

TURNAROUND COURIERS

SOCIAL ENTERPRIZE CASE STUDY 2015

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The logo for Turnaround Couriers features the word "TURN" in a large, bold, black font, with "aRounD" in a smaller, lowercase, black font below it, and "COURIERS" in a bold, black font at the bottom.The logo for Diversity Institute Ryerson University consists of the word "Diversity" in a blue font, "INSTITUTE" in a black font below it, and "RYERSON UNIVERSITY" in a smaller black font at the bottom, all within a blue rectangular background.The logo for Trico Charitable Foundation features a colorful, multi-pointed star icon above the word "TRICO" in a bold, black font, with "CHARITABLE FOUNDATION" in a smaller black font below it.

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CASE STUDY

TurnAround
Couriers

INTRODUCTION BY TRICO CHARITABLE FOUNDATION

Established in 2008, the Trico Charitable Foundation seeks to provoke innovation and build capacity in social entrepreneurship. We believe social entrepreneurship can be leveraged to close gaps in society.

For us, social entrepreneurship is any organization or individual, for-profit or not-for-profit, that uses markets and new ideas to solve social problems.

The Social EnterPrize awards celebrate leadership and excellence in social entrepreneurship across Canada. The awards are presented biennially and provide organizations with financial support as well as support for their public profiles via bespoke videos.

Storytelling is one of the most powerful forces in humanity. As a private foundation, we have learned that our work is better when we tell stories and when we listen to them. One of the great challenges to advancing social entrepreneurship lies in the way we tell our stories. What is needed are stories that reveal, and perhaps even reveal in, the hard-fought journeys and extraordinary impact that are at the heart of being a successful social entrepreneur.

To these ends, we saw an opportunity with the Social EnterPrize recipients to have their story told in a much deeper way than we had ever attempted before. The result is a series of social entrepreneurship case studies that, in terms of the breadth of the organizations studied and the depth of the analysis, is the first of its kind in Canada. The subjects and the authors of the studies are as follows:

Subject	Post-Secondary Institution	Targeted Release Date
YWCA Metro Vancouver Hotel/Residence	Okanagan School of Business Okanagan College	April 08, 2015
TurnAround Couriers	Diversity Institute Ted Rogers School of Management Ryerson University	April 22, 2015
EMBERS Staffing Solutions	Sauder Centre for Social Innovation & Impact Investing, Sauder School of Business, The University of British Columbia	May 06, 2015
JUMP Math	QSB Centre for Social Impact, Queen's School of Business	May 20, 2015

Storytelling is no easy task, and these are no average journeys. For us, these stories have challenged our assumptions and have taken us deeper into social enterprises than we had seen before. The studies have exceeded our wildest expectations. For that, credit is due to each recipient, not only for their leadership, but their candour; and to each post-secondary institution, for its hard work and thoughtful analysis.

What we know is that our work has only begun. We hope you enjoy these studies, and that they entice you to tell your story. We are eager to hear from you @tricofoundation and will continue share our insights at www.tricofoundation.ca.

1 PREFACE

This final report is the result of a joint research venture between the Trico Charitable Foundation and Ryerson University's Diversity Institute at the Ted Rogers School of Management. Utilizing a qualitative methodological approach, the Diversity Institute conducted in-person interviews with three key company stakeholders, the founder, the office manager, and a courier. The hour-long interviews provided participants with the opportunity to share their views, feelings, experiences and insights surrounding three predetermined themes: organizational readiness/opportunity identification, planning, and the start-up/execution of a social enterprise. The objectives of this case study are to provide insight into TurnAround Courier's (TAC) particular journey establishing and growing a social enterprise, its business and governance model, its competitive advantage, and its future goals in order to understand the successes, challenges, and social/financial impacts of TAC. By highlighting such successfully tried and tested social enterprise strategies, this case study will (a) inform and inspire social enterprise development in the Greater Toronto Area and throughout Canada; (b) identify what is needed to take TAC to the next level of impact; and (c) provide insights on the key needs of TAC along the various stages of its journey and identify how those needs were either met or left unfulfilled.

