

Social Capital Partners Makes First Social Enterprise Investments

SCP uncovers hundreds of Social Entrepreneurs in Canada through business plan competition and invests in two innovative business models

Toronto Ontario - September 19, 2002 - Social Capital Partners (SCP) today announced its first investments in Canadian Social Enterprises - Pivotal Services of London Ontario, a full-service contract packaging company and Inner City Renovations (ICR) of Winnipeg Manitoba, a construction and renovations company and the winner of the Business Plan Competition for Social Entrepreneurs. As the winner, ICR was awarded \$15,000 and is eligible for up to \$1 million in incremental funding.

In these organizations SCP has discovered a new breed of Canadian business. These outstanding social enterprises go beyond the goal of simply making money - they also use their businesses as instruments to benefit their community. They provide jobs and support to people with significant employment barriers thereby giving them the opportunity to improve their own lives, the lives of their families and the economic prosperity of their communities.

"Inner City Renovations is committed to work in our inner city neighbourhoods," said Mary Williams, Executive Director of North End Housing Project. "Not only does it provide quality work at competitive rates, it provides employment for local residents in our community."

Launched on February 19, 2002, Social Capital Partner's business plan competition revealed the significance of social entrepreneurship in Canada. The competition was designed to encourage social entrepreneurship in Canada and to identify entrepreneurs with groundbreaking businesses that employ disadvantaged populations. It was the first competition of its kind in Canada and yielded over 100 entries from across the country.

"We literally received hundreds of phone calls from across Canada to inquire about Social Capital Partners and the competition," said Sean Van Doorselaer, a director at Social Capital Partners, who was responsible for running the competition. "Most of the calls were from people who wanted to learn more about how they could get their own social enterprise off the ground."

SCP will provide long-term financial and intellectual capital to both Pivotal Services and Inner City Renovations helping the businesses acquire scale and succeed from both a financial and social mission standpoint. SCP plans to do so with the help of its partners including The Monitor Group.

"It is not often that non-profits receive the level of support that we have from SCP. The assistance that SCP has provided with respect to both our business and social mission, combined with the ability to tap into the expertise of The Monitor Group, has been truly invaluable," said Gwen Charles of Pivotal Services.

"I am particularly excited by the potential impact that these social entrepreneurs might have on disadvantaged individuals and communities," said Bill Young, president, Social Capital Partners. "There has been relatively little written about social enterprise and social entrepreneurs in Canada but it became very clear that there are many of them out there, often working with little support and financing. If we can get these entrepreneurs the capital and assistance that they need, there is no telling what they can do for disadvantaged communities across the country."

Honorable Mentions

Pivotal and ICR are only two examples of an amazing new breed of businesses that is growing across Canada. SCP was very encouraged by the number of social entrepreneurs who made inquiries and entries into the competition.

The response to the business plan competition was so outstanding that SCP elected to offer additional cash prizes as honorable mentions to five other social entrepreneurs. Each of the following businesses received a \$5,000 cash prize.

Budding Prospects: An urban home and garden retail store concept created by Toronto Social Entrepreneur Moe Poirier that would employ at-risk youth.

Evergreen Gardens: A nursery, landscape and retail garden centre submitted by Evergreen that would employ at-risk youth. Evergreen is a prominent environmental organization led by Geoff Cape, with offices in Toronto and Vancouver.

Milliways: A social enterprise restaurant concept created by the team of Tom Hayes (a professional chef at River Restaurant in Toronto) and Mary Davis (a Toronto based consultant) that would employ refugee claimants.

Sheluc Brand Manufacturing: A manufacturer of quality wood products based in Edmonton, Alberta. Sheluc is led by Douglas Stacey and employs both at-risk youth and persons with disabilities.

Spirit Staffing: A temporary staffing and placement company designed to help Aboriginal people, visible minorities, Persons with Disabilities and Women obtain meaningful employment. Spirit Staffing is based in Calgary, Alberta and is led by Janice Laroque.

About Social Capital Partners

Social Capital Partners is a venture philanthropy organization created to invest in and support revenue-generating social enterprises that employ at-risk populations outside the economic mainstream in Canada. The goal of these social enterprises will be to develop a national scope, exist without government funding, and create improved social outcomes and financial self-sufficiency for the populations they employ. Founded in 2001 and headquartered in Toronto, SCP is one of the only organizations of its kind in Canada.

