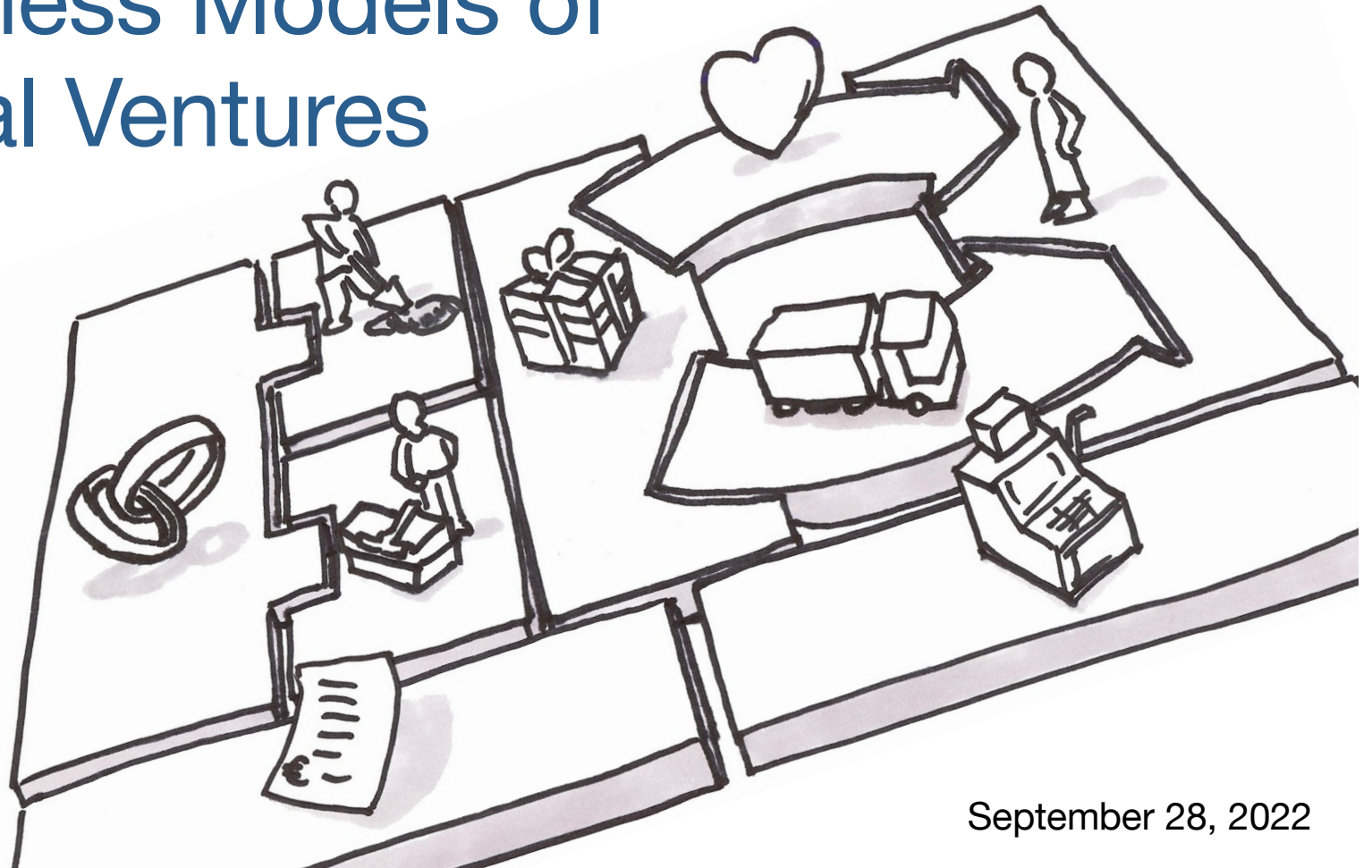


Image source: tpma-inc.com

September 28, 2022

01

National Day for Truth and Reconciliation

02

what's happening + in the news

03

business model canvas spectrum + components

04

activity

05

structures + integration

06

sustainable models: human + technological factors

**TODAY'S CLASS**

## UBC INDIAN RESIDENTIAL SCHOOL HISTORY and DIALOGUE CENTRE



<https://irshdc.ubc.ca/orangeshirtday/>

<https://irshdc.ubc.ca/>

# The National Day for TRUTH and RECONCILIATION

# The National Day for Truth and Reconciliation

September 30 2022

**A History and Timeline of Residential Schools** (National Centre for Truth and Reconciliation, 2021)

<https://nctr.ca/education/teaching-resources/residential-school-history/>

**Beyond 94:** CBC's project that measures the progress of the 94 Calls to Action (CBC, updated 2022)

<https://newsinteractives.cbc.ca/longform-single/beyond-94?cta=1>

**What Business Leaders Can Learn from an Indigenous Worldview** (Forbes, 2021)

<https://www.forbes.com/sites/timabansal/2021/06/15/what-business-leaders-can-learn-from-an-indigenous-worldview/?sh=17305bcd5c2f>

**Defining Meaningful Allyship in the Quest for Reconciliation:** Author Michelle Good (*Five Little Indians*), and journalist Jessica McDiarmid. (Green College UBC October 12, 2021)

<https://greencollege.ubc.ca/civicism/event/info?id=1246&reset=1>

**How to Be an Ally:** websites, articles, podcasts, books that can help you learn about Indigenous history and how to build relationships with Indigenous peoples in the classroom and in business (Laurentian University, 2021)

<https://laurentian.ca/indigenous-programs/how-to-be-an-ally>

# Truth and Reconciliation

**Indigenous Foundations:** UBC information resource on topics relating to the histories, politics and cultures of the Aboriginal peoples of Canada