2 LITERATURE REVIEW

As a focus of academic enquiry, social entrepreneurship has a relatively brief history (Weerawardena & Mort, 2006) and despite the vast amount of academic publications devoted to the topic (Austin et al., 2006; Douglas, 2008; Hemingway, 2005) no singular consensus has been reached upon its key concepts (Mair & Noboa, 2003; Martin & Osberg, 2007; Zahra et al., 2009). Definitions of social entrepreneurship vary in both content and approach (Alvord et al., 2004; Austin et al., 2006; Boschee, 1998; Mair & Marti, 2006; Neck et al., 2009; Nyssens & Kerlin, 2009; Sagawa & Segal, 2000; Shane & Venkataraman, 2000; Waddock, 1988; Zahra & Dess, 2001). Although its conceptions are diverse, many of the definitions are based on the common notion that social entrepreneurship involves the innovative engagement of a private sector form of enterprise and market-based activity in the achievement of a social purpose (Aernoudt, 2004; Dees, 1998; Diversity Institute, 2014; Dorado, 2006; Mair & Noboa, 2003; Pearce & Doh, 2005; Spear, 2006; Thompson, 2002; Young, 2007; Zahra et al., 2009). Through the use of two key mechanisms, entrepreneurship and innovation, employment and training social enterprises often achieve impact by focusing on producing publicly valuable services

and/or products, or aim to promote development by employing people with low employment capacities (Aernoudt, 2004; Diversity Institute, 2014; InfoDev, 2007).

Transformational shifts such as the global movement toward privatization and marketization (Zahra et al., 2009), the devolution of government assistance (Kunle, 2004; Osborne & Gaebler, 1992; Zietlow, 2001), and increased competition within the nonprofit sector (Chetkovich & Frumkin, 2003; Herman, 1995; Weerawardena et al., 2010) have increased pressure on nonprofit organizations (NPOs) to adopt entrepreneurial/market attitudes in their operations in order to address the large gaps left in the provision of social services (Bryson et al., 2001; Dart, 2004; Goerke, 2003; Nicholls & Cho, 2006; Nicholls, 2006; Sharir & Lerner, 2006; Weerawardena & Sullivan Mort, 2001) and resulted in a blurring of the traditional boundaries between the for-profit and nonprofit sector (Sullivan Mort et al., 2003). Interestingly, these changes have also resulted in an increase of for-profit firms serving markets that were traditionally served by NPOs, leading to a rise in a variety of innovative social ventures (Dorado, 2006; Jaskyte, 2004; Kessler & McClellan, 2002; McDonald, 2007; Thompson & Doherty, 2006). Researchers have argued that this trend toward marketization can lead to tension within a social enterprise that must now perform a balancing act between its social service and its business identity (Chetkovich, & Frumkin, 2003; Frumkin & Andre-Clark, 2000; Eikenberry & Kluver, 2004; McDonald, 2007; Smith et al., 2010). Recent literature released has placed a large portion of this responsibility on the shoulders of a social enterprises' board members, a governing body that only until recently has been recognized for its positive roles in leadership and governance, providing connections to influential funders, bringing technical competencies, and providing strategic direction (Balser & McClusky, 2005; Brown, 2005; Herman & Renz, 2000).

Sustainability has now become a primary focus in social enterprise literature and researchers have agreed upon eight critical success factors: 1) committed and continuous leadership; 2) maintenance of partnerships; 3) proof and clarity of innovative concepts; 4) business planning and marketing; 5) triple bottom line planning (economic, social and environmental); 6) short and long-term benefits management; 7) community engagement; and 8) risk management (Boyer, et al., 2008; McBrearty, 2007; Westley & Antadze, 2010). The challenge for social enterprises now lies in finding quantifiable ways of measuring their financial and social performance, impact and effectiveness (Harding, 2004; Mair & Marti, 2006). While the literature points to numerous ways of assessing an organization's financial performance, including used total revenue, annual operating budget, and financial reserves (DiMaggio, 2001; Jackson & Holland, 1998; Ritchie & Kolodinsky, 2003), the multicausal nature and perceptive differences of social impact (Austin et al., 2006) have made financial and social impact measurement one of social entrepreneurship's greatest research challenges. However, although measuring long-term social impacts can be difficult, past evaluations of social enterprises continue to demonstrate their capacity to improve the economic and social realities of individuals, families and communities (Diversity Institute, 2014; InfoDev, 2007).

3 INTRODUCTION TO TURNAROUND COURIERS & ITS SOCIAL MANDATE

Founded in October 2002, TurnAround Couriers (TAC) was the result of British native Richard Derham's business ingenuity. Educated in England and France, Mr. Derham (LL.B; M.B.A), formerly a lawyer for six years, immigrated to Canada in July 2000 where he worked as a financial consultant at a leading consulting firm. Attracted to the idea of running his own business and driven by a personal interest in the concept of "venture philanthropy" (Emerson, 2000; Emerson, Wachowicz & Chun, 2000; Morino & Shore, 2004; Ryan, 2001; Tuan & Emerson, 2000), Richard sought to reconfigure the traditional business model to include a social twist. The result was a for-profit same-day courier business with an unwavering commitment to one particular mandate: social hiring.

