

Ideals on WHEELS

*By Chris Young
The Toronto Star
March 20, 2005*

The future is unfolding in a third-floor walk-up over a Cabbagetown doughnut shop. Several futures, actually.

A bike crusted with snow is parked outside the door. In the two-room office of Turnaround Couriers, Johnathan Beales sits at a desk doing paperwork, the mud still clinging to his rain pants. It's Monday. Payday.

There's a problem. Two of Beales' daily roster sheets that track pick-ups and drop-offs are missing. "The Wednesday-Thursday, you need to find them," says the boss, Richard Derham. "I can't pay you till you have them. I need to see the signatures."

"I'll bring them tomorrow," says Beales. "They gotta be somewhere at home."

"Bring them in. You need some money?"

Derham lends him \$50 against his pay. And he's gone, just another young man off work and out on the town.

Six months ago, the whole story was impossible. Six months ago, Johnathan Beales lived on the street.

Beales is 21 years old. After coming down from Elliot Lake, he did some work in a film studio, but when a photography business that he co-owned with a friend went bust, he had nowhere to go, and bounced from shelter to shelter. Since August, he has worked as a courier at Turnaround, taking pictures on his camera as he makes his rounds through the city. He has ideas, among them to become a millwright, and to wash the glass of downtown office towers - "I've always wanted to clean the CN Tower's windows," he says.

The social sector is full of heartwarming before-and-after stories, the sort that are unfolding at Turnaround Couriers and agencies around town. It's what keeps them going.

But this could be the most difficult before-and-after of all: Can a social mission function as a business while solving systemic inequities? Can society's disadvantaged lift themselves toward the top while they deliver bottom-line profits? Can an entrepreneur do good and do well?

Turnaround is after all of that, employing youth from Toronto's mean streets as bicycle couriers and getting them job-ready for the real world, with half the profits - when there are any - earmarked for charity and job-training programs.

There's no standard rule for hybrids like this one, or similar non-profit businesses such as A-Way Express Couriers, staffed by psychiatric survivors, or the Print Shop at Eva's Phoenix shelter, which, like Turnaround, employs at-risk kids. Their position is somewhere between private enterprises answerable to shareholders and charities and agencies delivering purely social returns.

It's a paradigm embraced around the developing world but hardly known in Canada, where governments barely recognize it, established charities regard it with some wariness, and the private sector considers it a curiosity.

Even Derham, the person who is most committed to Turnaround, finds his belief rocked by day-to-day worries about survival.

Since opening its doors in October 2002, Turnaround has yet to climb out of the red and establish a niche in Toronto's competitive courier economy, where about two dozen companies scramble for business in an age of email and BlackBerrys. It's hard enough just defining itself.

"We're not a charity, and we don't want to be perceived as a charity," says Derham, a former lawyer who emigrated from England in 2000. "I want people to think of us first as an efficient, good courier firm, and secondly with an interesting social mandate.

"It's simple, I think it's unique, and I'm quite excited by the fact that it is new."

It's new, all right - the only stand-alone, for-profit social enterprise in the city, and one of the very few across the country. The much larger notion that underlies it, though - liberating poor and marginalized populations from the bottom up via entrepreneurial activity - has taken many forms over the past 30 years in just about every corner of the developing world.

"Social entrepreneurs" spot a demand for a product or a service or a better way of doing something, and a disadvantaged population that can benefit while turning it into an endeavour that generates pools of capital.

In Bangladesh, Zambia and Rwanda, for example, poor women in isolated rural communities earn a living by operating wireless "village phones" that allow customers to look for work, reduce costs and travel needs, stay abreast of shifting markets, and increase trade networks. In Kenya, small-scale subsistence farmers have formed collectives to get into international markets, resulting in as much as a tenfold rise in income, according to a 2004 CARE Canada strategy paper.

"It's about bringing business and making some trade-offs for profit, and taking a risk essentially to employ or give ownership to folks who, alone, under a normal market approach, don't have that opportunity," says Jesse Moore, director of private sector and development for CARE Canada. "And it's not because it's a charitable thing to do - it's also because they can actually add a lot of value. The best social enterprises actually correct market inefficiency. They're good ideas commercially, alone."

Delanie Padmore was 19 years old when she came to Turnaround via a Covenant House training program in September. She'd been couch-surfing and bouncing between shelters since leaving her Mississauga home three years ago, after finally falling out irrevocably with her parents. She and her boyfriend moved into their first apartment last month. This week, she received a job offer from a pet store, and is preparing to leave Turnaround. Perhaps she'll finish her high school diploma next. "I'm happier with myself. I'm content," she says. "Maybe I had to go through a rough sort of patch to prepare for these next 20 years of my life."

Every morning, seven days a week, Derham folds his lanky 6-foot frame on to his bicycle for the 15-minute ride in from his east-end home to Cabbagetown. By 8:30, he's first in the office. By 6 p.m. most nights it's lights out, except on weekends, when he's in for half-days to do paperwork.