<https://indigenousfoundations.arts.ubc.ca/home/>

**Indigenous Works:** Tips for Inclusion

<https://indigenousworks.ca/en/resources/inclusion-tips>

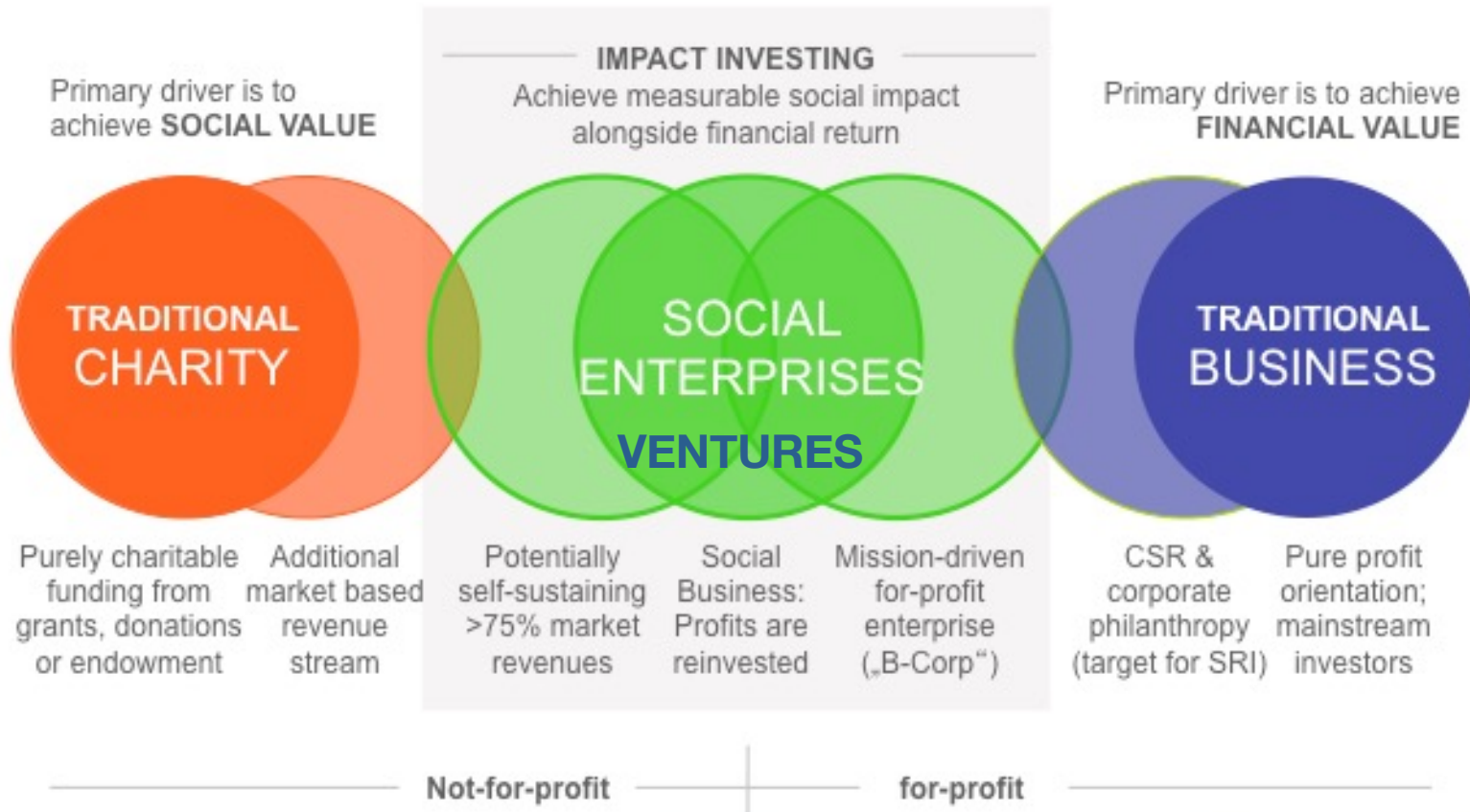
**Indigenous Canada:** Free Online Course by Faculty of Native Studies at the University of Alberta

<https://www.coursera.org/learn/indigenous-canada#instructors>

Sean Condon  
key takeaways

[Sean\\_Condon@vancity.com](mailto:Sean_Condon@vancity.com)

## The business model spectrum revisited



Source: Adapted from J. Kingston Venturesome, CAF Venturesome, and EVPA.

# Legal Context: Structures

- Not-for-profit ('Regular' or Charitable status)
- For-profit (Sole Proprietor, Partnership, JV, Public or Private Corporation)
- Co-operative
- Community Contribution Company (BC), Community Interest Company (UK and NS), or Public Benefit Corporation (USA)
  - “Asset lock: cap on shareholder dividends and on assets distributed upon dissolution
  - Bulk of profits must go to community purposes
  - Governance: min. 3 directors
  - Annual Community Contribution Report

# Form Follows Function

Registered Charity	Nonprofit	Co-operative	Business Corporation	Community Contribution Corporation (CCC)
Receive donations and issue tax receipts. Mission mandated by law.	Receive Grants. Run “related” businesses. Mission is explicit in Articles.	Great for formal, long-term collaboration. Strong business history.	Flexible and adaptable, many financing options. Few legal unknowns.	Committed to mission in Articles. Limited dividend payments to shareholders.
Strict CRA reporting Limited business options	No equity/shares. Can have governance challenges.	Not nimble. Challenging if power struggles arise.	Pays taxes. Can’t take grants. Public trust and accountability.	No legal case history yet. Good for special cases? Often no clear advantage over hybrids.

# Business Model Components

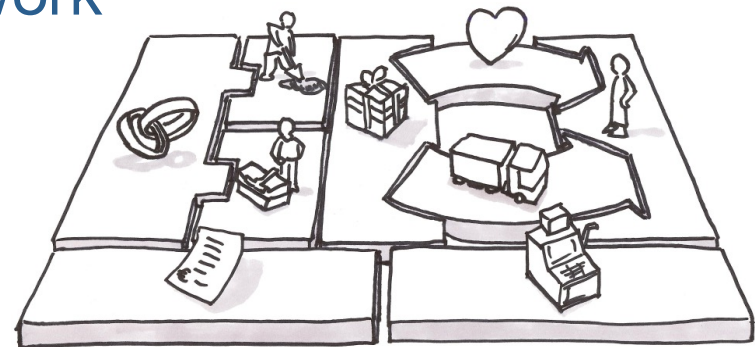
# 1. Operating strategy to create intended impact.

- Internal organizational structure
- External partnerships
- Channels, activities

Remember  
"Question Zero"

## 2. Resource strategy to do the work

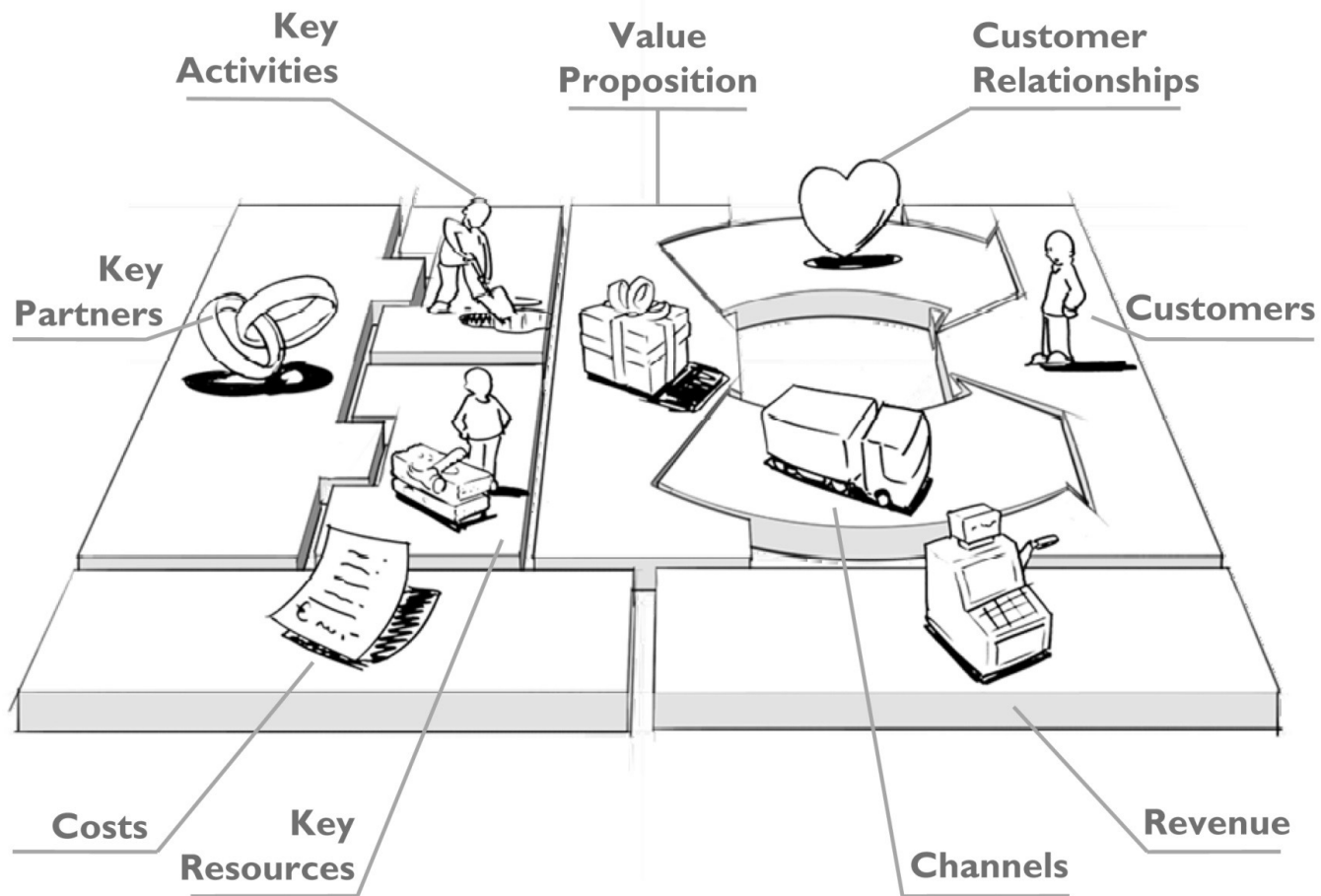
- Human and financial
- From where/whom?
- On what terms?