Hiring only those individuals from the target population - job-ready, at-risk youth between the ages of 18 to 29 - TAC's mission is to provide their employees with a means of stable employment and opportunities for educational advancement, as well as some of the necessary supports that will afford them financial security and overall personal stability. Through TAC's partnerships with youth community/employment service agencies and youth shelters located throughout the Greater Toronto Area; such as the Evergreen Yonge Street Mission, YES, and West Neighborhood House; the organization has been able to employ over 170 youth as couriers, dispatchers, and office administrative staff to date.

4 TURNAROUND COURIERS AS A SOCIAL ENTERPRISE

It was initially Richard's professional background and personal interests that attracted him to the idea of configuring his same-day courier business as a social enterprise. In the interview he mentioned that,

"I did not want to run a charity. I'm from a for-profit background and it was more interesting to me to try a new business model and to try and prove that if we have a very clear differentiating strategy in place, such as social hiring, that we could grow

quicker as a for-profit than our competitor groups in the sector...who maybe don't have that. So it was to try and show that the social mission could actually help us grow faster, which I think most people would assume is not the case. They would assume it would be slower".

With social hiring at its focus, Richard sought to become the preferred courier for organizations with stated community engagement and corporate social responsibility (CSR) mandates, suggesting 'social hiring' would be a competitive advantage. The target population for TAC's social hiring mandate is considered to be most in need because they have already, as Richard articulates, "gone through all of the support mechanisms that the state can provide and they still haven't been able to secure a job". For example, both the courier and office manager noted in their interview that they had been receiving some form of social assistance prior to their employment at TAC and described their situation as "desperate". One participant recounted experiencing feelings of "very deep lament" due to the fact that they "hadn't been in a committed job for close to two years". It was through the use of agencies such as Youth Employment Services (YES) that both were able to connect with and apply to TAC.

On average, the majority of TAC's hires are male, 22 years of age, hold a Grade 12 education, live with their family, use services from youth agencies and are unemployed at the time of hiring. Potential hires are initially vetted and screened by youth agencies and shelters (e.g., the Yonge Street Mission) before they are forwarded onto TAC for a second round of interviews. This practice supports strong relationships between TAC and at-risk youth agencies and ensures candidates brought in for interviews meet TAC's social mandate, reducing administrative costs associated with outreach. Upon successful completion of these steps, staff are provided with all of the necessary training and support they require and benefit from progressive workplace practices such as cash advances to purchase any equipment they may need to effectively perform their workplace obligations, such as a bicycle, helmet, bike lock and/or satchel. Cash advances are then deducted from the couriers' pay over time.

Each employee, regardless of their position at the company, are expected to be "willing and able" and capable of "treating this like a five days a week proposition...a full-time job essentially, but beyond that, no experience is necessary". However, taking into account the potentially vulnerable background of TAC's hires, arrangements and/or accommodations are often made by Richard so as to allow more flexibility in the workplace. While he acknowledges this approach leads to slightly higher rates of absenteeism, Richard also notes that persons working in all types of businesses face personal challenges that a flexible workplace could accommodate, and TAC's aim of being a "sympathetic employer" has not caused the business any major problems. One such example arose when the office manager recalled her own personal story:

“I’m a single mother...I’ve managed to hold onto this job for a while which is good, which is great actually. Also my son is autistic and Richard is very understanding that I need to take time off, for example, Wednesday and Fridays for a couple of hours to attend therapy sessions with him. That’s the support I get which is really great ‘cause I can’t really imagine other workplaces that would be that flexible for me in that regard”.

Instances such as these do occur from time to time; however, Richard was quick to dispel any perceived concerns with hiring ‘at risk’ youth and appeared confident in the productive capabilities of his employees. The youth that are coming to TAC are those who “want to make a bit of headway, get and keep a stable job, make some money, build up some skills, gain financial independence and just improve their overall living situation”. With the support of TAC, Richard hopes that they will eventually, perhaps with a slight push, “figure it out and then say, I can do better than this”. Over the years TurnAround Couriers has successfully celebrated a number of their hires moving onto bigger and better things, most notably one young courier who following his two year employment at TAC successfully secured enrolment at the Royal Military College in Kingston in their officer training course.

5 PLANNING

In order to successfully plan for and execute a social venture of any kind, including one such as TurnAround Couriers, there are three major dimensions one must first take into consideration: (1) innovation, (2) financial self-sufficiency, and (3) social transformation (Madill, et al., 2010). Although these areas are under-researched they have been deemed as important when examining the viability of a social enterprise.

