

ENTREPRENEURS



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ISBN : 978-2-9814563-0-4

Legal deposit – Bibliothèque et Archives nationales du Québec, 2014

Legal deposit – Library and Archives Canada, 2014



**Ministère
des Affaires municipales,
des Régions
et de l'Occupation
du territoire**

Québec



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PRESENTATION OF THE CREE SOCIAL ECONOMY REGIONAL TABLE

The Cree Social Economy Regional Table (CSERT) was created with the signing of the Specific Agreement concerning consolidation and development of the social economy in Cree communities of the Nord-du-Québec region between the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire, the Cree Regional Authority (now Cree Nation Government), the Cree Native Arts and Crafts Association, the Cree Trappers' Association and the Cree Outfitting and Tourism Association for 2010-2015 to act as a consultative committee of the Cree Nation Government and to be responsible for approving actions to be undertaken in order to develop the social economy and to strengthen social economy enterprises in the Cree communities.

The Cree Social Economy Regional Table is composed of representatives from the following organisations:

- Cree Nation Government
- Cree Native Arts & Crafts Association;
- Cree Trappers Association;
- Cree Outfitting and Tourism Association;
- Ministère des Affaires municipales, des Régions et de l'Occupation du territoire;
- Cree Women of Eeyou Istchee Association;
- Cree Nation Youth Council;
- Cree Health Board of Health & Social Services of James Bay;
- Cree Regional Elders' Council;
- Eeyou Economic Group;
- Chibougamau Eenou Friendship Centre; and
- Escapade Boréale.

To contact the CSERT:

CSERT Coordinator
277 Duke Street, Suite 102
Montréal (Québec) H3C 2M2
Tel: (514) 861-5837
Fax: (514) 861-0760
Email: lshecapio@gcc.ca
Website: <http://www.gcc.ca/cra/economicdevelopment.php>

Presentation of NISKA

NISKA is a cooperative of consultants offering services in strategic planning, project proposal development, project management, public participation, research, training and evaluation to a great variety of clients, including many partners' tables, cooperatives, non-profit organisations, municipalities, counties, regional conference of elected officers and ministries. NISKA has been working in Eeyou Itschee since its creation in 2005. We specialize in local and regional development, and in accompanying our clients to develop high impact, concerted strategies.

To contact NISKA:

Chakda Yorn, D.B.A., Project Director
548 rue Dufferin
Sherbrooke (Québec) J1H 4N1
Tel: (819) 690-2222
Fax: (819) 829-1593
Email: chakda.yorn@niskacoop.com
Website: www.niskacoop.com/en

Credits

Coordination, research and writing:

- Project Manager: Émanuèle Lapierre-Fortin
- Project Director: Chakda Yorn
- Project Advisor: Ethel Côté of Canadian Centre for Community Renewal

List of contributors:

- Patrick Maillet, Boréale Solutions
- Danielle Larose, lawyer
- Robert Turgeon, chartered accountant

Special thanks to the Comité sectoriel de main d'œuvre de l'économie sociale et de l'action communautaire (CSMO-ÉSAC) and the Centre for Community organisations (COCO) for sharing their documents.

Language editor: Joanna Jack

Image credits: Émanuèle Lapierre-Fortin, Cree Nation Government Department of Child & Family Services and Cree Native Arts and Crafts Association

Graphic design: Basta communication

WELCOMING WORD



Kwei to you all, Cree social entrepreneurs and economic development stakeholders!

On behalf of the Cree Social Economy Regional Table, it is my pleasure to welcome you to the first edition of the *Toolkit for Cree social entrepreneurs*.

You may wonder: what is the social economy? It is a worldwide movement championed by the people for the people, that reconciles social benefit with economic viability. Social economy businesses are non-profit organizations with a business arm and cooperatives that have the double mission of responding to a need of the community, while creating good jobs and generating wealth for our people. They are managed democratically by our people, while being guided by values such as solidarity, cooperation and equity.

One thing for sure: the social economy is alive and well in Eeyou Itschee! At the time of writing, we had twenty-nine social economy businesses already in place and eight emerging social projects that create value in our communities. Childcare centres, community radios and other initiatives present in many sectors of the economy, from arts and crafts and food to natural resources, are just a sample of initiatives which respond to local needs of our people.

It is our goal with this *Toolkit* to provide Cree social entrepreneurs and economic development stakeholders with resources such as descriptive content, templates and simple to-do lists with respect to the management of their businesses. There is something in here for everyone; take time to scan through it or feel free to jump to the sections of interest to you. We have summarized everything in a series of Fact Sheets at the beginning, to make your life easier.

It is a privilege for the the Cree Nation Government Economic and Sustainable Department to be a partner in this important initiative. We would like to take this opportunity to thank all those who were involved in its creation! and may it serve you well and for a long time!

Wachiya,

Alfred Loon
Director, Cree Nation Government Economic and Sustainable Development Department

LIST OF ABBREVIATIONS

C.c.Q.	Civil Code of Québec
CED	Community Economic Development
CEDO	Community Economic Development organisation
CDR	Coopérative de développement régional
CHRD	Cree Human Resources Department
CSERT	Cree Social Economy Regional Table
CSMO-ÉSAC	Comité sectoriel de main d'œuvre de l'économie sociale et de l'action communautaire
COCo	Centre for Community organisations
CSST	Commission de la santé et de la sécurité au travail
EC	Executive Committee
ED	Executive Director
EDO	Economic Development Officer
HR	Human Resources
MFEQ	Ministry of Finances and Economy of Québec
NPO	Non-Profit organisation
REQ	Registraire des entreprises
SEB	Social Economy Business

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TOOLKIT AT A GLANCE



INTRODUCTION

Welcome to the Cree Social Economy Regional Table (CSERT)'s *Toolkit for Cree Social Entrepreneurs!*

The *Toolkit* is a set of simple and user-friendly tools that the CSERT mandated NISKA to develop. This *Toolkit* is designed to facilitate the work of social entrepreneurs and the professionals supporting their business development. The reason behind it is simple: social entrepreneurs create incredible economic and social value in their action. They require adapted management tools to enable them to reach their economic and social missions. Economic Development Officers (EDOs) and entrepreneurs have also often repeated that they needed **simple, concrete** tools, which are adapted to the context of Eeyou Itschee and their stage of business development, in an accessible format. As a result, the content of the *Toolkit* was established based on **interviews** conducted with Cree social entrepreneurs about their **training and capacity building needs**, an action that stemmed from the CSERT Action Plan.

In addition, the Toolkit was co-constructed with the EDOs of each community, who contributed to its content in a work session. Being at the frontline of business development by meeting with entrepreneurs every day, the EDOs confirmed that the following **five topics** were worth including in this *Toolkit*, which they hailed as an innovative and worthy initiative:

- Social Economy Business (SEB) Development Process
- Human Resources Management
- Governance
- Marketing & Communications
- Financial Management

The CSERT trusts the Toolkit can meet your needs and expectations, as a player in the **sustainable development of our Nation!** The goal is to provide you with the information and tools you need, in a way that makes sense and is easy to use. The *Toolkit's main target audience are Cree SEBs and EDOs*. By SEBs, we mean cooperatives or non-profit organisations (NPOs) with an economic aspect, meaning that they sell goods and services on the market on a regular basis. Figure 1 provides a definition of each type of SEB.



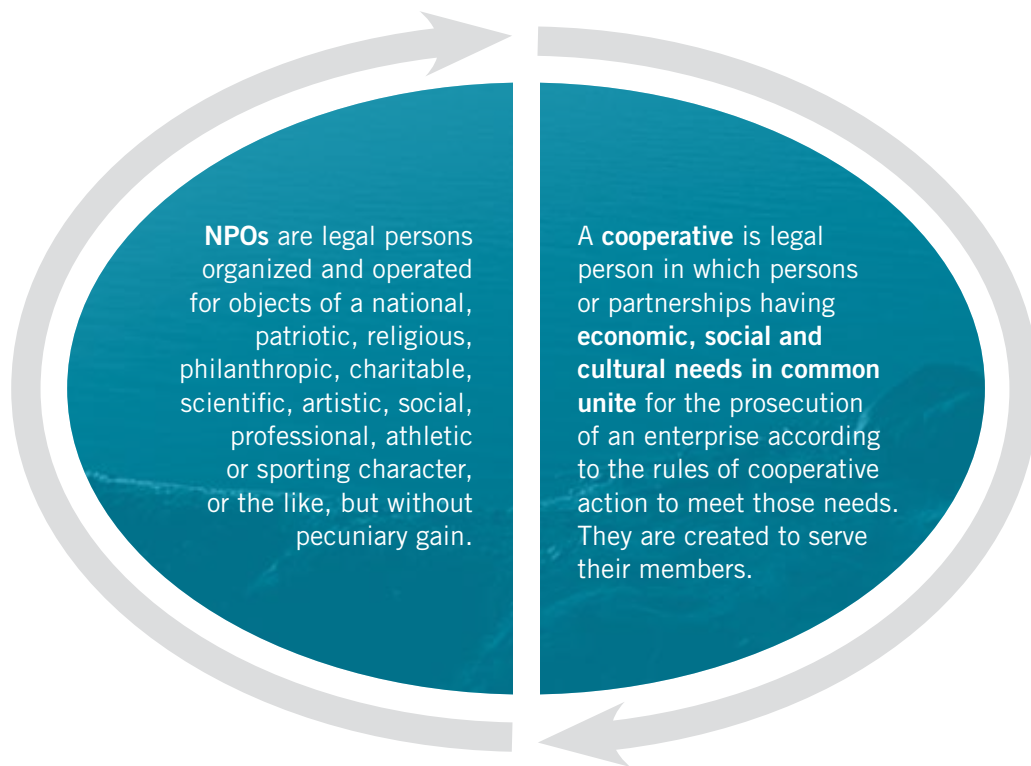


Figure 1. Definitions of Non-profit Organizations (NPOs) and Cooperatives

In its *Inventory of SEBs*, the CSERT identified 29 existing SEBs in Eeyou Itschee, along with 8 emerging social economy projects, present in various sectors such as childcare, communications, natural resources, arts & culture and food & agrifood. Cree SEBs are part of a larger social movement called the social economy. The *Chantier de l'économie sociale* has created a definition of the social economy which is currently endorsed by the majority of actors in Québec's social economy:

- The social economy sector consists of an ensemble of activities and organisations, emerging from collective enterprises that pursue common principles and shared structural elements;
- The objective of the social economy enterprise is to serve its members or the community, instead of simply striving for financial profit;
- The social economy enterprise is autonomous from the State;
- In its statute and code of conduct, it establishes a democratic decision-making process that implies the necessary participation of users and workers;
- It prioritizes people and work over capital in the distribution of revenue and surplus;
- Its activities are based on principles of participation, empowerment as well as individual and collective responsibility.