**'Charities and non-profits rely on three core sources of revenue: government funding, philanthropy, and earned income. Of these, only earned income offers any prospect for long-term growth.'**










[WANT TO KNOW MORE?](#)

<https://www.centreforsocialenterprise.com/>



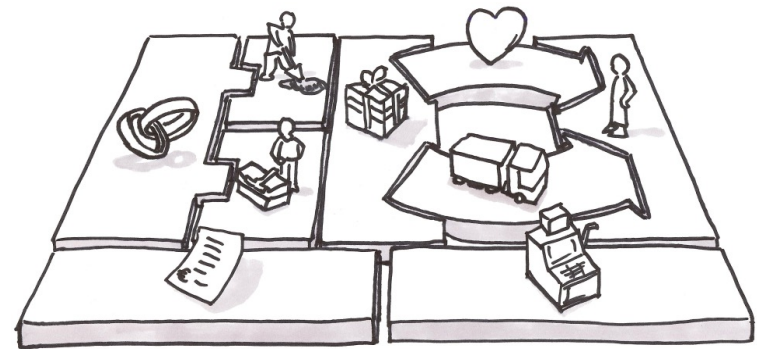
drawings by JAM

# Business Model Canvas

<p><b>Key Partners</b> </p> <p>Who are our Key Partners? Who are our key suppliers? What are we getting from them? What are we giving them?</p>	<p><b>Key Activities</b> </p> <p>What Key Activities do we need? Manufacturing? Software? Supply chain?</p> <p><b>Key Resources</b> </p> <p>What Resources do we need? Financial? Physical? Intellectual property? HR?</p>	<p><b>Value Propositions</b> </p> <p>Which of our customer's problems are we helping to solve? Which customer needs are we satisfying? What are the key benefits of our product that fit the customer's need/problem?</p>	<p><b>Customer Relationships</b> </p> <p>How will we GET, KEEP, and GROW our customers? What type of Relationship?</p> <p><b>Channels</b> </p> <p>Through which Channels do our customers want to be reached Communication and distribution</p>	<p><small>Show Tools pane</small></p> <p><b>Customer Segments</b> </p> <p>Who are our most important customers? What jobs do they want us to get done for them? What are their pains and gains?</p>
<p><b>Cost Structure</b> </p> <p>What are the most important Costs inherent in our business model? Are they fixed or variable costs? Which Key Resources and Activities cost the most?</p>		<p><b>Revenue Streams</b> </p> <p>What's the Revenue model? How do we make money? For what value are customers really willing to pay? What are our pricing strategies and tactics?</p>		

# Business Model Components

- For a social enterprise, the business model must generate both **social value** (measurable impact) and **economic value** (revenue)
- Must be designed in accordance with:
  - mission
  - social + economic objectives
  - client needs + capabilities
  - legal environment