5.1 TAC as Socially Innovative

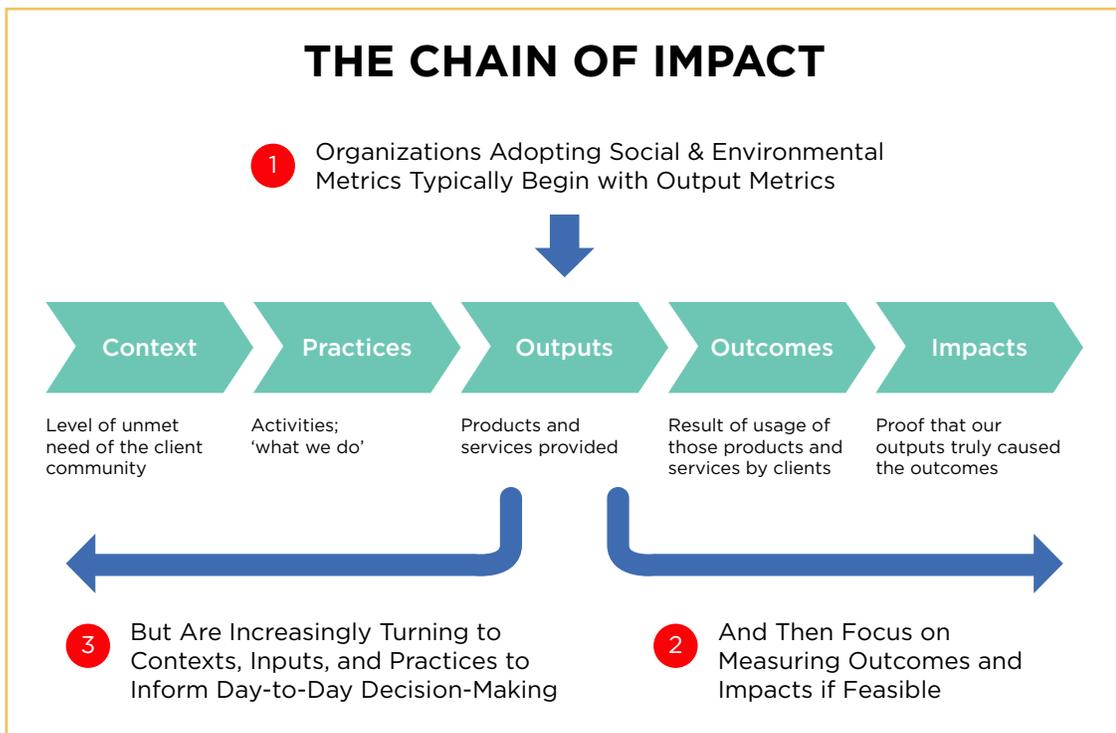
Social ventures are frequently described in the literature as innovative in that they represent new organizational forms and seek new ways to finance their mission and accomplish social change (Austin, Stevenson & Wei-Skillern, 2006; Nilsson & Paddock, 2014; Seelos & Mair, 2012; Weerawardena et al., 2010). In the case of TurnAround Couriers, their innovation lies in the rarity of their operational model; a for-profit social purpose courier business that focuses exclusively on social hiring. TAC is able to leverage its social mission to appeal to its customers' own social goals as well as minimize some costs from suppliers. While TAC competes with other socially minded courier organizations, its for-profit model alleviates reliance on external funders.

5.2 TAC's Financial Needs/Goals

In comparison to other models, social enterprises are established for the primary catalytic purpose of bringing about positive change. However, in order for a social enterprise to gain self-sufficiency and hence continue to pursue its social mission, it must secure financial stability. This tactic is often encompassed within the resource dependency view of social enterprises (Madill, Brouard & Hebb, 2010), which focuses on developing a more comprehensive understanding on what resources are acquired for social enterprises to achieve social transformation. The theory of this view is that organizations seek to gain resources in order to minimize their dependence on the environment. In the case of TAC, first and foremost, it is a business; one that provides a competitive courier service throughout the Toronto area. Because they are a social enterprise competing with major for-profit courier companies, their prices must remain competitive and they must increase their sales each passing year in order to increase their earned revenue which will allow them to not only remain self-sustaining but also leaves room for their expansion. Richard stressed the fact that “you’ve got to have a sustainable business not just a set of hopes around, well, I’ll build this and they will come. I think that is a little bit dangerous. At least it was for us”.

5.3 TAC's Social Objectives

The next challenge is based on how the venture chooses to gauge its performance beyond sales, profits, and other more traditional financial metrics. TAC uses a social return on investment (SROI) model to calculate the monetary value of providing employment to recipients of social assistance, and posts its social financial statements online annually. To further understand TAC's social impact, external evaluators have suggested that mission-driven organizations should conceive of impact as a linear chain, essentially a series of yardsticks against which they can effectively measure their success in relation to their desired outcome(s) (McCreless, 2013).