The CSERT adopted the Cree Social Economy definition, which goes as follows:

Social economy serves the community, it empowers and encourages individuals and communities to work collectively and cooperatively in the identification, development and strengthening of bottom-up grassroots projects and businesses. Social economy projects and businesses create sustainable, rewarding jobs that contribute to the quality of life and well-being of individuals and the community as a whole by upholding the cultural and traditional values of the Eeyou of Eeyou Istchee. By doing so, social economy encourages collective wealth and sustainability.

Put simply, the social economy is one way we can do things together to benefit the community that we cannot do alone, such as create sustainable local jobs and keep profits in our communities. Its goal is to build our local and regional economy based on social values and the needs and desires expressed by the community.



Figure 2. Doing Together What we Cannot Do Alone!

Concretely, the social economy is:

- › A movement with a **double mission** (economic and social) which creates value and increases the quality of life of everybody
- › A people-centered business model **by/for people**, present in all sectors of activities and **responding to the needs and challenges of today**
- › An **industry** in itself which generates pride and encourages buying local!
- › A **job-creating, innovative and fast-growing** sector!

Some of the **main strengths** of the social economy as a whole are the following:

- › It responds to the **needs** of the community
- › It is a motor for **sustainable** economic development
- › It creates **local jobs** which are managed locally, helping stabilize **local economies** and reduce leakages
- › It allows for **partnerships** with the community and **community engagement**
- › It offers an **alternative business model**
- › It benefits from a **variety of funding sources**
- › It is a vector for **values** such as democracy, cooperation, solidarity equity, efficiency, sustainability and social justice

During the consultation period, EDOs mentioned that the *Toolkit* would **be of interest to other types of businesses or organisations**. These could include private business that want to have a positive social impact but are not sure how to go about it, or for unincorporated community groups with questions about how to run their meetings and activities. We hope this *Toolkit* meets such needs and more besides.

As you go through the *Toolkit*, you will find, for each of the five bigger sections, a **mix of explanations, examples, tips, checklists, and links for further reading** that you can click on for more information or tools. Feel free to browse the *Toolkit* from cover to cover, or jump directly to the sections that catch your attention! Furthermore, each **subsection is summarized in a series of 19 Fact Sheets**, presented right after this introduction. The *Fact Sheets* are an excellent overview of the content in the *Toolkit*, and as such it is a great place to start if you want to learn about the topic. Agoodah!

Enjoy your reading!

FACT SHEET 1 | KEY STEPS TO DEVELOPING A SOCIAL ECONOMY BUSINESS



Figure 3. Social Economy Business Development Path



Remember! Starting any business requires taking risks. Eighty percent of small businesses fail. There are many reasons for failure including: poor planning, being overly optimistic, lack of adequate investment and equity, poor cost control, personal illness and plain bad luck. Evaluating the risks from the onset will save you headaches down the road!

Idea! Several Cree communities have undertaken *Community Planning* sessions, to look at what exists and what is missing in the community according to local people. Ask your EDO to have a look at that report if it exists, it could give you some good ideas!

Important! In all communities, all entrepreneurs need to obtain a Band Council Resolution. Meet with your EDO so that s/he can put that point on the agenda of the next Chief & Council meeting. At the same time, your EDO will inform you of the specific processes (including filling out a *Business Application Form*) and funding programs (from the Band, the Development Corporation, etc.) available in your community.

FACT SHEET 2 | PLANNING & DEVELOPING YOUR SOCIAL ECONOMY BUSINESS

Table 1 . Feasibility Study, Market Study and Business Plan

Feasibility Study	Market Study	Business Plan
The feasibility study will research one or two of the most promising ideas. It will help to test the key assumptions that determine whether this enterprise would actually have a good chance to succeed and to enable social entrepreneurs to decide whether or not to invest further time and resources in that particular business idea.	A market study is one section of the feasibility study, but as it is one area for which entrepreneurs often have a lot of unanswered questions, it needs more attention.	Table of contents 1. Executive Summary 2. The SEB 3. The organisation 4. The Market a) Market Analysis b) Marketing Strategy 5. Social Impact 6. Business Development 7. People 8. Operations a) Place of business b) Suppliers c) Equipment d) Production e) External relations 9. Finance a) Budget b) Scenario Planning c) Investment and funding 10. Appendices
It will include: 1. Executive summary 2. Overview of the business 3. Outline the social purpose 4. Assessment of resources needed 5. Analysis of the market 6. Analysis of the financial position 7. Establishment of key success and risk factors 8. Conclusion: Decision on the feasibility	It will include: 1. Confirmation of the market trends 2. Identification of the Competitors 3. Identification & documentation of the consumers 4. Confirmation of potential markets	



Remember! Your EDO can help you complete or find resources to undertake your feasibility study. Talk to him or her about it after you have held a first meeting to discuss your project overall and your group's entrepreneurial potential.

Important! Data included in feasibility and market studies as well as business plans either come directly from the field and have been collected with tools such as surveys and interviews (primary data) or have been compiled from an existing source (secondary data). It is possible that, due to time, skills or financial constraints, you may be limited in how much primary data you can collect. Try to get as much primary data as you can (get help from professionals if needed), and complete with secondary data.

Beware! Doing a business plan is a lot of work, so you may be tempted to skip that part and start operating with no plan. Don't!! Your business plan is like your GPS: If well done, it will be the most useful business tool of all. Templates such as the one provided in this section are a great place to start, but remember that every SEB is different and your business plan should be developed to reflect **your own situation** in the best possible way.

Remember! Funders will ask you for your business plan to assess your SEB project. Each funder has its criteria and funding guidelines; be sure to review them in advance and make sure your business plan fulfills all their expectations and needs! This will save you time and increase your credibility.

FACT SHEET 3 BUSINESS STRUCTURE

When creating a new SEB, it is important to think about the best structure for it. If leaning towards cooperatives, remember that they have the following rules of action:

- One member, one vote
- Membership subject to the use of services
- Limited interest on capital
- Legal obligation to create a reserve
- Possibility to distribute surplus earnings
- Duty to promote and educate about co-operation
- Duty to support community development

Note: SEBs (non-profit organisations (NPOs) and cooperatives alike) can incorporate a federal or provincial charter. Also, there are four main types of cooperatives: consumer, producer, worker and solidarity cooperatives, which are explained in detail in the *Toolkit*.

Table 2. Differences Between Cooperatives, companies and NPOs

	Cooperative	Company	NPO
Participation in ownership In a cooperative, the members participate in ownership by acquiring the minimum number of qualifying shares as defined by law.	Social capital (social shares, preferred shares and participating preferred shares)	Securities	Not applicable
	Redeemable shares	Redeemable securities	Not applicable
	Liability of members limited to the amount of the subscribed capital	Liability of the shareholders limited to the subscribed capital	Liability of members limited to the obligation to pay a contribution
Participation in power Participation in power is the exercise of democracy in a cooperative. Regardless of the number of shares held by a member or the volume of business done with the cooperative, the rule « one member, one vote » is respected.	1 member, 1 vote	1 vote per voting security	Generally, 1 member, 1 vote according to the by-laws
	Proxy voting limited to the spouse and adult children who are not already members	Proxy voting allowed	Proxy voting allowed, unless otherwise specified in the NPO's bylaws
Profit sharing In a cooperative, the allocation of surplus earnings is in proportion of the operations that each member has performed in the cooperative.	No capital gain on shares	Capital gain on the securities	Not applicable
	No interest on the common shares and limited interest on preferred shares	Unlimited dividends on securities	Not applicable
	Possibility to allocate surplus earnings to members	Possibility to allocate dividends to shareholders	No allocation of surpluses to members

FACT SHEET 4 | GROWING YOUR BUSINESS

Social entrepreneurs need a plan to succeed with their SEB: “Big thinking precedes great achievement”. Creative and engaging strategic planning processes will engage the group, provide focus, define strategy, support concrete development and efficient decision making. Figure 4 describes the seven steps of planning in a SEB.

Content of a Strategic Plan:

1. Overview of your SEB, including vision and mission statements, and history (*Where do we come from?*)
2. Analysis of *Where are we at?*
 - Findings about the external environment
 - Summary of SWOT analysis
 - Key issues
3. Strategic plan: *Where do we want to go?*
 - The chart below showing shows one key orientation with two strategies to pursue it.



Figure 4. The Seven Steps of Planning in a Social Economy Business

ORIENTATION 1: IMPROVE MANAGEMENT AND OVERALL OPERATIONS

Strategies	Leader	Resources	Timeline				
			2015	2016	2017	2018	2019
1.1. Conduct a global assessment of human resources and revise job descriptions in line with the current needs of SEB	ED	BO, \$20k					
1.2. Develop client database	ED	BO, staff time					

Mission and vision statements: If your SEB does not have a **mission or vision statement**, it is essential to spend some time developing them before going further.

Table 3. Mission vs Vision Statement

Mission Statement	Vision Statement
A Mission statement talks about HOW you will get to where you want to be. Defines the purpose and primary objectives related to your customer needs and team values.	A Vision statement outlines WHERE you want to be. Communicates both the purpose and values of your business.



Remember! There is no strategy if you do not **choose!** Your SEB cannot do everything, and it is essential to **focus** on what you do **best** and what is **realistic!**

FACT SHEET 5 | STEPS TO INCORPORATE A COOPERATIVE

The important steps in setting up and implementing a solidarity cooperative are described below, with a suggested timeline.

NISKA suggests that a cooperative conduct several members' assemblies before officially holding its General organisation Meeting, as it is important to mobilize and inform potential members, enabling them to participate in the process.

Table 4. Steps to Incorporate a Cooperative

Step	Suggested timeline
1. Promoters organise an information assembly with potential members to present and provide updates on the work undertaken so far, as well as evaluate people's interest in becoming members. <i>Note: this may be repeated in several communities or several times if deemed important. You may want to present the co-op structure.</i>	Month 1-3
2. Promoters form an acting committee (promoting group) to continue the work : › Enterprise development (feasibility study, business plan) › Create rules of order and a charter of by-laws › Fill out incorporation forms from the Ministry of Finances and Economy. This implies: › Having signatory founding members › Naming a provisional secretary	Month 4-8
3. The acting committee organises an incorporation assembly in which: - The acting committee presents the details of the project (services, location, budget, funding sources, shares, etc.) - The assembly adopts the rules of order and charter of by-laws - The acting committee gets approval from the assembly to send the incorporation forms to the ministry	Month 9
4. The provisional secretary sends incorporation forms to the ministry and pays the \$225 fee	Month 10
5. Promoters organise a membership drive to take advantage of potential members' interest in getting involved with the cooperative	Month 11-12
6. The provisional secretary and the acting committee organise a General organisation Meeting , where, amongst other things: - The incorporation charter will be presented - The Board of Directors will be elected - Members will sign their request for admission - Members will pay their qualifying shares - The auditor will be named	Month 13 <i>(must be held six months following the reception of incorporation forms from the Ministry)</i>

FACT SHEET 6 | GOVERNANCE

People join organisations because they care about the cause and they want to make a difference. Governance is how we channel people's energy towards achieving common goals.