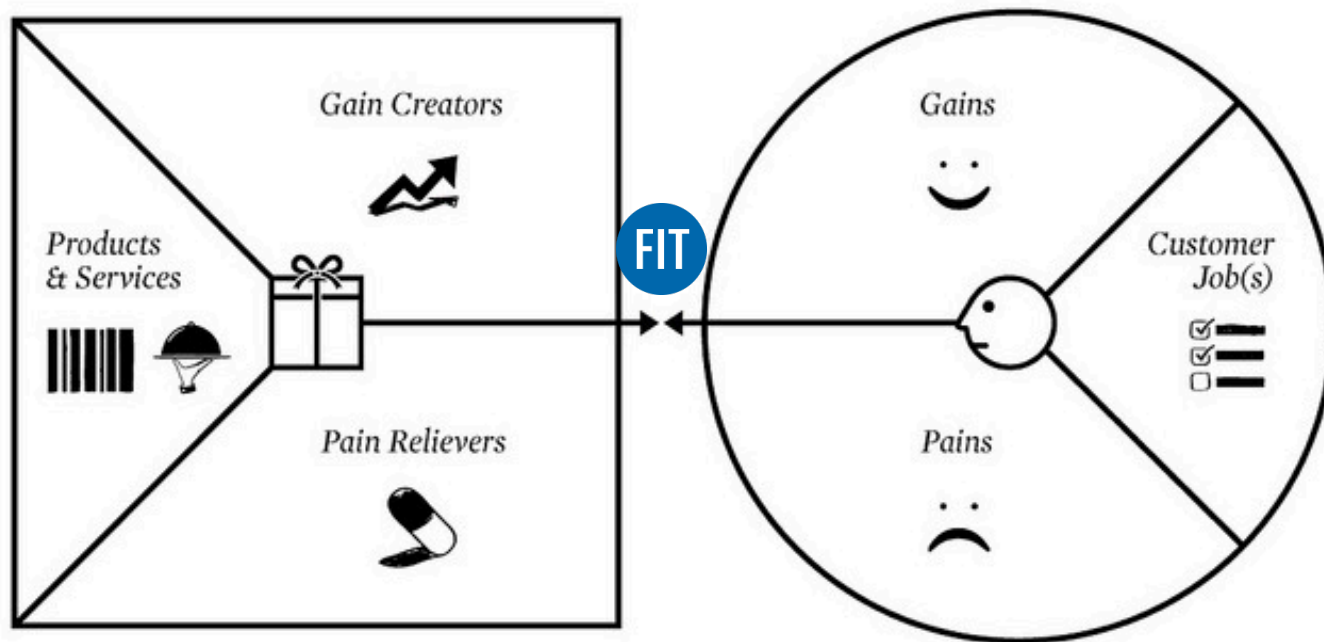


# Finding Your Value Proposition

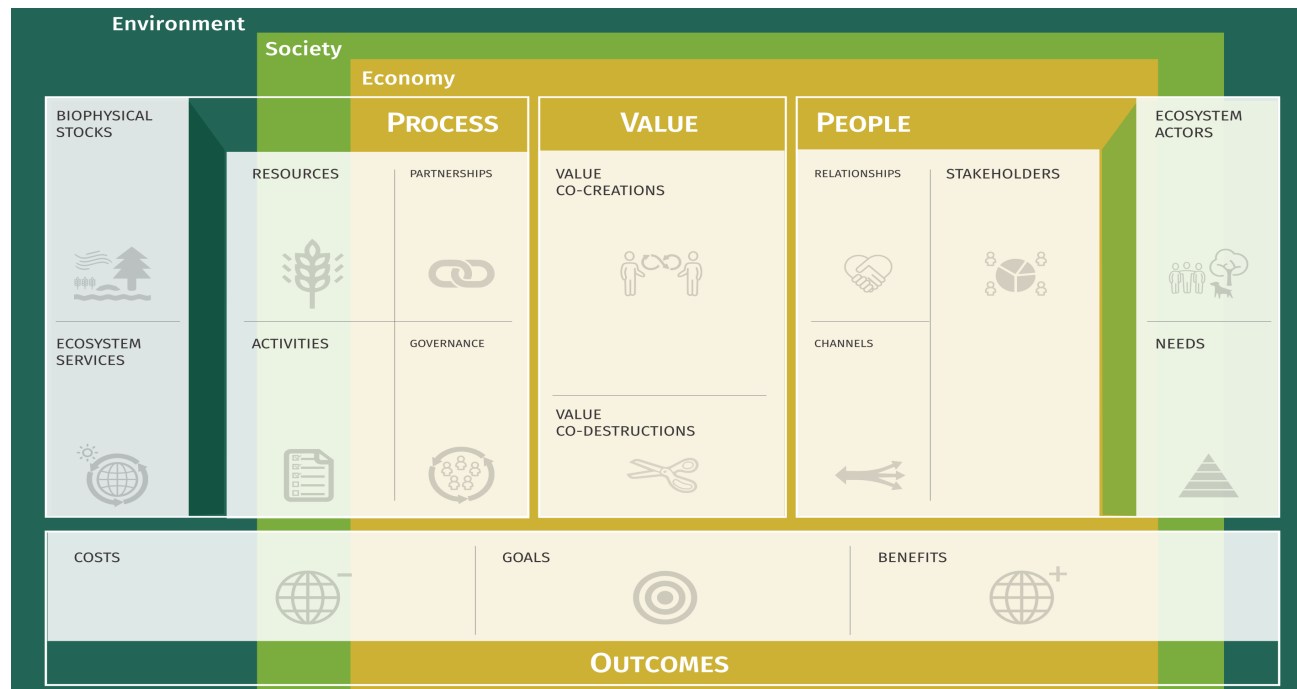
What **jobs** can you help the customer do?

What **pains** can you help the customer avoid?

What **gains** can you provide to the customer?

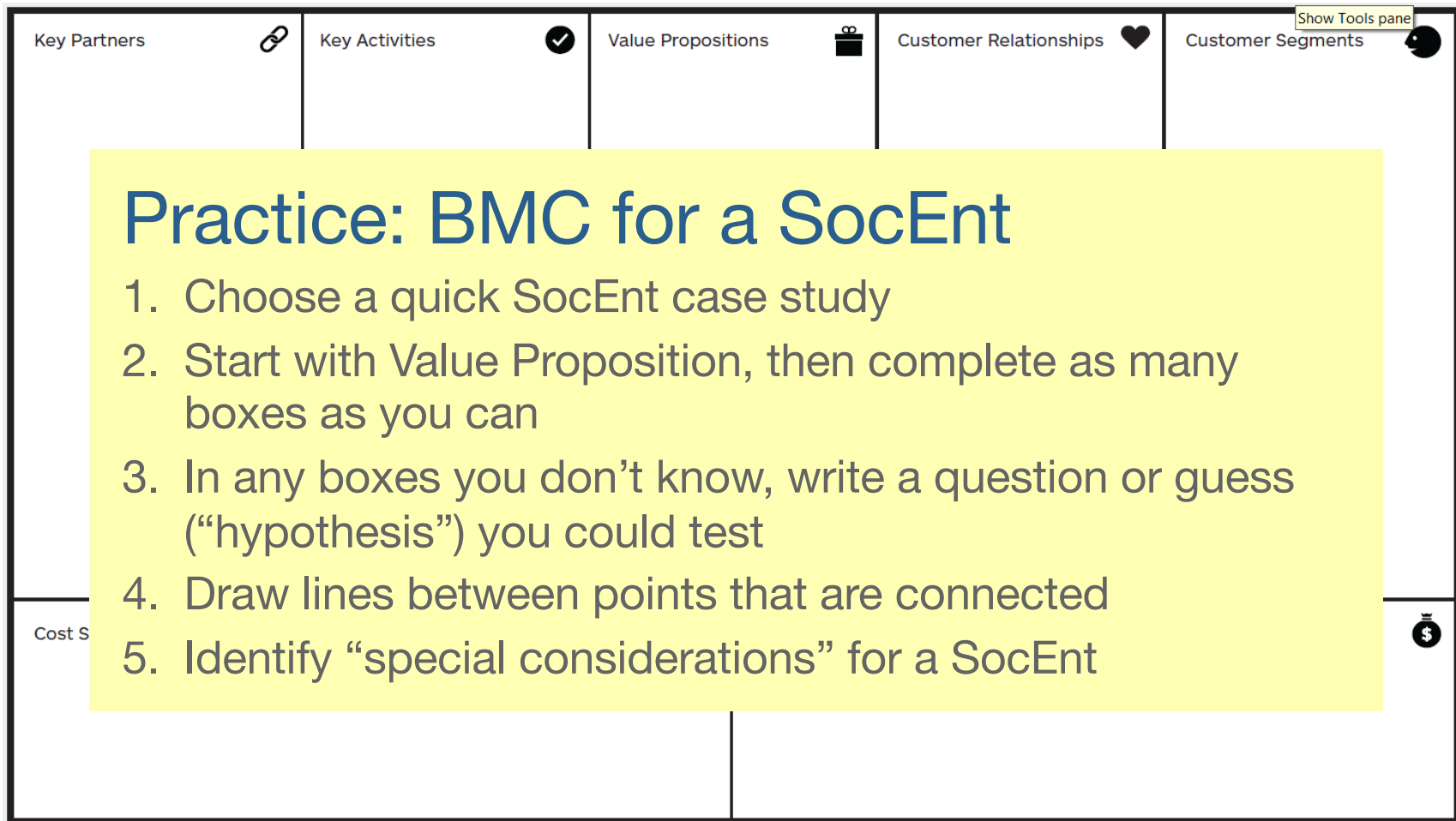


# The Flourishing Business Canvas



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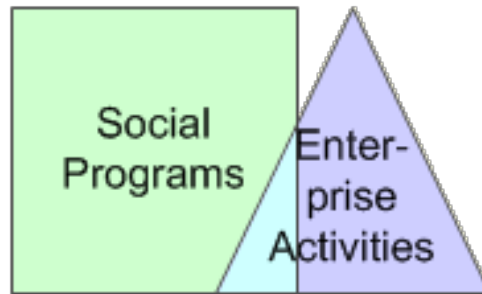
[www.flourishingbusiness.org](http://www.flourishingbusiness.org)