The chain of impact (McCreless, 2013) represents how a social purpose organization can achieve its impact by linking the organization to its practices, and the practices to its outputs, outcomes and impacts. In the case of TurnAround Couriers, their “practices” involve: 1) recruiting youth service agencies across Toronto to hire couriers and office administrative staff from the target disadvantaged youth population, and 2) establish a supportive management environment by assisting youth planning and making next steps regarding housing, employment, and education. The “outputs” or the direct results of these activities are: 1) delivering courier services throughout the city of Toronto, 2) youth are granted access

to the mainstream job market, 3) they are provided with a real job and not just a job training experience, 4) they are provided with transitional work experience, which enables them to develop employability skills, a resume, and a support network, and 5) they are able to stabilize their life situation, begin a career path and leave the shelter system.

The final step with developing an effective evaluation criteria is achieved through concisely defining the success metrics or “outcomes” in order to prove a causal relationship between TurnAround Couriers “outputs” and “outcomes”. When referencing TAC’s 2010 Report Card assembled by Social Capital Partners, the organization defines its success metrics as: 1) youth meet or exceed job expectations, 2) TAC helps youth secure next job and establish a career path, and 3) youth are able to get off and stay off government financial assistance. While these impacts are easily evaluated and measured, a deeper analysis of the context of change in regards to the wider impact on the society at large would be beneficial. In order to understand the real change that has come about as a consequence of the organization’s work, TAC utilizes a calculation known as the social return on investment (Neck et al., 2010). Since a number of TAC’s hires are living in shelters, dependant on government income support and receiving assistance from community service agencies prior to their employment, these are factors to be considered and if possible measured when calculating the average change in societal contribution as brought about directly by the organization’s actions. Therefore, in order to calculate the “cost savings to society”, defined by TAC as the dollars saved by employing the target group and eliminating or lessening government financial assistance, one takes: 1) the “shelter cost savings” generated by number of target hires able to exit the shelter system and move into independent housing, 2) the “government income support cost savings”, generated by number of target hires able to exit or significantly lessen their need for government income support, and 3) the “agency employment services cost savings”, generated by number of target hires securing employment and no longer requiring these services. By adding up each of these savings the organization can effectively outline the difference between the “societal cost before hire”, including shelter, income assistance, and employment services, versus the “societal benefit after hire”, which amounts to taxes paid by the now employed couriers and the elimination of their need for government income and services.

5.4 Balancing ‘Mission’ & ‘Money’

The inherent hybrid nature of social enterprises, such as TurnAround Couriers, have been met with some trepidation in regards to their ability in meeting both their financial and social commitments. While a substantial amount of the literature places emphasis on this balancing act between ‘mission’ and ‘money’ (Balser & McClusky, 2005; Neck, Brush & Allen, 2009; Seelos & Mair, 2005; Teasdale, 2010), Weerawardena, et al. (2010) posit that our energies should be centered on the need to assemble effective and sustainable organizations that can continue to achieve greater social impact by remaining financially viable via the pursuit of their mission and effectively deliver these services to satisfy a driving social need. Organizations may run into challenges balancing their competitive pricing and social mandate; in the case of TAC, the organization must present itself first and foremost as a competitive product offering before it can highlight the fact that it is also socially responsible and thus strongly committed to its social mandate. This will encourage the retention of its current clients and attract additional business, which will generate greater earned revenue for the company that it can then subsequently reinvest back into its mission. TAC does encounter difficulties achieving profitability, which has previously led Richard to take on administrative roles or reduced pay. However, TAC does have systems in place to clearly identify and concretely measure both its financial and non-financial metrics in order to balance both ‘mission’ and ‘money’ and achieve organizational sustainability.

In 2011, TAC was able to further its commitment to its social mission by providing its hires with the opportunity to pursue their educational aspirations during their tenure at the company. In addition to exclusively hiring at-risk youth, Richard Derham believed that he could “do more... than just provide a job, which is clearly important” but with TAC having turned a profit he was interested in “improving the social returns of the company”. In light of this and in response to couriers’ stated interest in returning to school but being unable to afford college courses, Richard successfully secured a now four-year-long partnership with George Brown College. As a result, TAC couriers, dispatchers and office staff can attend class at no additional charge whilst remaining at the company. In total, eight persons have completed college modules. Richard explains, “the way it works mechanically is, I will put up whatever it is, \$300 for the module to make sure they can attend lectures for the 10 weeks. And over each of the 10 weeks, I’ll take \$30 from their pay. When they pass the unit, I’ll pay them the \$300 back. So I want to make sure they have some skin in the game to make sure they actually show up and it’s not just a gift”. While the initiative has not been an “overwhelming success one hundred percent of the time” and poses additional administrative burdens on TAC, it improves their social return on investment – for example, they currently have four couriers enrolled in educational programming, enough reason for Richard to continue this social initiative.

For a time, remaining in an educational program was a mandated portion of employment at TAC; however, this stipulation recently changed in order to open up the pool of candidates. Along with this change, to provide incentive for candidates to pursue further education and compensate them for time lost on the job attending courses, commission is five percent higher for those attending school (60% as opposed to 55%).