The traditional structure of democratic organisations is often understood as an inverted pyramid or as a circle. This structure is described below with the **instances** (which can be compared to the hat one person is wearing) bolded:

- The ultimate power belongs to **members**, who decide the organisation's direction at the annual and special general assemblies
- The general assembly of members elects a **Board of Directors**
- An **Executive Committee** may be established, and its composition is defined by the by-laws

Permanent or temporary **working committees** can also be established by the Board, but they have no decision making power. Some distinctions between the role of staff and the Board are presented in Table 5 below.

Table 5. Role of Staff vs Role of the Board

Staff	Board
Many groups operate without ever having paid staff. For lots of other SEBs, staff are the key drivers of the organisation's activities. We rely on staff for a million-and-one things, namely to keep the organisation functioning and working towards its mandate. They often coordinate activities, operations, planning, and ensure that work plans and/or organisational objectives are met. Staff can work in a traditional hierarchical model with an ED who makes most of the SEBs key decisions, but it can also work with a more collaborative structure where many people are implicated in decision-making.	Every organisation needs to look carefully at its own needs and define the Board's role based on its own unique reality. Boards work in very different ways depending on the needs of an organisation at a given time. That being said, it is widely accepted that a Board's primary role is to provide oversight. This means focusing on the long-term health of the organisation and maintaining a bird's-eye view of its work and operations, leaving others to tend to the day-to-day responsibilities of program implementation and people coordination. While maintaining a focus on their oversight role, it is quite normal for Boards to assist with some aspects of day-to-day operations.

Conflict of Interest

A conflict of interest occurs when someone in a position of trust has competing professional or personal interests. These competing interests can possibly interfere with the person's ability to remain impartial as they fulfill their duties. A conflict of interest involves not just the issue in question, but also people's perception of the issue and who is involved in making a decision. A conflict of interest exists even if no unethical or inappropriate decisions are made.

FACT SHEET 7 | HAVING EFFECTIVE BY-LAWS

The law enables the SEB to be born, but each organisation determines **its own game rules** through the voting of by-laws within the larger legal framework. By-laws are useful to guide conduct, to make sure the members' rights are respected, that equity prevails, that there is good management. By-laws protect against uncertainty, arbitrariness and unfairness, ensuring the survival of the organisation. They define a framework within which the Board can operate while avoiding unnecessary formalities. This section will introduce your SEB to the topic of by-laws.

Table 6. Summary of Effective By-laws

Principles of writing by-laws	By-laws need to: › Be adapted to the reality of the organisation › Be understood by all members and make sure basic democratic principles such as the participation of members are upheld › Be coherent, unambiguous and consistent amongst each other › Abide by the law and the limits set in the patent letters › Be flexible and easy to implement › Take the 'common interest' of the collective business project into account
Basic rules to write by-laws	› By-laws have to be as clear and concise as possible. It is suggested that they be written in the present tense, and that the style be simple and clear (with short paragraphs and sentences) › The presentation of the document is well-spaced and accessible › They use common language, not technical jargon › The articles are numbered › Titles and sub-titles are used to make the document more readable
Modifying by-laws	› The original by-laws are created when the organisation is founded. However, as a group grows and changes, the by-laws may need to be modified too. In Quebec, Annual General Assemblies and Special General Assemblies are the places where proposed constitutional or by-law changes prepared by the Board of Directors can be accepted or rejected by a vote of the members attending the a general meeting. In this case: › Changes to by-laws must be approved by a simple majority of such an assembly, unless the by-laws state otherwise. › Changes to the letters patent (an incorporation document) must be approved by a 2/3 vote at a general assembly.

In addition to by-laws, cooperatives will produce a members' contract. It is essential that cooperatives think about the **usage link** between the business and its members, based on its reality and its services.



Remember! By-laws and members' contracts are **legal documents**, and thus they cannot simply be copied and pasted from one SEB to another! They warrant reflection; it is encouraged that your SEB really thinks through what they want to set as rules from themselves; it is an important learning process! The templates provided in this *Toolkit* are legally valid, and as a result they are a **great place to start from**. Using them as a starting point can help you save on professional fees. However, to protect the SEB and make sure your documents are really in line with your vision, a **legal professional should always have one last look** at these documents before they are approved by the Board.

Table 7. Summary of Code of Ethics

Why would a SEB develop a Code of Ethics? › To keep in line with the SEB's mission and values › To have a frame of reference in terms of how things will be done › To have a guide relating to moral questions › To discuss responsibility and ensure that rights of each party are respected	The Code of Ethics aims to: › Describe the needs and expectations of the people within and external to the SEB › Have the rights of these people fulfilled › Define the different moral responsibilities of each role within the SEB
Steps to write a Code of Ethics	Prerequisites: Validate the interest for the project (members, Board, staff) <i>and</i> assess tools that already exist
	Create a Committee: Ensure there is a diverse representation among all positions in the SEB, <i>take</i> each parties' points of view into account <i>and</i> establish a timeline with a calendar of meetings: it may take one year to realize the project
	Editing the Code: Proceed to a legal verification of the Code of Ethics <i>and</i> have the Code of Ethics adopted by the Board of Directors
	Gaining Ownership over the Code of Ethics: Offer training for all parties to ensure ownership of the Code of Ethics is maintained and the code is not forgotten or placed on a shelf. Remember, a Code of Ethics is only useful if it is <i>applied!</i>
Main content of a Code of Ethics	A preamble where we find: › A short presentation of the organisation › Reference to the mission and objectives of the organisation › The specific values which we aim to promote individually and collectively in our work › A definition of the main terms used in the document › A brief definition of the purpose and the scope of the Code of Ethics
	The different moral responsibilities with respect to: › the people who use the services and participate in the activities of the organisation › the volunteers › the business › the community › the interpersonal relations of people working in the organisation
	Control mechanisms which help to ensure that: › Ethical principles and rules are respected by Directors › Problematic situations are resolved in a process that respects the values and principles of the organisation

Pre-affiliation and confidence

- It is a **testing phase**.
- People are assessed, are observed, and share their interests and expertise to help determine if they really have a common destination and if the affiliation with others will be able to meet their needs. It is also called the “Forming phase”. When everyone agrees on a destination and a general operation, the group moves to another stage.

Power, control and autonomy

- Stage characterized by the **power struggle**.
- People seek to guide and influence the action of the group based on their needs.
- This is the time where clashes between different visions of the project may appear and sub-groups can be created. It is also called the “Storming phase”.

Intimacy and closeness

- This phase happens when the group searches for **harmony**.
- People try to avoid conflict at all costs: everything is for the best in the best of all worlds!
- This is the time when social activities are increasing and where you want to live with the group.

Differentiation and interdependence

- Everyone has found a place, a satisfactory role, so that the group is ready to be found in several different contexts, avoiding being too destabilized. Communication between group members happens around the achievements and pitfalls of the group. It is also called the “**Performing** phase”.

Termination and separation

- The group achieved its objectives and the project or business **comes to an end**.
- The group does an assessment of the time spent together, shares his learning, his achievements and says “goodbye”.
- Some members of the group are preparing for another project, while others are sad or relieved of this outcome.

Figure 5. Steps in a Group Process

Conflict Management

Managing conflicts is a skill that managers/coordinators and work team members must acquire. In some circumstances, resolving a conflict can even be a **learning opportunity** for the group. On the other hand, a poorly-managed conflict can poison the work atmosphere of a group for a long time afterwards.

In itself, conflict is **neither destructive nor constructive**. It is rather an **unavoidable part of human existence**.

Table 8. Types of Conflicts

Conflict type	Description
Values conflict	Involves incompatibility of preferences, principles and practices that people believe in such as religion, ethics or politics.
Power conflict	Occurs when each party wishes to maintain or maximize the amount of influence that it exerts in the relationship and the social setting such as during a decision making process.
Economic conflict	Involves competing to obtain scarce resources such as monetary or human resources.
Interpersonal conflict	Occurs when two people or more have incompatible needs, goals, or approaches in their relationship, such as different communication or work styles.
Organisational conflict	Involves imbalances in the organisational chart and how employees report to one another.
Environmental conflict	Involves external pressures outside of the organisation such as a recession, a changing government, or a high unemployment rate.

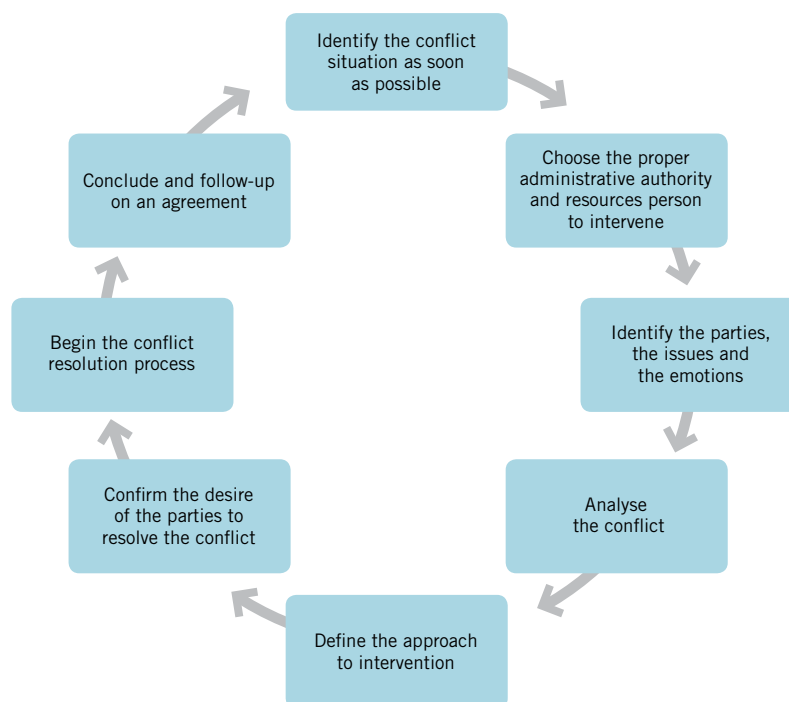


Figure 6: Steps of a Conflict Resolution Process

FACT SHEET 10 | EFFECTIVE MEETINGS

Meetings, if they are run properly, can be an invaluable and effective **tool for decision making**. If not, it can feel like a complete waste of time, money and cause demotivation.

Table 9. Summary of Effective Meetings

Who prepares the agenda?	› The President, together with the Secretary › In SEBs with an hired manager (such as the Coordinator or Executive Director (ED)), it frequently happens that the manager proposes to add points to the agenda, following a discussion with the President and the Secretary
How to best prepare for the meeting?	› Ask yourself: Is this meeting really necessary? What are our objectives? What decisions do we need to take? › Plan an agenda that is realistic in the time that you have. › If possible, send the following documents to Board members ahead of time. › Manage your agenda so that you place the most important issues right after the mandatory points at the beginning. › For each topic on the agenda, try to estimate the time of discussion will be needed before the Board members will likely come to agree on the decision to take.