This wasn't how it started out for the 36-year-old. Derham grew up just south of Manchester. After university, there were law studies at King's College in London and at the Sorbonne, six years with a Tower Bridge law firm, then an MBA. All the while, he would take off to different parts of the world, scrubbing pots and telemarketing in Australia to keep the money and the travels going, crewing on a yacht that sailed through the Galapagos, helping friends publish a map of Inca trails in Peru.

In 2000, he decided to make one more trip, relocating to Toronto to work as a consultant. He met up with Bill Young, a former dot-com millionaire starting up a social enterprise investment company, and through their discussions wedded his idea for a courier company to Young's principled principles.

"There have always been courier companies in downtown Toronto, and there's always been at-risk youth, but it's taken a Richard Derham, who's had the perseverance and the interest, to make this happen," says CARE Canada's Moore.

It was a good idea, and it has made believers out of the toughest audience of all - the kids themselves.

"There's a credibility attached to it that's quite different from the handout of a non-profit or the government," says Gail Meats, employment and life-skills co-ordinator at the Evergreen Centre for Street Youth. "When kids get a job with Richard, they know it's real work."

But it's a tough idea, too. Take Padmore, for example. She has been an exemplary receptionist since being hired through the provincial government's Jobconnect program - the only government assistance Derham says he has accepted. But now, having been at Turnaround for six months, she's got a job offer and it's time to leave. It's someone else's turn.

"It's not the easiest target population," says Young. "It's almost counterintuitive. You have to almost rely on a quick turnover of employees."

Turnaround has employed about 50 couriers to service their base of 130 regular clients. Of the 25 or so that have stayed longer than a month, Derham says nine have gone on to work for other courier companies, and six others are in school or other jobs.

"Wearing my business hat, I really don't want them to leave, because it makes my life simple and they're good at their jobs," says Derham. "Wearing my philanthropic hat, I'm conscious they're ready for bigger and better things, and really, the position that they are filling here could or should be done by someone who is less skilled, or needs an opportunity to get those skills."

There are other challenges. Derham relies on shelters such as Evergreen to send him job-ready candidates, the only proviso being no substance-abuse problems and a record that indicates punctuality. He trains them and supplies them with a bike, if necessary, along with the tools to keep it going - as much as \$150 worth of gear, which is paid back sans interest out of their weekly cheque ("Nick it and it comes out of my pocket," he tells them. Only two have been stolen.)

On some occasions, he has had to juggle courier schedules around bail hearings or bicycle breakdowns, which leads to the only real hurdle: having enough couriers.

"I've changed the company policy as a result, but there was a time when someone got into trouble with the police one night and ended up in the holding cell and weren't available to work the next day. Then the call comes in that little Johnny's bike is down and all of sudden we're short of couriers, and that's the day we're very busy. That makes me really angry, that people don't necessarily think through.

"Now I've got five couriers, though I need four. When we get a bit more (busy) and need five, I'll get six."

The couriers are paid on commission, so staffing issues don't bite into the revenues. These are all minor notes, though, compared with Derham's major concern: acceptance. The company's rates are competitive, it has delivered reliable service, and it has endorsements from many major downtown clients, including heavyweights like Royal Bank and some big law firms. Yet some city politicians and departments don't even bother to answer his emails.

"One night in a shelter costs the taxpayer \$50 or so. Then there's the other costs of living on the street," Derham says. "They come here, they're off the assistance - it should be obvious that we're doing something to help."

Mark Lafleur is 22 years old. Last year, after a falling-out with his father, he survived by painting houses while living in shelters. "All you had to do there was wake up in the morning," he said. "It just gets annoying." Now he shares a west-end apartment with Johnathan Beales and Sean Speer, another courier at Turnaround. He likes the freedom of the road, setting his own lunch hour and whether it will be a burger or a sandwich - even if it's almost killed him a couple of times.

In March of last year, Prime Minister Paul Martin was in New York at the United Nations, announcing the release of the United Nations Development Program's Unleashing Entrepreneurship report. "For too long, development specialists have overlooked or downplayed the role of entrepreneurship in creating economic growth, providing employment and in increasing productivity," said Martin, co-chair of the commission behind the report.

But while he talked of the need for "partnership on the domestic and international levels," Canada's social-enterprise sector has stood still, or even contracted, despite a well-established tradition of community investment in the form of co-ops and credit unions, especially in B.C. and Quebec.

A September, 2004, report by consultants Coro Strandberg and Brenda Plant noted the sector is about 1/20th the size of its U.S. counterpart. Its assets and contributions actually shrank between 2000 and 2002, while the American sector was nearly doubling in size.

Canada, says the Strandberg-Plant report, "lacks a strong government role, banking presence in CI (community investment), investor awareness and a significant donor base, limiting its ability to capitalize on the lessons that can be learned from the U.S. CI sector. (It is interesting to speculate, for example, on how a fraction of the five big banks' \$128 million in Canadian charitable donations would boost the fortunes of the Canadian CI sector.)"