6 TURNAROUND COURIERS' COMPETITIVE ADVANTAGE

While some may consider the same-day courier market a dying business, with an ever-increasing number of companies taking their communication online, TAC has effectively carved out a distinctive niche within a city that boasts one of the largest courier markets in the country (CUPW, 2010). Competing with a number of renowned large-scale companies; such as DHL, UPS and Purolator; TAC has successfully secured the title of fourth largest bicycle courier firm in Toronto. TAC's competitive advantage lies in their ability to offer the same quality service and price as its standard for-profit competitors while capitalizing on the popular notion of corporate social responsibility. A partnership with TAC would be considered a form of social legitimacy for those companies that have publicly espoused CSR values. Richard also credits his team of dedicated and enthusiastic couriers as a competitive advantage.

7 CURRENT BUSINESS & GOVERNANCE MODEL

Initially comprised of just six members of staff, including four couriers, one receptionist and one dispatcher, TAC has now expanded to twelve couriers, two dispatchers and one office manager. Since its inception, TAC has employed over 170 youth in these positions, encouraging each to use their employment experience and educational training to 'move up' from TAC, rather than 'out'. Each hired courier is classified as an "independent contractor" and is paid a commission of either 60% or 55% (depending on whether they are attending courses) - so as not to bite into the revenues if staffing issues arise- while the office staff are considered "employees" and are thus salary-based.

Having now celebrated its twelfth year of business, TAC has proven itself to be a successful social enterprise that can consistently deliver professional and competitive same-day courier services. TAC's unique business model has attracted the attention and business of a number of prestigious clients. Included in this list is RBC Financial Group, PwC and several large Bay Street law firms. While TAC is one of a handful of stand-alone, for-profit social enterprises in the city that receive no public funding in the form of government grants, charitable

contributions, or public sector subsidies, Richard does not believe he would receive industry pushback should they choose to accept these forms of funding. He argues that TAC's service speaks for itself. With a client portfolio of over 500 organizations and companies "we don't have to prove can we do it, we do it. We are one of the bigger bike couriers in the city", says Richard.

8 JOURNEY/DEVELOPMENT PATH OF TURNAROUND COURIERS

Upon arrival in Canada, Richard Derham had no credit history and limited access to capital; therefore, a courier business was a feasible place to start as the barriers to entry were relatively low. The start-up costs were not debilitatingly high for the entrepreneur and more importantly it was a line of work that the target population could perform quite easily with minimal training. Richard echoed this point when he expressed that the service offered,

"had to be something that the targeted population could do. The youth at risk I've been working with can bicycle courier while they might not be able to work in other ventures one might choose to start. So it's important to tailor the nature of your operation to the community you are trying to help, obviously".

When posed the question of whether TAC had experienced any particular challenges due to the potentially vulnerable background of his hires, Richard answered with a resounding "no":

"I think everyone has turbulence in their lives in different forms. I think a lot of regular companies have got stuff going on with their staff. It's maybe less talked about and it's less obvious, but it is there. So we just try to be a sympathetic employer and it hasn't caused us any major problems".

Richard recognized that,

"There's a slightly higher chance that you'll get [such] volatility in terms of people suddenly needing to go do something but at the end of the day we are hiring job-ready youth. We are not hiring kids who are guaranteed to be having challenges right off the bat because if that was the case, the job developer wouldn't have sent that person to us".

Although TurnAround Couriers has managed to secure a number of successful partnerships, its journey has not been without its challenges. TAC was established with a fairly typical business plan in place based on Richard's own professional experience and MBA education, in addition to online searches on small business startups. TAC identified potential clients by leveraging existing networks and walking around the city's business core. Yet, after spending four months prior to TAC's launch establishing organizations' interest, including their projected daily and weekly service needs, Richard describes a disappointing start:

"It was a disaster when we opened. I thought we had a guaranteed volume on day one and we got about 10% of that. We had people who in good faith had told us how they were going to use us and somehow that didn't transpire at all. Which was a huge surprise".

When prompted to elaborate on why he thought this was the case, his answer simply was:

"I don't believe, unfortunately, that many people care. [We are] trying to win business from companies who when truth be told, forget what corporate communication says and web developers say, don't genuinely care. The more people I bump into who are involved in management positions at charities and social organizations say that's fairly typical. I think a lot of social enterprises are run by fabulously kind, good spirited folks who are putting too much hope in that perspective clients will support them because of their great mission. And unfortunately I'm not convinced that's the case. I wish it were, but I don't think it is. So then you have to be able to say that you're cheaper, or quicker, or better quality and so on. You really can't rely on just the social innovation to win you business at the end of the day because unfortunately it won't work. Yes we have grown, but I've always just expected us to grow that much faster. I think that you have to have a proper, standard business case first before you can start adding all the bells and whistles in the form of social hiring".