<i>Example of agenda</i>	Duration	Information	Discussion	Decision
Welcome	2 min.			
Adoption of the agenda	3 min.			X
Consent agenda	3 min.			X
Follow-up from last meeting minutes	5 min.	X	X	
Items that are subject to resolutions and decisions	40 min.	X	X	X
Strategic discussion items	56 min.	X	X	
Next meeting (time and place)	2 min.		X	X
Miscellaneous	8 min.	X		
Adjournment	1 min.			X

At a Board meeting, the **President** shall open the meeting, check whether there is quorum for the meeting to be valid, have the agenda approved, ensure proper conduct of Board meetings by providing operating rules and abiding by them, open and close the discussion on each agenda item, lead discussions by ensuring that each Board member can express his opinion, grant the right to speak and remove it when necessary and ensure that the time planned for the meeting is respected.

Minutes: The minutes of a Board of Directors meeting holds the essential information on what was discussed as well as the exact wording of resolutions. This is an official document with legal weight. It attests to the authenticity of the resolutions taken. In most organisations, the Secretary of the Board is responsible for taking minutes, whereas in other organisations, the role alternates from one Board member to another.

Table 10. Facilitation Techniques and Their Goals

Engage active participation	Facilitate decision-making	Stimulate sharing
➤ Go around the table (Round Robin) To enable all people to express themselves on a new item on the agenda, the President may ask each Board member to clarify their views in turn. ➤ Take speaking turns If necessary, the President can give the right to speak in turn to those who raise their hands. Following that, the President should involve people who have not yet expressed their opinion. ➤ Make a direct call for participation If a person remains silent for too long, the President should encourage participation by making a direct inquiry regarding that person's thoughts. ➤ Remove the right to speak The President may, by a gesture or a word, ask a member who speaks too much to wait before expanding further on their point, or interrupt them politely if they have been speaking for too long.	➤ Ask a question To make sure solutions are understood in the same way by everybody the President can ask members to clarify their words ➤ Paraphrasing a motion The President can repeat what a member has said using different words to double check her/his understanding. ➤ Make a summary and synthesis The President shall ensure that the Board reaches its decisions on a point on the agenda within the allotted time. To do this, s/ he can provide a summary of discussions that have just taken place. ➤ Raise awareness of time The President should remind members of the time left to get to passing a motion on an item on the agenda.	➤ Objectify the discussion If personal attacks are done by members the President may reformulate the critique in an objective manner, pulling comments back to the level of ideas, or suggest that the Board member does so. ➤ Diversion If the conflict escalates, it may be preferable to create a diversion, either by making a joke or by proposing a break to try to resolve the dispute in a more informal and private setting.

FACT SHEET 11 | HUMAN RESOURCES: ELABORATING INTERNAL WORK POLICIES

For most businesses, their human resources (HR) are their most important asset. Your SEB needs to think about the advantages and benefits it wishes and can afford to offer to employees, such as work from home policies, work-life balance measures, insurance, retirement plans, etc. These would all be outlined in **internal HR policies and procedures**. *Be careful!* The most important part of this process is to **apply** the policies and procedures!

Table 11. Summary of Internal Work Policies

Internal work policies will include content on hiring and evaluating staff, as well as a salary policy.	
Hiring staff	1. Analysing staffing needs 2. Recruiting 3. Selecting and hiring staff 4. Welcoming, probation and integration
 Important! Once you have integrated a new staff person, your Human Resources job is not finished! One of the crucial things to plan for is training. Training is an investment in your SEB's most important resource: its people! Training can also be an excellent way to motivate your staff, by giving them ways to grow as professionals. The Cree Human Resources Department (CHRD) has programs to fund training for new employees.	
The job description provides guidance to the staff and management. It evolves through time.	
The job description is important to identify the nature of the work, its tasks, work conditions, duties and needed qualifications.	The job description has multiple purposes: ➤ To select staff ➤ To identify the responsibilities and tasks of the employee ➤ To determine that position's salary ➤ To evaluate staff
Steps to elaborate a job description:	1. Agree on the title of the position 2. Indicate the date at which the job description is written (or revised) 3. Draw a general overview of functions, in a one-paragraph summary 4. Precisely define the activities and tasks to be accomplished 5. Define the hierarchical link with respect to the other positions in the SEB 6. Identify what the position requires in terms of skills, qualifications and experience 7. Go over the work conditions. Remember that norms relating to safety and security at work are legislated by the <i>Commission de la santé et de la sécurité au travail (CSST)</i>. 8. Determine expected results so that the person can have a precise idea of how s/he contributes to realizing the goals of the organisation.

 **Don't forget** to plan for **HR succession** in your SEB! If you are expecting someone in a key role to go on a long break or to leave the business, start planning for a **transition period** where **knowledge transfers** from that key individual to someone selected to take over.

Table 12. Overview of the Evaluation Process

Why?	Who?	What?
Why evaluate? One should think of the philosophy and goals of the staff evaluation policy.	Who are the people to evaluate? Which category of staff exactly? Do you want to target regular permanent staff or those with other status (part-time, on probation, contract, temporary, in replacement?) Do you want to evaluate all staff or only a certain category of staff?	What are we evaluating? ➤ Objectives of the job and its targeted results ➤ Tasks to be accomplished ➤ Expected behaviour ➤ Desired improvements

How?	By whom?	When?	Next steps?
'How' refers to the tools used to evaluate work and encourage professional development. Tools can be questionnaires or various types of grids (analysis, observation or evaluation grids), an evaluation meeting, a self-assessment and a peer evaluation.	The SEB has to determine the roles and responsibilities of the stakeholders (Board, work team, coordinator/director/manager, etc.) in elaborating and carrying out the evaluation process.	The SEB has to decide the frequency and the moments during which management and staff are to be evaluated.	What has to follow the evaluation process? Professional development, change in behaviours or attitudes, acquisition of new material and equipment, continuous training, coaching, etc.



Remember: these policies have to be **implemented and known** by all staff! It is a best practice to go over them when welcoming a new staff member. In the case of cooperatives, bylaws and other documents pertaining to the associative life would also have to be known to all. This could also be discussed during a welcoming session, or the SEB could organize an internal session for all staff.

Why Create a Salary Policy?

An internal salary policy has to create a perception of **equity** between employees while enabling the SEB to offer salaries that compare with other similar businesses (in the North or in the South!). Individual tax exemptions should not affect the salary policy!

Table 13. Summary of Salary Policy

A salary policy should at minimum include the following elements:	Steps to elaborate a salary policy:
- Objectives of the salary policy - Goals of the salary policy (i.e. the basic principles upon which the policy is founded) - The days and frequency of pay - Benefits (those prescribed by the <i>Act respecting labour standards</i> and those specific to the organisation) - Salary structure - Individual salaries, including entry-level salaries and salary progression - Overtime policy - Management of the policy	- Create a committee responsible for the salary policy - Assess the existing salary policy, if applicable - Plan the process, and plan for consulting staff - Update job descriptions - Do a salary survey on the job market - Evaluate each job - Create a salary structure - Calculate the impact of the salary structure and re-evaluate the structure accordingly - Update the list of benefits - Write the policy and establish a management and adjustment procedure

Table 14 . What to Include in HR Policies & Procedures

NAME OF SEB

INSERT LOGO HERE

POLICIES & PROCEDURES

MISSION: *Our mission is* [INSERT HERE]

VISION: [INSERT HERE]

VALUES: [INSERT HERE]

MONTH, YEAR

Introduction	
Legal aspects	1.1 Legislation
Recruiting, personnel selection & dismissal	2.1 Organisational Structure 2.2 Hiring of Manager, Office Manager, Accounting Clerks 2.3 Hiring of Other Personnel (Casual, Part time, Other)
Probation, training (capacity development) & and evaluations	3.1 Probationary Period
Working conditions	4.1 Pay and Benefits
Work scheduling & organisation	5.1 Business Hours and Overtime 5.2 Time Reporting/Time Sheets & Pay Period 5.3 Annual Leave with Pay 5.4 Statutory Holidays 5.5 Sick Leave 5.6 Family Leave Events 5.7 Marriage Leave 5.8 Bereavement Leave 5.9 Other Authorized Leave 5.10 Absentee/Termination Policy 5.11 Salary Advances
Work safety	6.1 Grievance Procedures 6.2 Sexual Harassment in the Workplace 6.3 Confidentiality

FACT SHEET 13 | TEMPLATE OF EVALUATION GRID

APPRAISAL REVIEW

“Performance evaluations: The key to employee mobilization and commitment”

To be completed by employee and appraiser, both individually.

Employee Name:		Date of evaluation:
		Date of last evaluation:
Position:	Employee Number:	Evaluator Name:

Question	Unsatisfactory 2	Below Expectations 4	Meets Expectations 6	Above Expectations 8	Excellent 10	Comments
1... attitude at work with colleagues and customers						
2. ... openness towards finding ways to improve his/her work						
3. ... completes “INSERT TASK HERE” (See attached job description)						
4. ... completes “INSERT TASK HERE” (See attached job description)						
5. ... completes “INSERT TASK HERE” (See attached job description)						
6. ... respects the XX Policy (Policy & Procedures, #)						
7. ... respects the XX Policy (Policy & Procedures, #)						
8. ... promote and/or participates in encouraging teamwork with all staff						

Basics of marketing

Marketing is the process by which we conceive, set the price, promote and distribute the ideas, goods and services to create interactions that satisfy your individual and business goals.

An interaction between a business and a client has four important phases, also known as the '**Four Ps**' of the Marketing Mix, to which we add one 'P' in the Cree Nation for '**People**'.

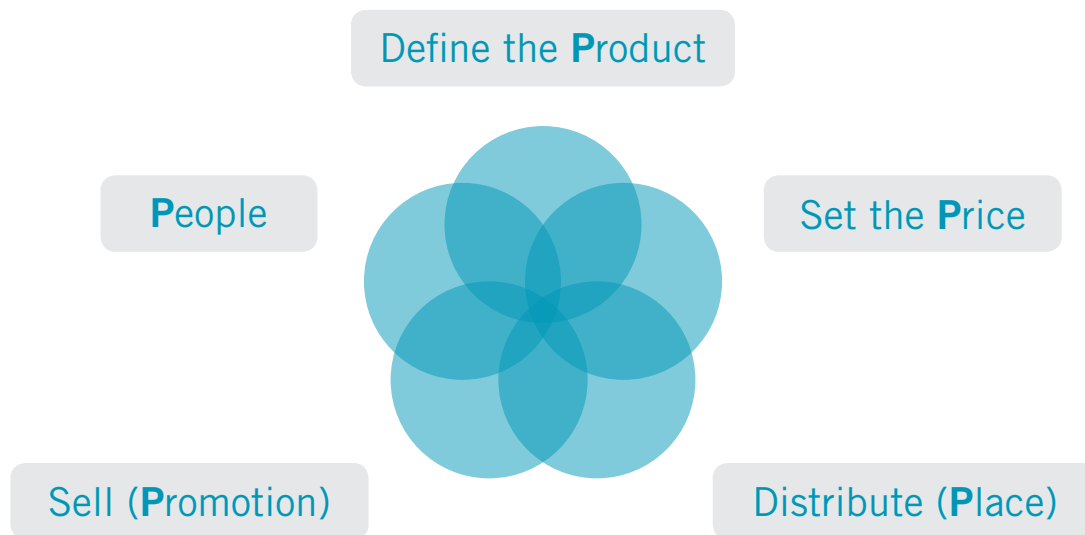


Figure 7. The Five Ps of Marketing

All businesses must learn how to efficiently produce appropriate messages at the right time, for **two types of recipients, internal to the business** (working there) or **external** (customers, suppliers, subcontractors, civil servants, donors, media, etc.).