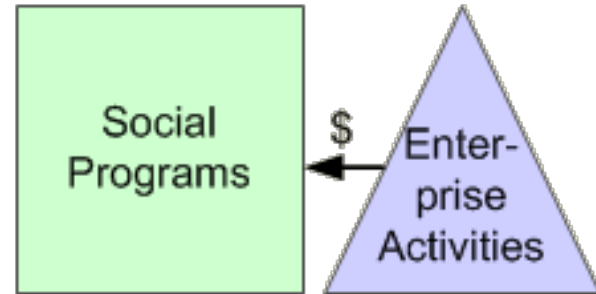
# Levels of Integration



Embedded



Integrated



External

# Classifying Business Models



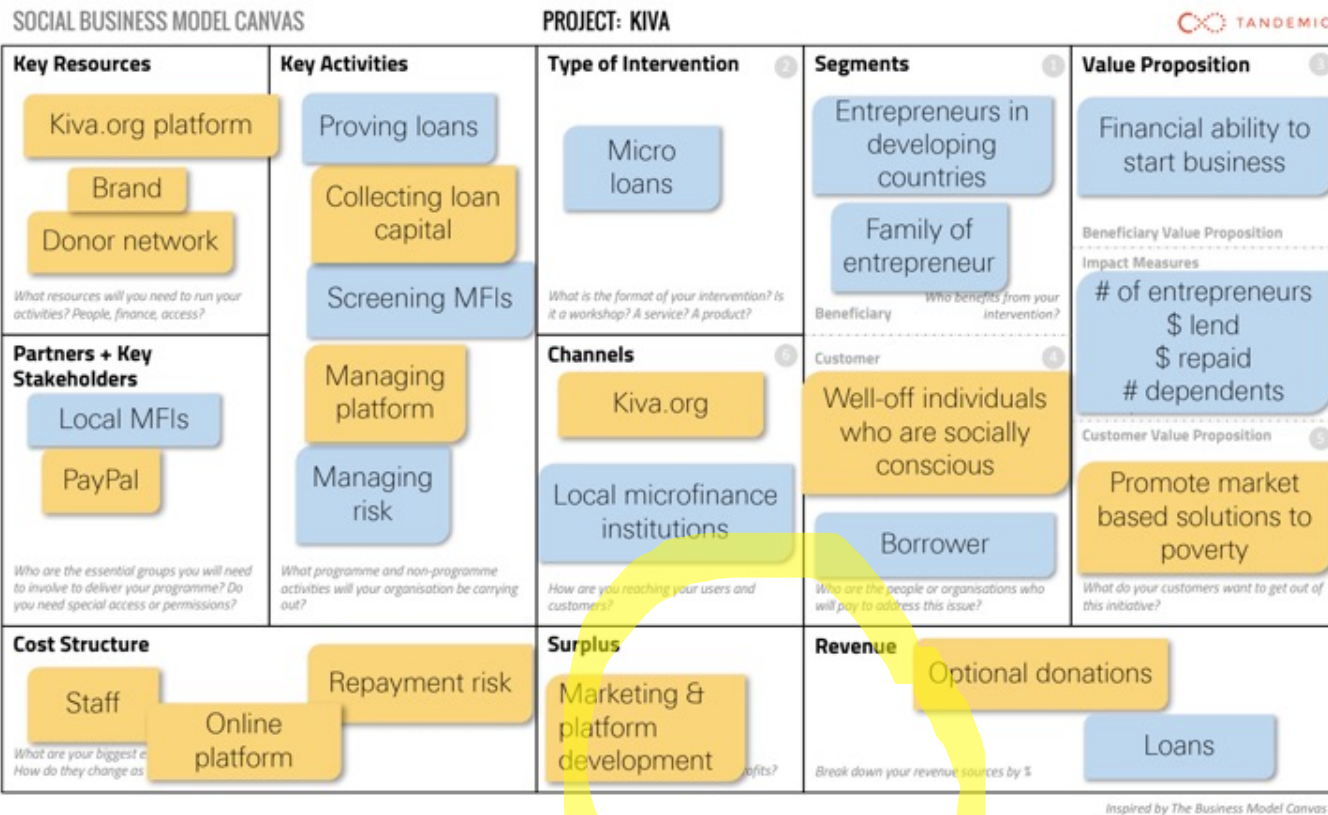
- Entrepreneur Support
- Market Intermediary
- Employment
- Fee-for-Service
- Low-Income Client as Market
- Cooperative
- Market Linkage
- Service Subsidization
- Organizational Support

- Complex
- Mixed
- Franchise
- Private-Nonprofit Partnership



Source: [4lenses.org/setypology](http://4lenses.org/setypology)

# Social Business Model Canvas

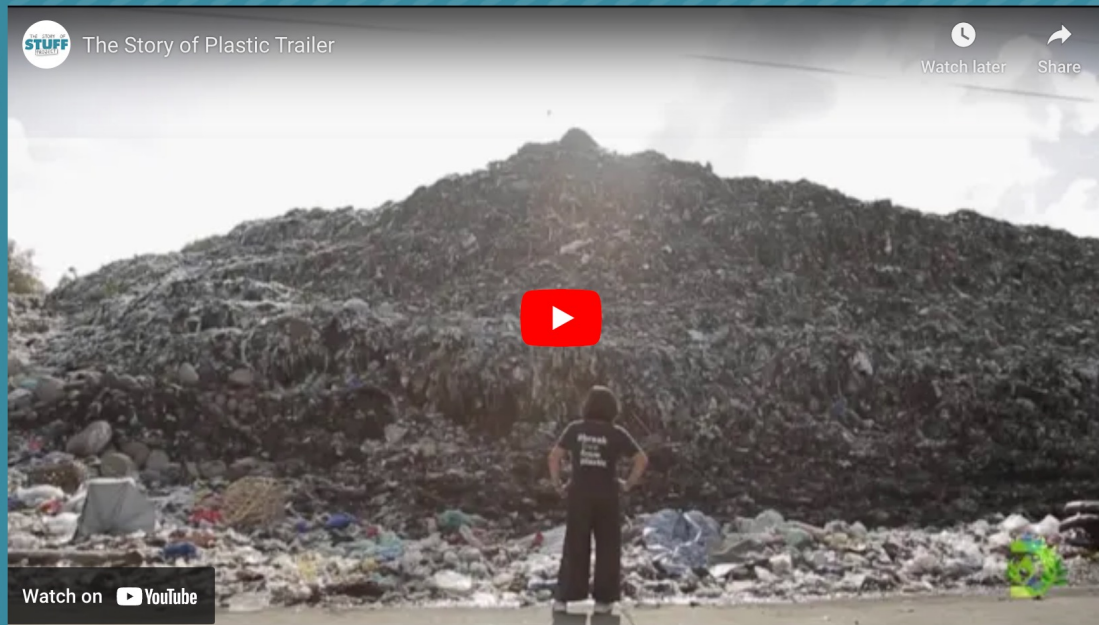


Source: socialbusinessmodelcanvas.com

*STORY OF PLASTIC* Film

released September 30 2021

## THE STORY OF PLASTIC (DOCUMENTARY FILM)

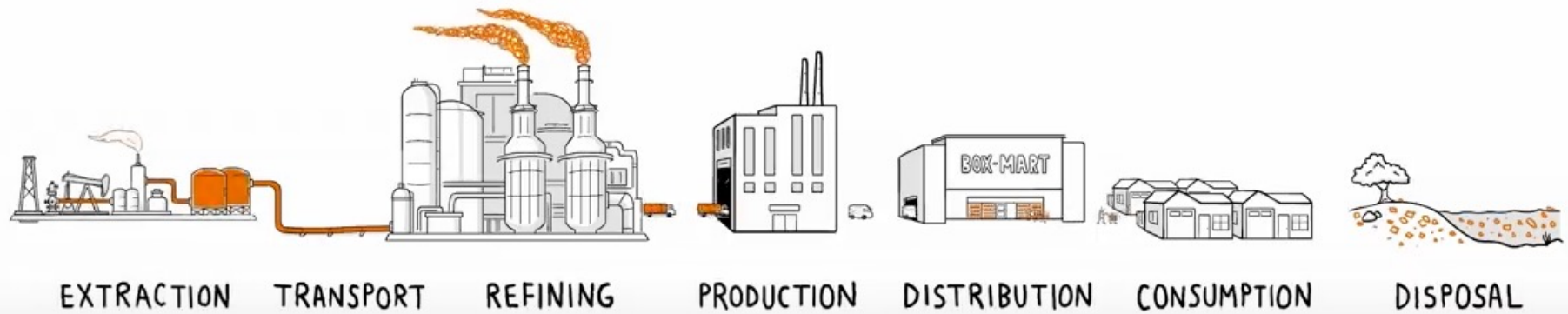


Produced by *The Story of Stuff Project*.