When starting, the organization's survival was precariously dependent on the business of just 10% of expected clients, in addition to a line of credit. With sales at an all-time low, Richard was left with no other choice but to downsize and declare the positions of receptionist and dispatcher redundant and for the following two years he undertook the responsibility of those roles with no financial compensation. Working several part-time jobs in order to supplement his income, Richard recognized that this was not an unusual burden to bear when running a start-up in its infancy.

“This was a choice I had made to run TurnAround Couriers as a for-profit instead of just running it like other non-profits [sic] who have great missions at their core but are set up differently and benefit from a lot of external funding...so just a very different model. And I don't want to say ours is harder as I'm sure they have their own challenges as any organization, but if we don't have business we go bust”.

Faced with such financial insecurity, Richard had to rely primarily on his own personal and professional networks to attract new business, since other avenues at that time were “prohibitively expensive”. He also relies on his board to provide insight on various aspects of the business, whether it be financial advice, marketing or introductions to the right people. To attract new clients, Richard focuses first on the business benefits of TAC, including its competitive pricing and acclaimed service. Then, he introduces clients to TAC's social benefits. He realized that at the end of the day,

“This is a trust business. It takes a lot of knocking on doors and a lot of convincing people to switch. So we continued to talk to our existing clients and asked them to refer us. Because if there was no work, there was no social business. It's as simple as that”.

One area of immense frustration repeatedly echoed throughout the interview was Richard's frustration with the lack of government support, particularly when taking into consideration that TACs' “mission is so clearly aligned with public policy”. With the Canadian economy in recession and unemployment levels at 6.5% (Statistics Canada, 2014), faith in exclusively market-based solutions in order to reignite the country's economic spark is on the decline.

“All social enterprises in the city, whatever their social mandates, are looking for work. They are looking to sell their product. If the government led this movement and [assured people] that we're not going to destroy competition for your regular for-profits we would be getting the little lift we really need. Yet despite tons of tries it has been woeful, in regards to TAC's efforts to win some work from the government”.

Despite this inherent lack of a distinctly supportive and regulatory framework to guide and support the hybrid activities of Canadian social enterprises, Richard stands by his decision to structure TAC as a for-profit social purpose business. However, Richard further clarified that although a strong social mandate may spark a prospective clients' interest, any for-profit social purpose business that wishes to ensure its longevity in the sector must first and foremost address the traditional bottom line: profit. A social enterprises' success ultimately hinges on its ability to build a strong economically viable organizational platform that will grant them greater financial stability to pursue their social mission. This need to build a sustainable

organization has led TurnAround Couriers to make operational decisions that place emphasis on earned revenue enhancement, sustainability and self-sufficiency, instead of charitable contributions, government subsidies and external dependency. TurnAround Couriers has found that a business cannot succeed only relying on its “socially innovative/responsible” image. Organizations were found to still be hesitant to switch, even if prices were competitive and that organization had a social mandate, so the “business” side is of the utmost importance to serve as a base for any social enterprise.

9 THE FUTURE

Fully aware that the courier business is a declining industry, TurnAround Couriers’ survival ultimately hinges on its ability to “stay aggressive and on [its] toes about making sure that [their] service levels stay really great and pricing stays competitive”. Learning from early experience, a “socially motivated” business is not enough to ensure success, TurnAround Couriers approaches the market strategically, matching or beating prices while maintaining service quality. Challenged to foresee exactly what the future has in store, Richard noted that TAC “would probably need to become more of a concierge style business, whether its picking up dry cleaning for people, delivering food...or subcontracting for other courier firms, [particularly] as the density of the city changes”. However, the biggest challenge faced by TAC, that was consistently echoed, “was and remains to be winning new business”. Richard recognized that,

“I’m the only person in the company charged with business development and marketing...and attracting new business is where I guess I’ve failed. I will try and network where I can...and try to convince people to change from who they’re currently using to using TAC...[but] it continues to surprise me how lot’s of well-known companies with very interesting websites talking about involvement in the community and engagement in CSR initiatives do not want to talk to us and will not, therefore, use us”.