Two communication systems must therefore be implemented

- **Internal**, using a more or less extensive range of communication tools (information meetings, company newsletters, bulletin boards, memos, posters, flyers, intranet, etc.)
- **External**, using a range of other communication tools (business meetings, media advertising, external newsletters, website, social media, extranet, conferences, media kits, business cards, press releases and press conferences, etc.)

Because the SEB is democratic, it must also establish a system of communication with a **third group of recipients**, its members, using the same range of tools in addition to specific tools (Annual Report, Annual General Assembly, information meetings, committees, facilitators, etc.). For cooperatives, many of the elements in this section can be relevant for undertaking a membership drive that encourages your fellow community members to invest in your business!

Table 15. Summary of Communications Tips and Advice

To design an advertisement make sure that: › The message is in coherence with the communications angle › A single, clear message emerges › It attracts attention › It generates the desired action (purchase, gift, etc.) To place a media advertising › Choose the last page or a page on the right, which are read the most; › Be interviewed by your local radio! Unlike ads for which you may sometimes pay, interviews are free!	To write a good message, make it: › Short › Direct › Sell › Simple › Speak to the head and the heart › Facilitate understanding › Finish with a conclusion To develop good relations with the media › Do not bother if there is no real news; › Contact the right media according to the type of news (think of <i>The Nation</i> and the community radios, which are also SEBs!); › Have a spokesperson to ensure consistency of message; › Learn how to write an effective press release; › Follow-up on a press conference.
Some ideas for communications activities which your SEB could undertake: › Newsletters › Social media (creating and maintaining a Facebook page and Twitter account for your SEB, posting in Buy and Sell pages) › Website or weblog › Flyers › Posters › Banners with the SEB's logo on it › Advertisement (radio, television, newspaper) › Press relations › Press conference › Postal mail-outs › Kiosk/booth to go to trade shows and events › Promotional merchandise (eg. pens, mugs)	OTHER IDEAS:



In practice, it is likely that the marketing tools that you will use the most are the press releases as well as your website and social media, which people can look at from their smartphones.

Communicating is a necessity!

Preparing a Communication Plan

The communication plan is a management tool. It allows the organisation to **produce a comprehensive and coherent message**, resulting in an orderly and systematic approach. **The four stages of the preparation of a communication plan are the following:**

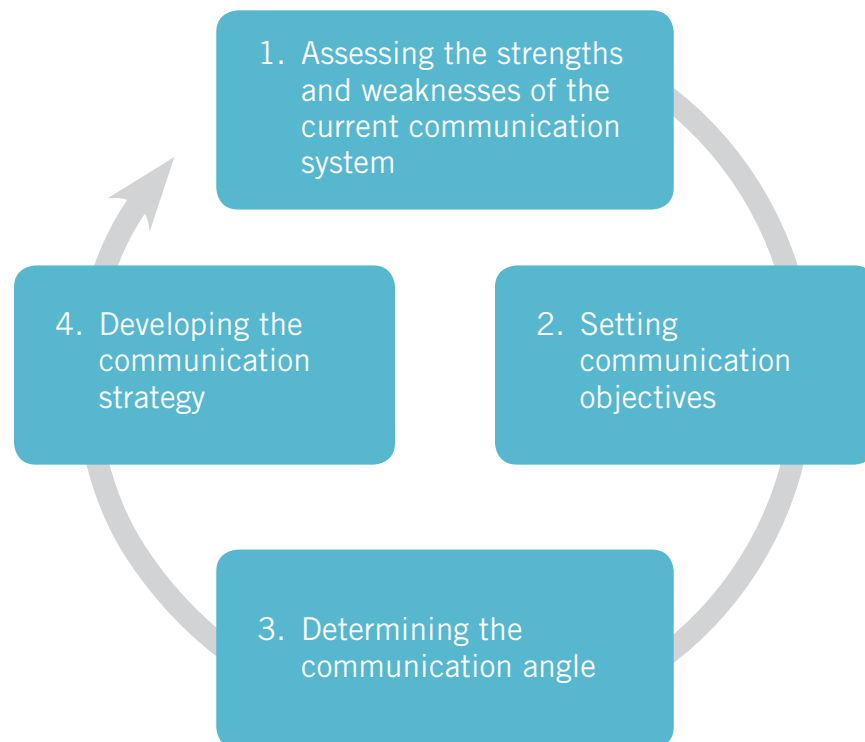


Figure 8. The Four Stages of the Communications Plan

The communications plan will include:

1. Description of the SEB communications needs
2. Overview of the assessment
3. Definition of the objectives
4. Communications targets
5. Formulation of the communications angle
6. Identification of the communications strategy
7. Proposition of communications activities and techniques
8. Conception of messages
9. Budget and calendar
10. Evaluation process

FACT SHEET 16 | COMMUNITY ENGAGEMENT

As democratic businesses, A SEB is governed, ultimately by its members, who choose its strategic direction at the Annual General Assembly. Also, SEBs get off the ground through **mobilizing** support from partners. It is thus important to think about ways to engage your community as you go!

Community engagement is a strategy for community development but also puts an emphasis on local people's participation in their own development. Community engagement happens when organisations work together to become a "We" that undertakes collective action, through a common project, in order to produce social change.

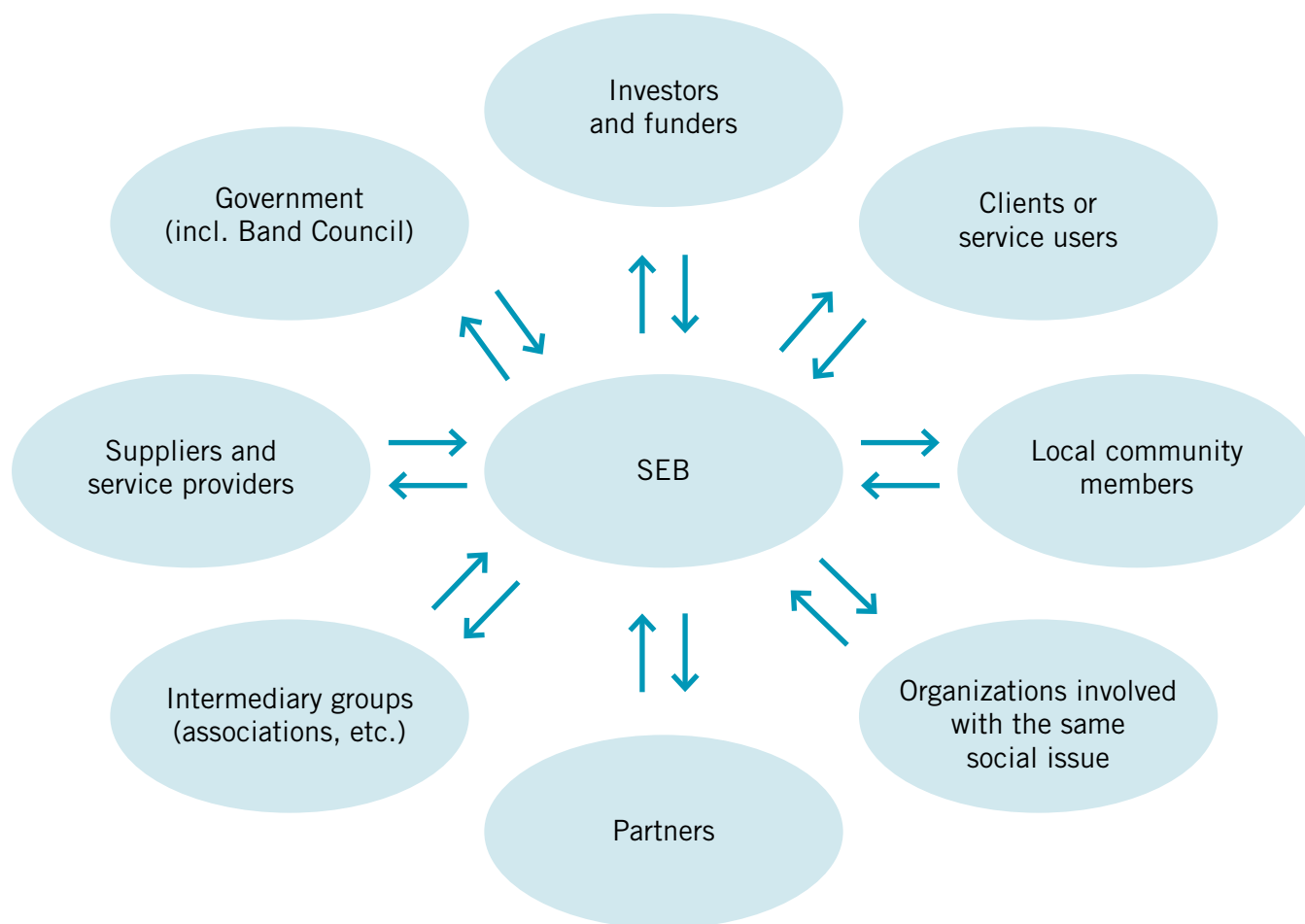


Figure 9. Main Stakeholders of your Social Economy Business

Table 16. Questions for Considering Stakeholders: Stakeholders' Analysis Grid

Name of the main stakeholders	Their objectives and/or interest in our SEB	The power they have to influence the project	Our strategies or actions to address them
Main conclusion:			

FACT SHEET 17 | FINANCIAL MANAGEMENT

Good financial management makes maximum use of resources and enables a quick and easy assessment of the financial situation of a SEB. This section presents the key information necessary to understanding basic accounting elements in order to assist entrepreneurs with building better businesses based on the accounting cycle.

Steps in the accounting cycle	Explanation
Data entry File Verify	1 These are the steps of day-to-day bookkeeping that allow, amongst other things, the SEB to have better financial management and reliable financial statements.
Reconcile	2 This is the step verifying whether the SEB's books agree with the balance of the monthly statement.
Present	3 This step involves presenting and doing a first reading of the financial statements.
Analyse Interpret	4 These steps allow for a better understanding of the financial statements (e.g. looking at trends over time and/or making comparisons through ratios to evaluate whether your SEB's financial and social goals are being met).
Control Plan	5 These steps allow for the establishment of annual budgets and other tools to monitor how the SEB is doing.