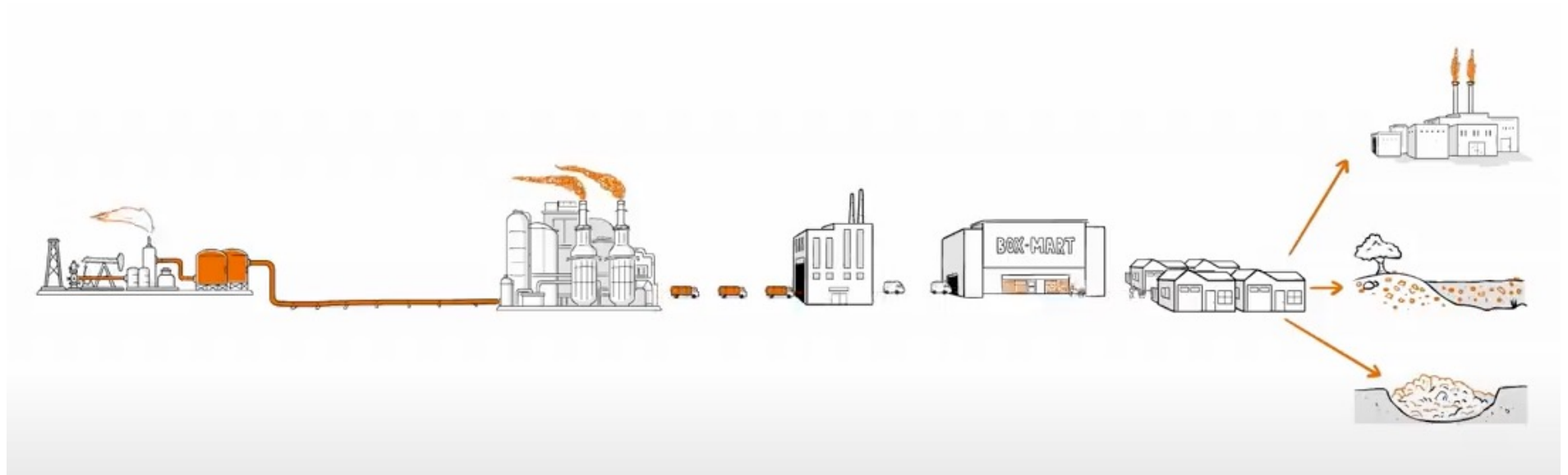
<https://www.storyofstuff.org/>

<https://www.storyofstuff.org/movies/the-story-of-plastic-documentary-film/>

# WHAT'S HAPPENING



# STORY OF PLASTIC



# STORY OF PLASTIC



The Story of Plastic (Full Documentary)



Watch later



Share

## Alliance to End Plastic Waste:

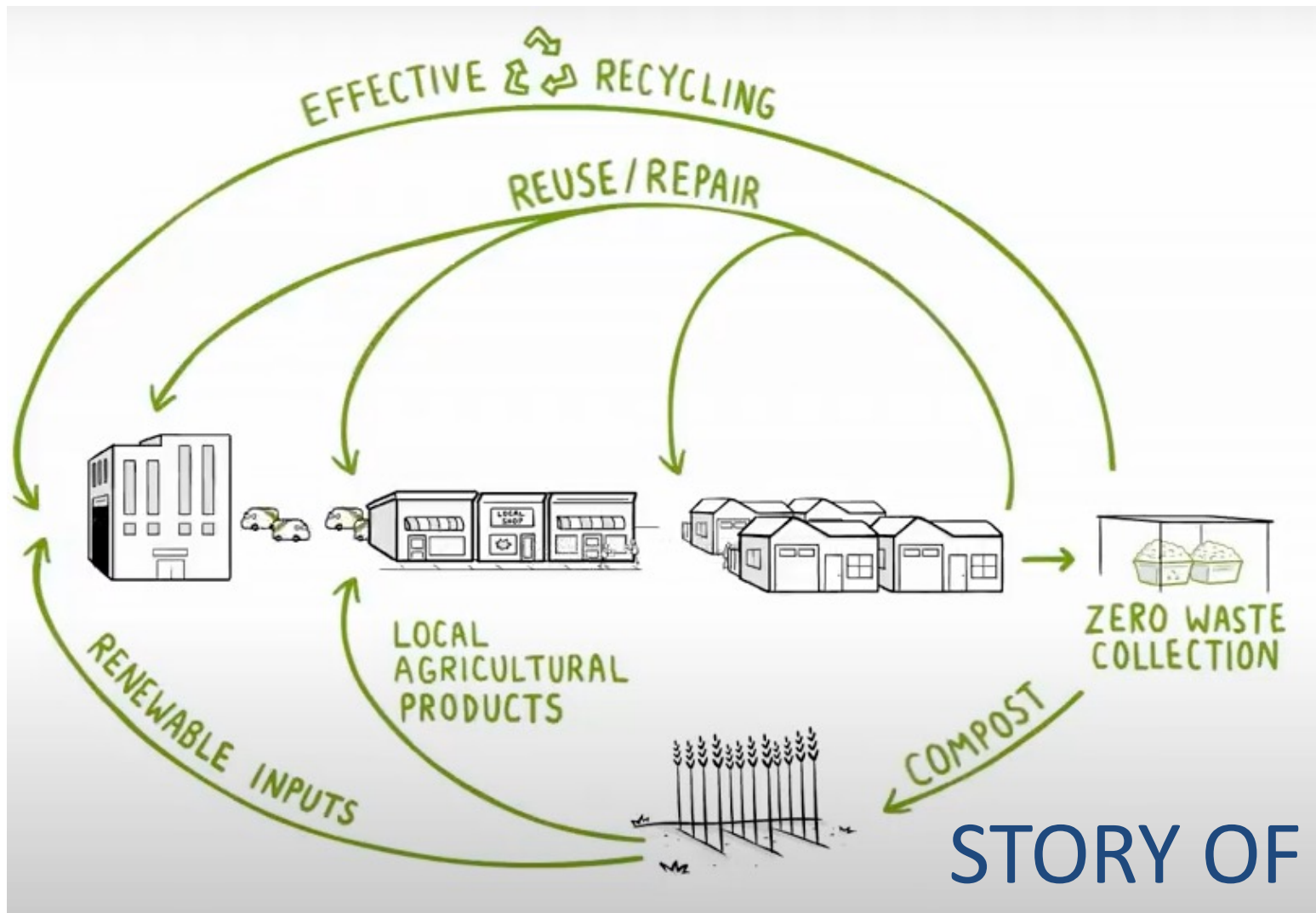
BASF, Berry Global, Braskem, Chevron Phillips Chemical Company LLC, Clariant, Covestro, CP Group, Dow, DSM, ExxonMobil, Formosa Plastics Corporation USA, Henkel, LyondellBasell, Mitsubishi Chemical Holdings, Mitsui Chemicals, NOVA Chemicals, OxyChem, PolyOne, Procter & Gamble, Reliance Industries, SABIC, Sasol, Shell, Suez, SCG Chemicals, Sumitomo Chemical, Total, Veolia, and Versalis (Eni)