In the past, Richard has attempted to connect with the CSR departments of potential clients; however, they were essentially “powerless” in terms of their ability to establish TAC as their preferred courier service. So “then we tried to write to the operations people who were actually responsible for bringing in courier firms but even that didn’t work”. In spite of having such an impressive client portfolio, including a number of prestigious businesses such as PWC and RBC, TAC continues to be challenged by the issue of sales. Having toyed with the idea of hiring one or two employees solely tasked with the responsibility of sales, financial barriers

continue to interfere with this alternative approach as TAC would only be able to “afford the commission, [not] the base salary” for such staff. Faced with this “constant conundrum about how [TurnAround Couriers] can grow”, Richard questions,

“If we are working with RBC and BMO, why aren’t we working for [other leaders in the financial industry]? Also I’m sure every small business feels the same way. I believe ...humans are slow to change and I clearly have not done a good enough job of getting people to change. And I’m slightly at a loss as to how to make that happen still. As I said before, networking has been the most effective...and in spite of all the media, of all the cold calls, of all the door knocking, of all the cold emailing all of the bigger businesses have come through [referrals]”.

Richard expresses future hopes for expansion, such as increasing their deliveries throughout the Greater Toronto Area, particularly by expanding their cars and van services beyond their one current driver who is not a social hire. As Richard noted, the key is having a strong business case first, which can be supplemented with social innovation, and once this business is established and can grow, it will implement social hiring. This becomes important as they move into a new line of business, shifting from the declining bike courier industry into related and alternate ventures. At the moment, TAC “outsources about 98% of [the car and van] work to another firm” and through this successful partnership they have managed to leverage their social mission and incorporate social hiring into this other organization’s “corporate DNA”. Even though this organization does not have the same social mission, through the partnership, they have adopted TurnAround Couriers commitment to social hiring, at least partially through social hiring. Additionally, this year Richard launched a new court filing and process serving business called TurnAround Legal Services. Consisting of only one employee at the moment, Richard hopes to turn this new venture into a social enterprise, mirroring TAC’s mandate of social hiring, in the near future. However, when posed with the question of whether expansion into other Canadian provinces was a part of TAC’s future plans, Richard appeared tentative to confirm such a claim as the level of commitment that the one office requires of him is already so substantial.

“Winning the Trico award was a great help and we were the only for-profit winner and that is saying something. At the end of the day this is the model I chose and I’m happy I chose it. It gives me a lot of pride and I think it does make us more sustainable in the long-term because we are self-sufficient even if we’ve got to operate with a tight belt. You have to be innovative and you have to juggle other jobs sometimes...but here we are...surviving!”

10 LESSONS LEARNED

1. Social goals can be a competitive advantage for businesses operating under a for-profit model, but a social mission alone is not enough to guarantee success for organizations. Organizations must be grounded in sound business practices.

An organization needs to focus on being a successful business first, even when it has a social mission. It is not possible for a socially innovated enterprise to progress if it cannot operate successfully and goes out of business, so the business portion must come first.

2. When starting a business, do not “count your chickens before they hatch” by relying on the best wishes of new customers without a firm commitment.

Richard discovered this early on, after having conversations with perspective clients who stated they would do business with him, until TurnAround Couriers started operations and only 10% of these “promises” came to fruition. Market expectations and business forecast plans should be based on firm commitments, not stated promises.

3. In addition to leveraging diverse networks, contact socially responsible organizations directly to gain clientele. Encourage clients to ‘tell their friends’ about their experience with your organization.

The importance of networking in this field cannot be overstated. While it is important in all aspects of business, when an organization has a social mission, networking can be key to informing prospective clients of this competitive advantage.

4. Offering opportunities for training and education deepen the social impact of an organization. An education training model based on mandatory participation and financial incentives (e.g., mandating enrolment in college courses with full reimbursement upon its successful completion) encourages participation by minimizing barriers while making employees a direct financial stakeholder in the course’s completion.

When the social aspect of an organization focuses on “social hiring” and the individual, including additional components which can help improve the individuals’ situation can be useful. Designing the program that the individual also has a stake in their own improvement, be it financial or some other means, can increase the likelihood of completion, which benefits all parties involved.

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CASE STUDY

TurnAround
Couriers

ABOUT THE AUTHORS

Ted Rogers School of Management's Diversity Institute at Ryerson University

Ted Rogers School of Management's Diversity Institute at Ryerson University was founded in 1999 by Dr. Wendy Cukier with the aim of undertaking research on diversity in the workplace to improve practices in organizations.

We work with organizations to develop customized strategies, programming, and resources to promote new, interdisciplinary knowledge and practice about diversity with respect to gender, race/ethnicity, Aboriginal peoples, abilities, and sexual orientation.

We collaborate with industry, government, not-for-profits, and academics to:

- Research existing practices and evaluate programs;
- Explore barriers to full participation in the workplace;
- Develop fact-based policies and programs to help organizations attract, motivate and develop, underrepresented groups; and
- Provide customized training to support the development of diversity strategies.

Using an ecological model of change, the Diversity Institute is driving social innovation across sectors. Our action-oriented, evidence-based approach is advancing knowledge of the complex barriers faced by underrepresented groups, leading practices to effect change, and producing concrete results.

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