Figure 10 . Basic Elements of Accounting

Table 17. Summary of Financial Management

	WHAT	HOW
Accounting	Accounting is generally undertaken by a person, employee or volunteer. NOTE: To avoid losing control of the finances of the SEB, the books should be regularly updated and remain accessible.	Following a few basic rules can help a lot for bookkeeping: › Enter as much information as possible and always keep a paper trail › Ensure that you can easily identify each source of data from the others › Establish an effective filing method to keep all relevant documents readily accessible › Ensure that all information is accurate and correct › Take the time to balance everything
Banking	The deposit slip contains written information necessary for the SEB and the financial institution (bank or credit union) to accept a deposit. It explains these elements: Amount of checks and cash, origin and reason for the amounts deposited as well as the invoice number. Cheque book: It is important to write a cheque to pay for each purchase and maintain control over the use of funds. There are two basic parts in the cheque book: cheque stub and cheque. The Chart of Accounts is a list of items that include: › The sources of revenue and expenditure of the organisation; › What the organisation possesses (assets) and what it owes (liabilities). Journals make up the SEB's accounting system, there should be one journal that tracks all the inflows of funds (checks, cash, money orders or bank loans and are paid directly to the account) and one that tracks all the outflows (paid by check or debited directly to the booklet), bank charges and checks written in the check book (whether they are cashed in or not) must also appear there. At the end of each month, the bank or credit union shall send a monthly statement with a "withdrawal", a "deposit" and a "balance" column. Bank Reconciliation: To check if the books have the same balance of the monthly statement, a bank reconciliation report must be made. Here are the steps: › Compare cheques appearing on the monthly statement with those in the journal; assign the letter C to each outstanding cheque › Make a list of outstanding cheques (previous and current month) › Verify that all deposits listed in the journal are listed on the monthly statement › Write the report, preferably on the last page of the journal, each month (the amount of the bank statement must be equal to the report)	
General ledger	The general ledger is the register that provides a summary of all accounting transactions of the SEB.	
Petty cash	Money from petty cash is used to pay for small purchases or incur expenses that must be paid in cash (meals, bus, taxi, etc.). It is preferable that the amount of this fund be fixed (e.g. \$ 50) and only one person, usually the manager, has access to the petty cash.	
Financial Statements Income statement. Cash flow statement Balance sheet	Financial statements are numerical reports that enable one to know the financial situation of the SEB. They are prepared at least once a year to assess the operations of the SEB. There are several types of financial statements, including the income statement and the balance sheet.	The financial statements are useful in several ways: › They give people with different roles in the SEB essential information for planning activities and making appropriate management decisions › They allow an evaluation of the accuracy of estimates made in the budget and make the necessary adjustments › They generally must be included in grant or bank loan applications

The budget is meant to establish the estimated revenues and expenditures for a fiscal year. It is a management tool that enables the SEB to follow the evolution of its financial situation, compare it with the forecasts and make adjustments at any time. It is therefore recommended to prepare a yearly budget, which is broken down into a monthly budget. A budget is said to be **balanced** when revenues equal expenses, but it can also provide a surplus or a deficit.

Using a budget which is updated and regularly reviewed allows you flexibility to manage the money and identify what needs to be prioritized in terms of expenses, if any.

A typical budget includes three parts:

1. Income: conservatively evaluate sources of funding and income for the fiscal year;
2. Expenditure: assessment of what could be the needs of the SEB;
3. Projected balance at year end: it can be positive (surplus) or negative (deficit).

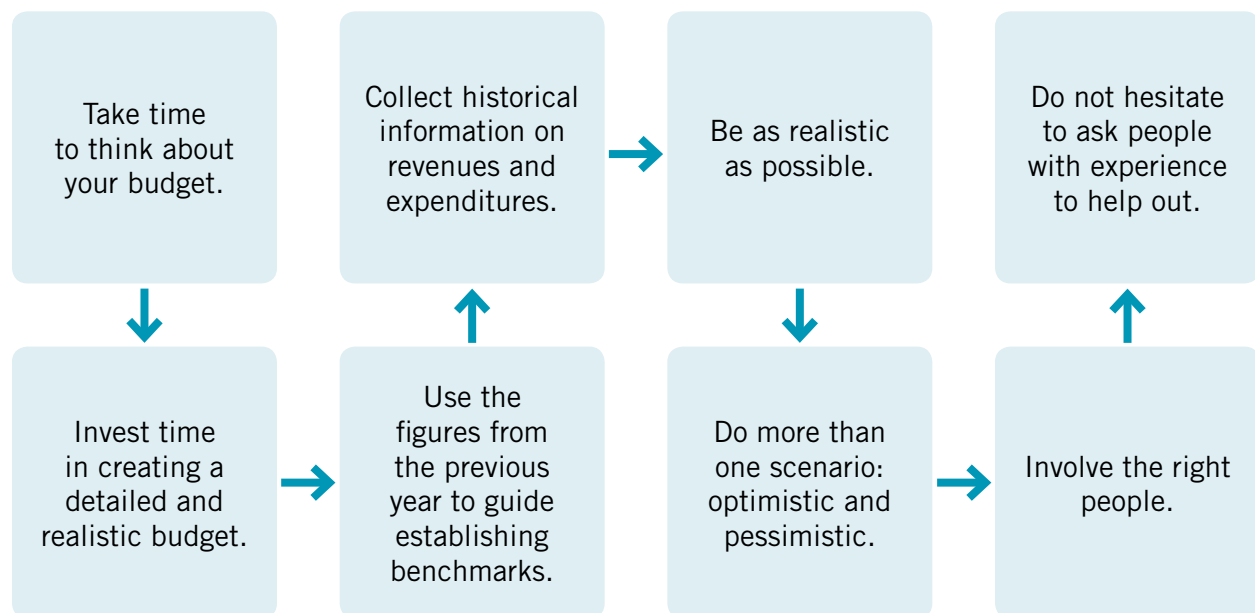


Figure 11. Key Steps in Preparing a Budget



Important! CHRD, colleges or universities sometimes offer accounting training in the communities, which can give options for managers wanting to upgrade their skills. Do not hesitate to contact your local EDO for contacts on who can help you do your books, and for information on further training.

FACT SHEET 18 | SOCIAL REPORTING

SEBs pursue a double mission that is both **economic and social**. There are a number of intangible assets that are hard to measure. Most fall in three categories:

- › **Human capital:** skills acquired by management and staff
- › **Organisational capital:** skills developed and invested in the SEB
- › **Relations capital:** good and privileged relations that the SEB has with its environment, the synergies developed within a network

These are the main things that you may want to highlight in your **social report**, which could take the following form.

Table 18. Summary of Social Reporting

Social purpose and community ownership	Community ownership	› Support testimonies › Logistical, services or marketing relations with local and regional organisations and enterprises › Authorisations acquired from government entities › Background of Board members › Funding engagements predicted or approved
	Local and regional development	› Participation in social, economic and cultural development of the community such as: Revitalization of the community & Local and regional purchasing policies
	Community networking	› Presence on local, regional or sectorial tables and committees › Participation in public consultation process › Participation in public interest endeavours › Representation on other organisations' Board of Directors
Democratic governance and volunteering	Membership	Number of members, where they come from (regional, local), their degree of participation
	Board of Directors	Its make-up, the election process, communications and training methods, division of work between Board and management, number of Board meetings, presence or not of Executive Committee or other working committees, length of terms of office, turnover in key officer positions
	General Assembly	Number of people attending, diversity of participants, opportunity for the members to share and have their voices heard, the organisation process
	Volunteers	Number of volunteers, number of volunteered hours, volunteer committees, training of volunteers, volunteer recognition events
Employment		› Number of paid jobs created and maintained › Local and regional hiring › Quality of jobs, revenue levels and work conditions, training offered, employment status › Employee seniority › Level of participation of staff in decision-making › Qualifications and functions of employees › <i>If applicable</i>, socio-professional insertion mission
Environment		› Use of energy efficiency measures at the office › Waste management: Reuse-Rethink-Recycle › Safe disposal of ink cartridges › Use of ridesharing for attending meetings › Use of teleconferencing and videoconferencing to diminish travel › Calculation of your SEB's travel carbon footprint and purchase of carbon offsets, etc.

FACT SHEET 19 | FINANCING YOUR SOCIAL ECONOMY BUSINESS

Adequate capitalization is one of the essential building blocks of any SEB. Access to capital can make small SEB start-ups possible, fund enterprise expansion and create significant long-term investment in infrastructure capacity. Lack of capital investment limits development and growth. It also forces reliance upon non-diversified operating funds, and put at risk ideas before they are allowed to succeed or fail in the marketplace.

Raising capital is **time consuming**. The **appropriate mix of financial instruments** will vary, depending on the business and its stage of development, but it is usually best if the capital base is somewhat diversified, with a mix of grants, debt, equity and equity equivalents.

Table 19. Questions to Ask when Thinking of Going Out for Funding or Financing

Step 1	You are starting a new SEB or an initiative emerging from within an existing non-profit/charitable organisation. › If you're a new enterprise, are you a first-time social entrepreneur? › If so, do you have the characteristics to be successful? › Will those attributes be recognized by prospective funders or lenders? › If not, perhaps you need to consider partnering with another more experienced entrepreneur or organisation to launch your SEB. Is there an existing charity or non-profit organisation that might be interested in your idea to further their social mission that may be a logical partner for you? › If this is a new revenue-generating initiative to support the core mission of an established charity or non-profit organisation, will this initiative be spun out as a separate legal entity? › If so, with what human, financial and other resources? › If it will be an internal initiative, how will it be funded and tracked internally within the existing organisation structure?
Step 2	You have decided to seek outside funding to launch your SEB. › How much funding can you access based on your track record and the network of contacts you have with prospective funders? › If you are emerging from an existing charity/NPO, will the Board and management be willing and able to provide any funding or guarantees for loans to the SEB?
Step 3	You are unsure of your ability to attract outside funding, or want to approach a new SEB in a more cautious way that may be more appealing to your Board and current funders. A bootstrapping strategy may be effective. Bootstrapping : › is a frugal, yet common sense way of building your business and reputation until you can secure additional financing. › means using your existing assets or a small subset of an established organisation's assets to launch your business idea and test the waters. › might involve generating funding from donors, private foundations or early customers for the service or product you're going to launch in your SEB. › can be augmented by the effective use of volunteers to operate the enterprise
Step 4	You have made a decision to approach outside funders and/or lenders about your business plan for the SEB. › You need to determine if your enterprise will be in a position to provide any financial return to the funder from the operation and if so, on what timeline. › If applicable, you should ask your parent organisation: Are they willing to accept the risk associated with funding that may involve repayment over time and provide some level of return for the funder or lender? › If there will be no anticipated return of funds to the lender or funder, then traditional funding sources of donors, foundations and government agencies will be your targets.