committing **\$1.5 billion** to cleanup

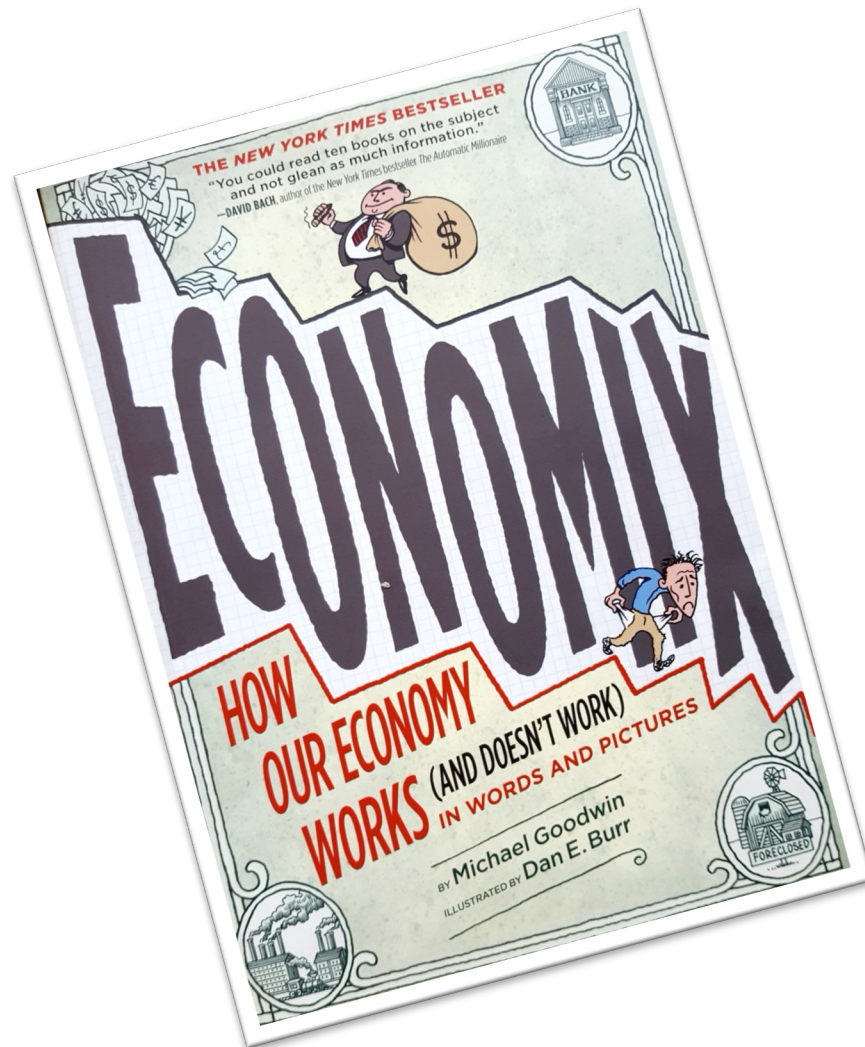
while **\$204 billion**

goes to 334+ new petrochemical facilities\*

# STORY OF PLASTIC



STORY OF PLASTIC



# Economix:

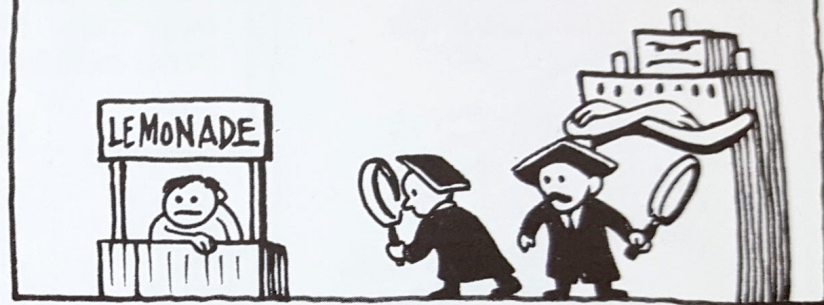
How Our Economy Works  
(and Doesn't Work)

Michael Goodwin & Dan E. Burr

**MARKET FAILURE** DOESN'T REFER TO HOW MARKETS TAKE CARE OF THE WHIMS OF THE RICH BEFORE THE NEEDS OF THE POOR. THAT'S THE MARKET **WORKING**.



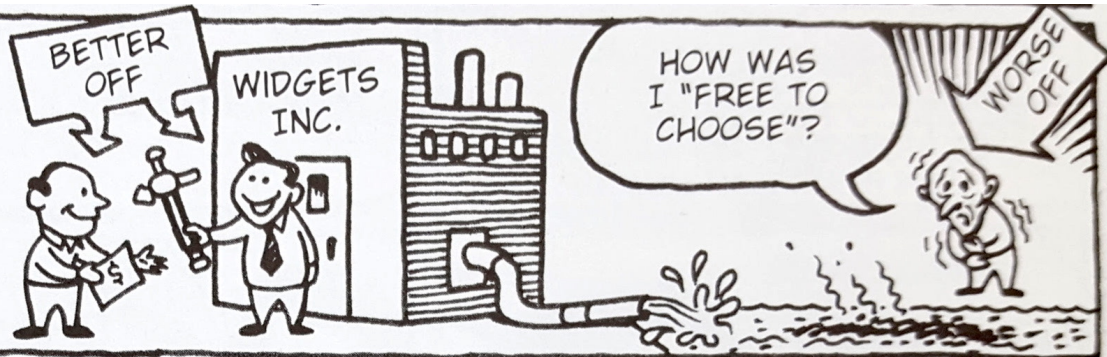
Or how markets, left to themselves, often wind up **controlled**.



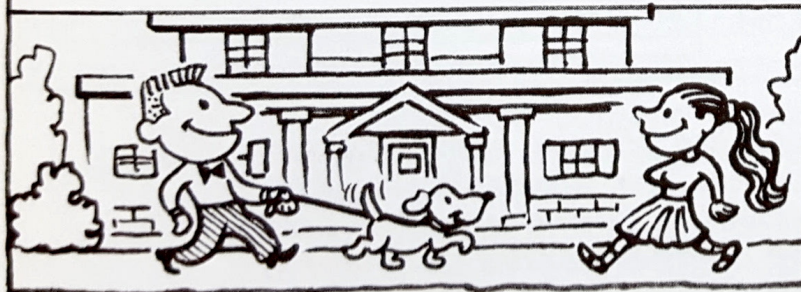
RATHER, IT REFERS TO HOW EVEN TEXTBOOK-PERFECT MARKETS CAN GIVE BAD RESULTS—FOR INSTANCE, WITH **EXTERNALITIES**, WHICH ARE ESSENTIALLY **SIDE EFFECTS** OF ECONOMIC TRANSACTIONS.



*Bad* externalities are everywhere, because the people making the decisions aren't the ones getting hurt.



Externalities can also be *good*. If you build a beautiful building instead of a merely functional one, everyone benefits.



But since you pay the *full* cost, while you get only *part* of the benefit, you're not motivated enough to do it.