So far, SCP has invested nearly half a million dollars in social enterprises with a goal of investing at least C\$5 million within the next 5 years.

For more information on Social Capital Partners, please call 416-646-1871 or e-mail info@socialcapitalpartners.ca. Visit SCP on the web at www.socialcapitalpartners.ca.

A Closer look at Inner City Renovations

Inner City Renovations (ICR) received SCP's second investment this year. ICR is the winner of the Social Enterprise Business Plan Competition that SCP launched in February with great success.

Inner City Renovations is an enterprise owned by five not-for-profit community development corporations that provides construction and renovation services mainly, but not limited to, not-for-profit housing corporations. ICR is striving to create social good within several impoverished Winnipeg communities while remaining financially self-sustainable through business activities.

The business was incubated by Community Ownership Solutions (COS), a not-for-profit organization founded by the Crocus Investment fund as part of its commitment to social issues and inner city revitalization. COS's mandate is to provide high quality jobs for low income Manitobans in enterprises designed to 'raise the bar' for commercial excellence and workplace culture.

What makes this business especially important is that it tackles two of the most significant challenges for impoverished communities - the lack of affordable housing and the absence of meaningful employment. ICR employs mostly Aboriginal Canadians who live in inner-city Winnipeg neighbourhoods. These individuals often have a hard time finding and maintaining meaningful employment.

ICR provides its employees not only with a steady income but also with a skilled trade that they can apply both within the ICR environment and beyond. What's more, many of ICR's work involves renovating and improving houses in the very neighbourhoods where the employees live, allowing them to take an active role in the economic regeneration of their communities.

"Inner City Renovation Inc. is committed to work in our inner city neighbourhoods" says Mary Williams, Executive Director of North End Housing Project. "Not only does it provide quality work at competitive rates, it provides employment for local residents in our community."

Inner City Renovations is also committed to promoting employee ownership. Once satisfactory financial performance is achieved, it is the goal of the organization to turn the majority ownership of the enterprise over to the employees, giving them a real stake in that which they have helped to build.

ICR started operations in July 2002 and is expected to employ approximately 40 individuals by the end of this year.

SCP will provide long term financial and intellectual capital to ICR helping the business acquire scale and succeed both from a financial and social mission standpoint. SCP plans to do so with the help of its partners such as Monitor.

A Closer Look at Pivotal Services

Pivotal Services is SCP's first significant investment. Pivotal is a full-service contract packaging company that employs individuals with significant employment barriers while providing quality-packaging services to private sector clients. Pivotal's vision is that societal needs can be integrated into sustainable business environments.

Pivotal grew out of a non-profit workshop program, launched in 1994 at the St. Thomas Psychiatric Hospital. By 1996/97 financial pressures had put the program at risk when a dynamic social entrepreneur - Gwen Charles - took charge of the organization. Gwen took the highly indebted and subsidized organization left to her by the hospital and transformed it into a successful business by tightening up the business mission, moving operations to a new facility, and changing the name to Pivotal Services of London.

Gwen's understanding of the business and its employees is especially profound because she began her own association with Pivotal as an employee with a prolonged employment barrier. Gwen, a former MLA and City Councilor in Selkirk, Manitoba (just north of Winnipeg) suffered a severe breakdown after moving back to Ontario. The Pivotal opportunity gave Gwen a first step back towards personal and financial self-sufficiency after her collapse.

Today, Pivotal is a viable business that generates over \$1 million in revenue annually and is virtually self sufficient from government or other external funding. It employs over 40 individuals from various disadvantaged backgrounds on a full time basis and up to 70 on a part time basis during peak production times.

Much of Pivotal's success can be attributed to the Gwen's perseverance and determination. SCP president Bill Young commented that, "Gwen is among the most dynamic entrepreneurs that I have met during my career. She

has a relentless drive to make her business succeed and what's more, she has an intimate understanding of the support mechanisms required for Pivotal's social mission to be achieved. This is a rare combination of skills."

Like a venture capitalist, SCP is providing long-term capital to Pivotal based on its ability to meet the growth projections in its business plan. In addition, SCP is actively helping Pivotal meet these performance goals by providing significant "intellectual" capital in the form of its own expertise and the business strategy skills of its lead partner The Monitor Group.

"It is not often that non-profits receive the level of support that we have from SCP. The assistance that SCP has provided with respect to both our business and social mission, combined with the ability to tap into the expertise of The Monitor Group, has been truly invaluable," said Gwen Charles of Pivotal Services.