2 SOCIAL ECONOMY BUSINESS DEVELOPMENT PROCESS



2.1 KEY STEPS TO DEVELOP A SOCIAL ECONOMY BUSINESS

SEB development, when well done, is a **systemic decision-making process** that efficiently separates the best opportunities from less promising ones. It enables social entrepreneurs and development groups to sharpen their focus and concentrate resources on their most viable business opportunities. This section will provide you with the basic concepts to understand when getting involved in SEB development. For any questions relating to this process, approach your community's EDO.

The SEB Development Path could be as simple as that, but it is rarely a linear process. Figure 12 illustrates the SEB Development Path.

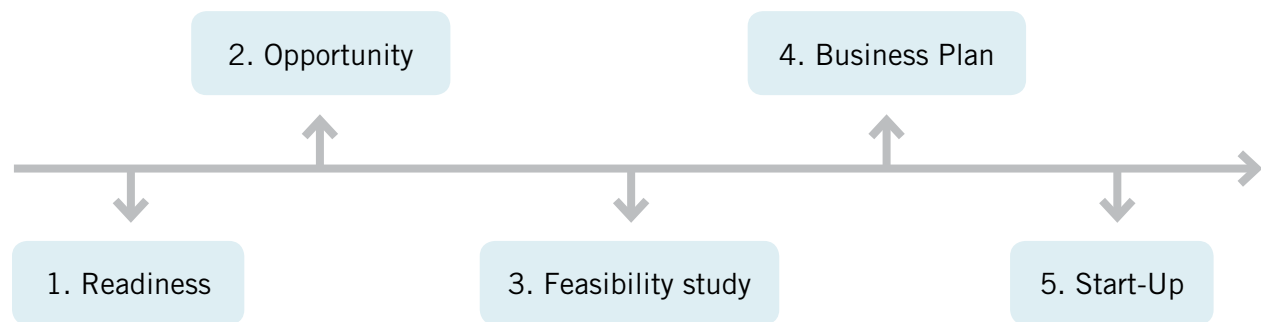


Figure 12. Social Economy Business Development Path

This section will discuss the whole process to develop a SEB, with a focus on steps 1 and 2. Keep reading the next sections for steps 3 to 5.

In Summary:

Since it will take hundreds of hours to do a business plan, social entrepreneurs would prefer to identify the right opportunity sooner than later. After the group has assessed whether they are ready to embark on this journey, social entrepreneurs will identify two or three opportunities. Then, the most interesting one will be studied more through a feasibility study. If the idea seems feasible, social entrepreneurs will elaborate their business plan. If it is not feasible, they will go back to the opportunity identification process and evaluate the feasibility of the next business idea. When the business plan is completed, the SEB can enter its start-up phase, which includes financing.



Important! Existing SEBs wanting to develop new products and services go through a similar process.

Figure 13 puts the process visually in the form of a funnel:

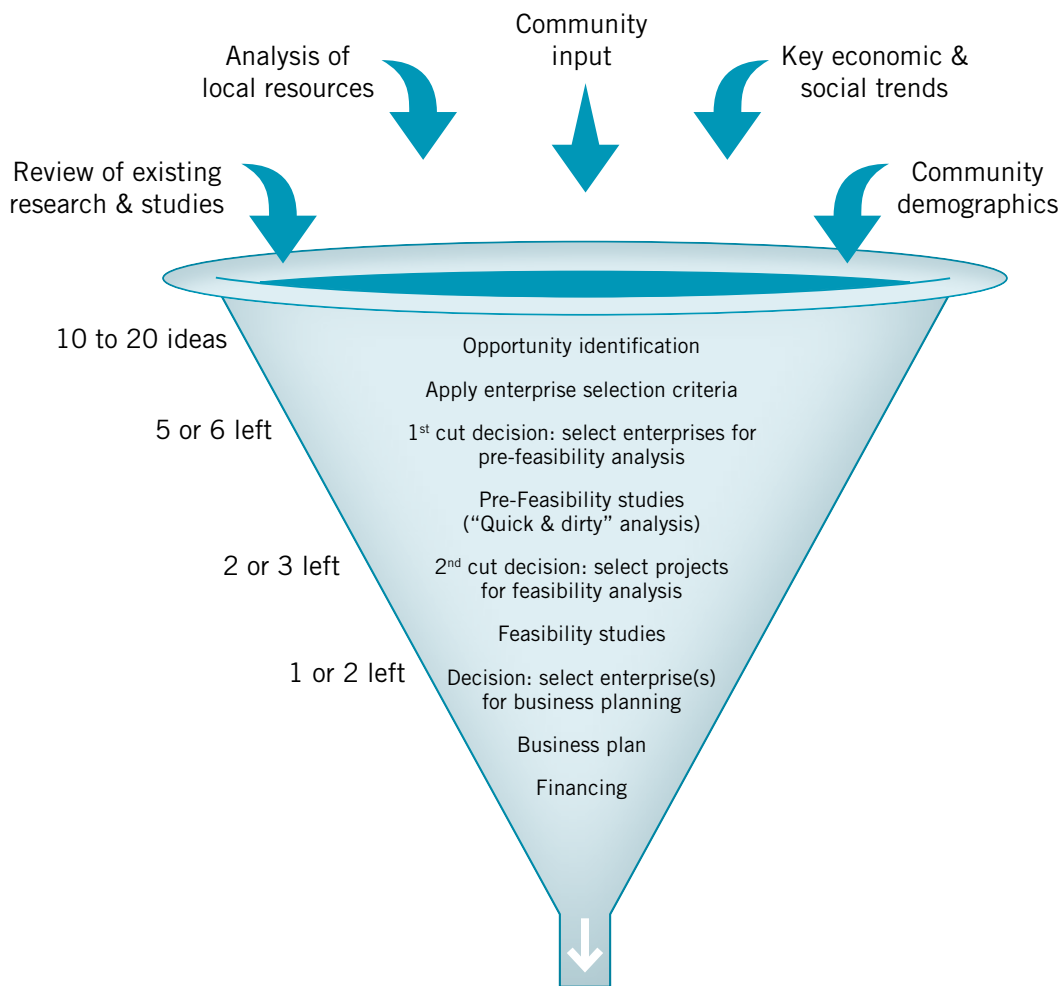


Figure 13. Social Economy Business Development Process Funnel

Readiness Assessment¹:

At this stage, a SEB working group is formed and has to ask itself if it is ready to develop a business. Your group may ask itself questions about their values, attitudes, experience and skills, to know if, as a **group**, they have a **social entrepreneur profile**.

Key questions to ask when assessing your groups' entrepreneurial profile are:

1. What need are you responding to?
2. Why do you feel a SEB is the right way to fulfill these needs?
3. How many other people are interested in working together with you to start the SEB, and what skills and resources do they bring to your group?

¹ Ontario Co-operative Association (N/A). *Co-op Self Assessment*. Retrieved January 14th, 2014 from http://www.ontario.coop/cms/documents/194/CD_Co-op_Self_Assessment.pdf

Name	Skills	Resources
	Eg. communications, facilitation, business research and writing, financial management, etc.	Eg. contacts, networks, experience in the field, past business owner, expertise, etc.

4. What kind of support can you rely on from your family, friends, community and Band Council for starting your SEB?
5. What are your personal reasons for wanting to start a business together with others rather than on your own?
6. What experiences have you had in the past that make you feel confident that you can stick with the start-up even when things get tough?
7. There will be conflicts in the SEB. How have you dealt with conflicts in the past when you've been working together with people?
8. When you review the list of people and their skills and resources in question 4, how confident do you feel that you have the right people, skills and resources around the table?
9. Are there any gaps in the skills and resources that you will need other people to fill?
10. What is your strategy to get the ball rolling to start your SEB?
11. Are you ready to spend the next few months getting your SEB going? Do you have the time, energy and tenacity required?
12. What do you hope to gain on a personal level from your participation in the SEB?
13. How much money do you personally have to invest in the SEB?
14. What further research or information do you need to access to help you make your decision to start a SEB?

It is important to have a variety of skills and knowledge around the table: A group of social entrepreneurs will be **complementary** in that sense, and yet overall it will be a *proactive, development-oriented* group. What makes an entrepreneur often boils down to the attitude of the person and their values. The Youth Secretariat of the Government of Quebec often talks about the **six main entrepreneurial values**: creativity, autonomy, responsibility, leadership, solidarity and ambition.

 **Remember!** Starting any business requires taking risks. Eighty percent of small businesses fail. There are many reasons for failure, including poor planning, being overly optimistic, lack of adequate investment and equity, poor cost control, personal illness and plain bad luck. Evaluating the risks from the onset will save you headaches down the road!

Opportunity Identification:

At this stage, your group will **brainstorm and screen its ideas**. You can hold a meeting of your SEB group to go through steps 1 to 3. Prior to the meeting, you may want to ask around to get the community's input, and review existing research or studies that have been made.

 **Idea!** Several Cree communities have undertaken *Community Planning* sessions, to look at what exists and what is missing in the community according to local people. Ask your EDO to have a look at that report if it exists, it could give you some good ideas!

1. **Decide enterprise selection criteria.** Have a conversation about what are the key factors that would make you go for a SEB or not. For example, if your group does not have a lot of equity, one of the criteria could be a low need for capital. If you are starting a SEB project within an existing NPO, one of your criteria should be compatibility with the overall mission.
2. **Brainstorm ideas.** Create a long list of ideas. Put your criteria aside for the process: Don't censor any idea! Invite creativity! Think of the needs in the community, and what you would dream to do about it! Think of the key trends in your community, of its population, of the existing businesses: What's missing that could be a great opportunity? You could have up to 10-20 ideas!
3. **Idea screening: Apply enterprise selection criteria.** Edit your long list of business ideas by comparing each idea to your decision-making criteria to see how close they fit. The 5 or 6 most promising ideas can move to the next step: Pre-feasibility study.
4. **Pre-feasibility study:** This is a "quick & dirty" analysis based on basic research. At this stage, you want to get an overview of the supply and demand in this sector, and ask yourself if your target market is big enough for your SEB to be viable. Ask your EDO to give you his or her input, and to point you to other resource people who can give you their informed opinion.

 **Important!** In all communities, all entrepreneurs need to obtain a Band Council Resolution. Meet with your EDO so that s/he can put that point on the agenda of the next Chief & Council meeting. At the same occasion, your EDO will inform you of the specific processes (including filling out a *Business Application Form*) and funding programs (from the Band, the Development Corporation, etc.) available in your community.