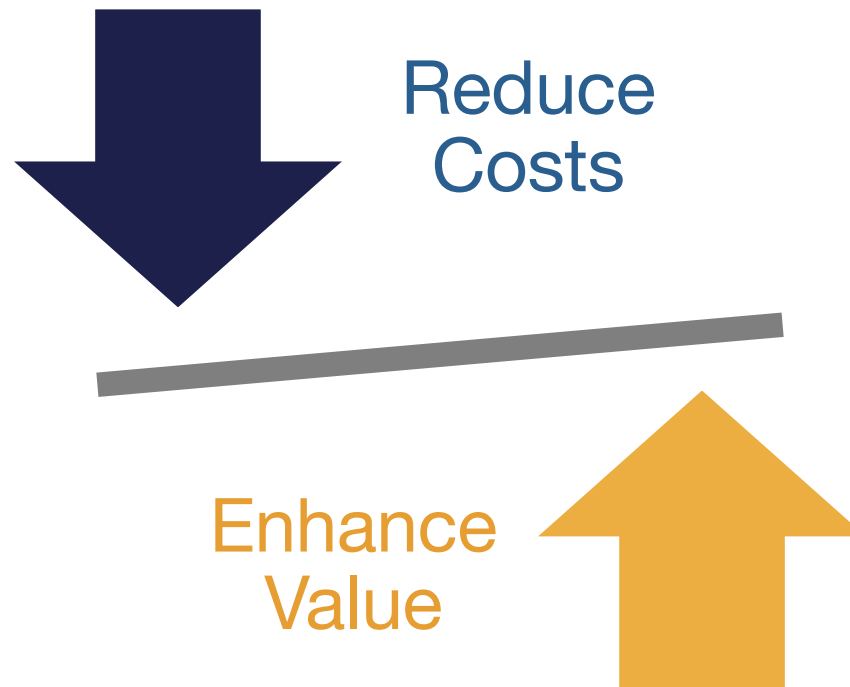


SO A FREE MARKET, *EVEN IN THEORY*, WILL GIVE US TOO FEW GOODS WITH WIDELY SHARED BENEFITS AND TOO MANY WITH WIDELY SHARED COSTS.

PRIVATE AFFLUENCE AND  
PUBLIC SQUALOR!



# Change in Existing Systems



Source: Martin & Osberg, 2015

# Mechanisms of Change in Existing Systems

## Enhance value

1. Transparency standard (customer)
2. Measurement rubric (gov't)
3. Powerful methodology (asset)

## Reduce costs

1. Creatively repurpose capital assets (capital costs)
2. Invest in dramatically lower-cost platform (operating costs)
3. Substitute lower-cost labour (operating costs)
4. Low-cost product (operating costs)

# People and Technology

- Improve production and access to markets
- Provide employment
- Help consumers
- Enable entrepreneurship
- Provide stability
- Increase access to infrastructure
- Adapt technologies used by the wealthy to the needs of the poor
- Enhance sustainability and the environment through technological solutions

# Keys to Sustainable Social Enterprise

Changes two features of a socioeconomic system:

1. Adds new actor to an existing system
  - Customers: shift the power balance
  - Government: alters the economics
2. Improves the enabling technologies
  - Replaces a key technology with a lower-cost one
  - Creates a new enabling technology
  - Repurposes an existing enabling technology

*Not mutually exclusive: consider a blended approach*

# Recap: Special Considerations in Social Enterprise Business Models

- What is my social objective?
- What benefits will I provide? Can I add any more?  
Are they lasting?
- How will the intended beneficiaries participate?
- How will I measure the social impact?
- If successful, how can it be replicated or scaled up?
- How am I ensuring responsibility? (ethics, laws, no harm, minimizing negative impacts)
- Is the model sustainable for the long term?

		individual / partner	team
prep:	Pre-assessments	10%	
assignment 1:	Social Problem Situational Analysis	20%	
assignment 2:	Selected Case Study + Presentation		15%
assignment 3:	Applied Social Enterprise Project		30%
assignment 4:	Reflection Paper	10%	
Participation*:	Participation + Engagement	15%	
total		55%	45%

## ASSESSMENT

\*Participation + Engagement ~  
*Participation “Portfolio”*

- 1: in class speaking (synchronous)
  - 2: discussion boards (asynchronous) ~ 1 week
- 

PARTICIPATION



		due	present
prep:	Pre-assessments	ongoing	
contribution:	In-class Participation + Engagement	ongoing	
assignment 1:	Social Problem Situational Analysis	Oct 2	
assignment 2:	Selected Case Study + Presentation	Oct 23	Oct 24 - Oct 31
assignment 3:	Applied Social Enterprise Project	Nov 29	Nov 30 + Dec 5*
assignment 4:	Reflection Paper	Dec 9	

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note\* clients attend

**DATES**

### Assignment 1: SOCIAL PROBLEM SITUATIONAL ANALYSIS

The purpose of a situational analysis written assignment is to help increase knowledge about the context of a social problem, identified and selected by the student. The selected problem may be local, national, global or specific to another country. With this in mind, it is important to understand the context and system of which the problem is a part, as well as the circumstances and influences that may have resulted in the situation. This type of exercise is essential to developing a deeper understanding of how any proposed future recommendations or initiatives might impact the system, all communities and stakeholders.

Students are encouraged to follow their interests and passions, looking broadly (locally, nationally, globally, etc.) to identify a compelling social problem. Through research, students will learn about the context of the problem; describe the current status of the issue; examine the causes and factors that have contributed to the problem; and provide an analysis of key strategies addressing the issues.

In preparing the situational analysis, please reference appropriate sources (literature and reports) and interpret and apply findings to regional issues (i.e. nutrition, health, education, the economy, environmental sustainability, etc.). This macro level background information will provide an important contextual backdrop. Elements of the situational analysis include:

- Background/Context ~ brief description of the situation in the region (i.e. country, province/state, city, etc) in terms of economy, climate, political structure, religion, gender and other factors that could have an impact on the problem space you are exploring. Consider regional differences and particularities.
- Issue Status ~ research and statistics about the relevant issues.
- Causes of Issues ~ summary of factors (i.e. historical, political, cultural, climatic, etc.) that might be contributing to the current state of affairs relating to the current situation.
- Current Key Intervention Strategies ~ brief analysis of strategies that are currently being implemented to address the issues, including why the strategies may have been selected (consider appropriateness from a cultural and national perspective). What might be some of the challenges with these strategies?
- Resources ~ references clearly indicated for all sources used.

**Please Note:** This assignment is to be completed with a partner, in groups of two students and represents 20% of the final grade. The main body of the situational analysis should be five (5) pages. References and supporting appendices (if required) are to be included in addition. Clear structure, communication and grammar are essential to a well-written piece.

**DUE:** Due 6pm Sunday October 2, via Canvas.

# ASSIGNMENT 1



A1 SOCIAL PROBLEM SITUATIONAL ANALYSIS  
partner

PARTNERS

ASSIGNMENTS

01

assignment 1 ~ social problem situational analysis  
due Sunday October 2 on Canvas

02

no classes on September 30

03

class prep ~ review, complete class prep  
pre-assessments ~ due by 9am on day of class

04

sharing ~ new articles, resources, inspiration

## REMINDERS

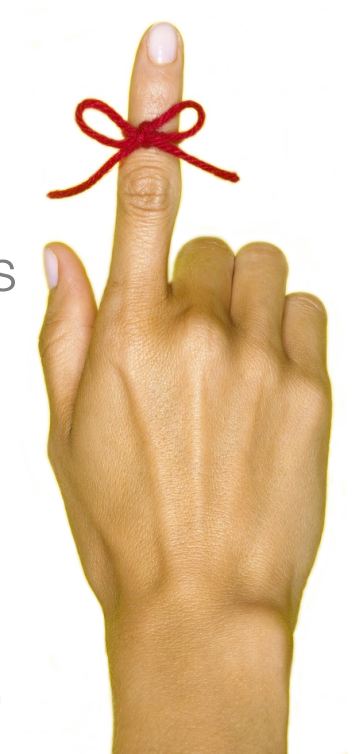


Image source: imgarcade.com