Into this underdeveloped sector, University of Toronto MBA students have set up Rotman Nexus, a consulting service to help non-profit clients establish social enterprises. But its \$25,000 start-up funding came from the U.S. - the Palo Alto, Calif.-based Skoll Foundation. Rotman Nexus is seeking more funding, but there just aren't that many Canadian sources.

According to Bill Young and several commentators, the fault lies with a government that has traditionally been chief philanthropist to the nation, and hasn't established incentives, modified tax models and created a system for social enterprise to flourish.

"We don't have a framework," says Young. "Organizations like ours get orphaned, because we're not contemplated."

As an original investor in his cousin's telcom, Red Hat, Young cashed out at the top of the dot-com boom. He took his windfall and established Social Capital Partners in 2001. SCP has funded five social enterprises in Canada, including for-profit "double bottom-lines," as they're known, in Turnaround Couriers and Inner City Renovations, a house-renovation company in Winnipeg that employs inner-city Aborigines.

"There's a huge gulf between the people we're hiring and the skills required," says Young. "If our employees can bridge that gap, they're going to be economically set for life, they will have skills that are very much in demand, and be very well-paid. That's a hugely robust social mission."

"But it's hard to make the business work. We lost \$350,000 its first year, lost \$200,000 its second year, and will likely lose around \$140,000 this year. So we're getting there, but oh, it's been hard.

"It's a tough profile - more than half have criminal records, there are substance-abuse issues. You're trying to manage those tradeoffs, figure out what will work and what doesn't work. We didn't expect this to be an easy road."

Last year's federal throne speech identified social economy as a priority for the first time. Programs were allocated \$132 million over five years, and a national framework for the sector is the aim of the ongoing Social Economy Round Table.

Advocates say it's not enough, and have a long shopping list of needs: a national regulatory system, a way of consistently measuring social return on investment, a buoyant social capital market with the capacity to handle large-scale investments, and a government that is less about handouts and more about bridge-building.

"Our real goal is to change the landscape - if nothing else, we'll die trying," Young says. "On this thing, we're going to fall on our sword."

Michael Boucaud is 19 years old. He has a booming voice, is quick to laugh and loves to be making money. Boucaud has been at Turnaround for almost two months and still lives at a shelter, but he has impressed Derham with his drive and hustle, which are not the words Boucaud uses to describe himself growing up. "I was depressed, I was asthmatic, I felt like nothing mattered and I had no willpower," he says. "Then last year, I hit the Ecstasy pretty good and smoked too much weed ... but I'm 20 now, I gotta get going. This place has helped me. I started here pretty much with what I'm wearing. Now I've saved nearly \$500 in the bank. It's fantastic."

At the end of each business day, Derham takes a black marker and writes the daily tally on a calendar on the wall of his office. Whatever the number is, it's not enough. Turnaround Couriers may well be a great idea - that's what his clients tell him; that's what the stories of former employees gone on to bigger places tell him - but it is struggling.

Some months, Derham hasn't taken a salary. Right now, he's at \$1,750 a month. His wife is on maternity leave. All his savings have gone into the business. He teaches English on the side, and a weekly soccer game amounts to his getting-out time. He wants to make a profit, "even if it's \$40, just so I could give \$20 back and keep the bargain." He knows this can't go on much longer.

"The things I don't like are when I'm fearful for surviving - when I'm staring at the bank statements and I'm thinking, 'How can it be that we've got this sort of momentum going?' when I know we're running this all on a shoestring, when I know how many months I've gone without salary," he says.

"Hopefully it's just an unfortunate phase. I don't think that's unique to Turnaround Couriers. I hope it's not.

"But there's self-doubt - can we survive? I feel passionately about it, but am I just being blinkered and silly? Should I be more realistic and drop it now? It's that close. But I'm staying with it because of the many good things that continue to happen."

Good things? Evergreen has referred 10 of its street kids to Turnaround.

"It's a little community over there," says senior employment counsellor Debbie Nunes. "I've seen some hard-nosed kids do well there. Richard's really influencing their lives."

There are new clients, too - or at least, new promises of clients. Trouble is, those wheels move a lot more slowly than a courier on his rounds. A "maybe" is not a "yes," and meantime there are matters like a GST bill to reconcile at the end of the month.

In Toronto, there are plenty of charitable agencies and non-profit businesses, and plenty of courier companies. Why should we care about Turnaround Couriers? It's a complex question, one that author David Bornstein explores in his book *How to Change the World*.

"Social enterprise is an avenue, a growing field where people can integrate all the elements of their personality - their talents, their temperaments, their values, their ethics - and approach their work as whole human beings," says Bornstein, who is speaking at U of T's Hart House on Wednesday.

A couple of months back, a federal minister's aide dropped by Turnaround to see the office, pledge support, and ask Derham what he needs. We've heard about you, said the aide. What do you want?

"I'd like to get the courier work off the government," answers Derham. "That's all."

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