Further Reading:

- › Enterprising Non-Profits, *The Canadian Social Enterprise Guide*:

http://www.nlreda.ca/system/filestore/OM%20resource%20materials/Social%20Enterprise%20Development/INDD_SEGuide_V2_9Aug2010__Full_LowResolution.pdf. If you're thinking about starting a SEB activity that will support both the mission and financial needs of an existing NPO, this is the guide for you! You can use the Guide either just as a **primer** to learn about SEBs or specifically as a **workbook**. **Each section includes templates** that you can adapt to your particular situation. The book includes a variety of case studies that show how different types of NPOs and SEBs have addressed fundamental challenges, and how they have prepared themselves for success by committing significant effort to planning.

- › Developing Your Social Enterprise Toolkit

<http://www.socialenterprisecanada.ca/en/toolkits/devtoolkit/>

Based on the *Canadian Social Enterprise Guide*, this online Toolkit presents a common set of enterprise development stages and briefly discusses the key elements and goals you can achieve at each stage.

- › Community Enterprise Workbook, Stronger Communities – Making it our business

http://www.socialtraders.com.au/sites/www.socialtraders.com.au/files/CEDI_WORKBOOK.pdf

This Community Enterprise Resource Kit has been developed by the Brotherhood of St Laurence (the Brotherhood) and the Victorian State Government to help individuals, groups and community organisations understand and establish community enterprises. This Kit takes the Brotherhood's practical experience in running its own community enterprises and combines it with the know-how of existing community enterprises and business consultants to explain the unique aspects of developing a community enterprise from the ground up. It gives you an easy-to-follow framework for responding to local issues through the establishment of a community enterprise.

- › Government of Canada website with programs on Starting a Business for Aboriginal Peoples:

<http://www.servicecanada.gc.ca/eng/audiences/aboriginal/business.shtml>

This portal presents different programs and services for starting a business for Aboriginal Peoples. Two resources found there include the Growth Capital for Aboriginal Business Program and "the Aboriginal Banking Unit". Other resources are broken down into categories such as Business Development, Loans, Francophone Services, Seed Capital, Training and Employment, as well as Women's Enterprises.

2.2. FEASIBILITY STUDY

A good feasibility study will allow social entrepreneurs to be in a position to decide whether or not the business idea is **worth any additional investment of time, resources and energy**. This study is a great opportunity to refine and explain the concept and to test market reaction. This section will explain the purposes and content of the feasibility study, along with a number of questions that need to be asked to complete it.

The feasibility study will:

- Research one or two of the most promising ideas
- Test the key assumptions that determine whether this enterprise actually would have a good chance to succeed
- Enable social entrepreneurs to decide whether or not to invest further time and resources in that particular business idea
- Help to define the risks involved and start thinking about how to reduce or address them
- Lead to a business plan summary which will help you test the enthusiasm for the concept and possibility to introduce the business idea to potential investors
- Help guide decisions about the viability of business idea design and its suitability to the community and market's needs.



Remember! Your EDO can help you complete or find resources to undertake your feasibility study. Talk to him or her about it after you have held a first meeting to discuss your project overall and your group's entrepreneurial potential.

Content:

A feasibility study will include:

1. Executive summary
2. Describe the business
3. Outline the social purpose
4. Assess resource requirements
5. Analysis of the market
6. Analysis of your financial position
7. Establishment of key success and risk factors
8. Conclusion: Decision on feasibility

Usually it will be 10-20 pages.



More Precise Questions to Ask²

The feasibility analysis is focused on understanding whether social entrepreneurs as a group or part of an organisation could make the enterprise work. This involves considering four key criteria:

1. **Strategic Alignment** – If you are creating a SEB within an existing NPO, will the new SEB help the NPO fulfill its mandate and move towards attaining your mission statement?
2. **Market Opportunity** – Will consumers purchase your product, your service?
3. **Operational Capabilities** – Can you make it happen?
4. **Financial Potential** – Can you achieve your profitability goals?

Strategic Alignment

- › How appropriate is this product to your organisation?
- › Does it fit with your organisation's values/vision/mission/strengths/ skills/resources?
- › How difficult will it be to promote, produce, or deliver?
- › What organisational structure would be best to move your enterprise forward?
- › What skills will be needed among your Board of Directors and at the staff level?
- › Who will manage your enterprise?

Market Opportunity

- › Who are your customers? What are their demographic characteristics?
- › What will your customer buy (the product or service and its key elements)?
- › What is the customer's need that you would address?
- › How, when, and where would they buy it?
- › Which customer/market segments would you target?
- › How large is the market (i.e., how many potential customers)?
- › How often do customers purchase? What is the average value of each purchase?
- › Is it a mature or immature market? Is there growth potential?
- › What are the market trends?
- › Has the market demonstrated support for your product?
- › Which market niche would your product fill? How would you differentiate yourself in the market? (Remember that customers will ultimately base their purchasing decision on quality, price, and experience, and not on charitable grounds. If you're counting on goodwill to sell your product or service, you're planning a fundraiser, not a business!)
- › Who are your competitors? What are their strengths and weaknesses?
- › How does your product or service differ from what is already offered (e.g. price, quality, service)?
- › What is your competitive advantage?
- › Who might become your competitors in the near future?
- › Is there room for another provider in the market?

² Entreprising Non-Profits (2010), *Canadian Social Enterprise Guide, 2nd edition*. Retrieved January 14th, 2014 from <http://www.socialenterprisecanada.ca/en/learn/nav/canadiansocialenterpriseguide.html>

Operational Capabilities

- › How long will it take to produce or procure the product?
- › Which suppliers will you use? How much will they charge?
- › How would you make this actually happen?
- › What would have to change to facilitate success?
- › Will you need a new facility?
- › What additional management/staff are required? What would be the cost? Do they require training?
- › How would you inform your market of your presence?
- › What are your plans for distribution?
- › Who would be your external partners?
- › What product testing would be required?
- › What are the key steps forward? General milestones? Timing?
- › What could go wrong?
- › What would be the impact if it did go wrong?
- › What can you do to prevent it?
- › At what points could losses be cut?

Financial Potential

- › What are your potential start-up costs, including technology, staff, materials, equipment, marketing, and planning?
- › What would your operating costs be?
- › Approximately what price might you charge? How would the price be determined?
- › What is your sense of the potential profit per sale?
- › Do you anticipate cash flow issues, including seasonal demand or high initial costs?
- › How much working capital is required?
- › What might your sales assumptions be in the first few years? Numbers? Growth?
- › How long would it be until the enterprise broke even?
- › What are the key drivers of profitability? Can the enterprises operate at this level?
- › Are there any potential sources of financial and human support for the different stages of development?

Tips and Pitfalls to Avoid

- › Social entrepreneurs do their feasibility studies in various ways. Some may wish to apply for funding to hire a consultant to conduct the study and to accompany them at this stage.
- › Social entrepreneurs will choose to do a feasibility study on one idea – usually the idea that scored the highest on the assessment scorecard. Others will decide to feasibility on two or more ideas.
- › It would be reasonable to spend the equivalent of 3 to 6 full-time person days preparing a single feasibility study.

Further Reading:

- › Fill in the Blanks – Feasibility Study Worksheet: http://www.mohave.edu/documents/sbdc/resources/fill_in_feasibility_study_worksheet.pdf

This tool helps developers to produce their feasibility study. It is a seven-step worksheet that you can print and write on directly. You can convert it into a Word document to write directly in it by using an online converter such as www.pdfword.com. It is an easy and efficient tool to use, and also help you with your break-even analysis.

- › Feasibility Study Example : www.ealingcvs.org.uk/documents/198.doc

This is a feasibility study done by a NPO in the United Kingdom which wanted to create a cooperative to act as a buying group and increase the purchasing power of local NPOs. While it is a little bit long, it has a good executive summary and provides the questionnaire that was used for their market research.

2.3 MARKET STUDY

A market study is one section of the feasibility study, but as it is one area for which entrepreneurs often have a lot of unanswered questions, it needs more attention. For example, you may wonder: “How will I know if people are interested in buying my product or service?”, “Do I need to pick up the phone book and call potential consumers?”, “What about my competitors, what do I really need to know about them?”

Each market study contains various market information and data. However, some information is essential and must appear in a market study. This section will look at them one after the other.

➤ *Important!* Data included in feasibility and market studies as well as business plans either come directly from the field and have been collected with tools such as surveys and interviews (primary data) or have been compiled from an existing source (secondary data). It is possible that, due to time, skills or financial constraints, you may be limited in how much primary data you can collect. Try to get as much primary data as you can (get help from professionals if needed), and complete with secondary data.

Market trends

In order to have a global vision of the market in which you want to enter, it is interesting to identify market trends from the onset. This enables you to:

- **Define** your market precisely (industry, sector history, scope, legal requirements, etc.).
- Analyze the **health** of the market: Is it emerging, in decline, stagnating, quickly evolving...
- Determine the revenue and sales **volumes** it represents (aggregate demand)
- Better define what your market will be, based on the information collected in the first three points

Often, **researching your sector** (wood products, arts and crafts) on the Internet is a good place to start for gathering information on market trends. Only include reliable sources for the data you include: Don't trust Wikipedia! Try to go to Nation-wide, provincial or national sector association, or to statistics websites such as Statistics Canada and Institut de la Statistique du Québec (see *Further Resources*). Your EDO can help you navigate through these sites to find what you are looking for.

Competitors

The market study must obligatorily identify your main competitors. You must establish a list of your main competitors, focusing the analysis on:

- Their number
- Their geographical location
- Their revenue
- Their market share
- Growth rates in recent years
- Their market positioning (in terms of quality range, for example ...)
- Their products (with specific details of their characteristics, such as quality, price ...)
- The type of communications they use

Since your competitors will not want to release such information to you, try to get as much information as you can.

Find your main Cree competitors from the James Bay Cree Telephone Book or from the Cree Nation Business Directory (<http://www.gcc.ca/archive/article.php?id=370>). Use Google to find your main non-Cree competitors, and to read news about all your competitors. The most important thing is to analyse your competitors' **strengths and weaknesses**, and know where they are not yet present, which consists in interesting opportunities for your own positioning. For example, if your competitor is located in Southern Quebec but has very high shipping costs when delivering to Northern Quebec, this could be one of your competitive advantages. Similarly, if your competitors are not present in Cree media, this is something to note for your own advertising strategy.

Consumers

To put the best chances on your side, consumer research should be undertaken.

Mainly carried out through **interviews or questionnaires**, this process should allow you to know:

- › Consumers' shopping patterns (frequency)
- › Consumers' buying behavior
- › The type (s) of existing customers in your market
- › The price they are willing to pay for your product
- › Their needs and what they value in the products on your market

Remember: Knowledge of customer needs and requirements is essential to increase the potential for success of your project!

Does your business project have potential in this market?

The analysis of these results should allow you to position your project and strategy in relation to the existing market. Typical questions to ask yourself are:

- › Does my future business have a **competitive advantage** over existing competitors?
- › Does my project **meet the needs and expectations** of customers?
- › Do the product (s) or service (s) I wish to market meet the needs of customers in areas where **competition is still low**?

Remember! If no one buys your product, your SEB project is bound to fail!

Tips and Pitfalls to Avoid

- › Double check the **origin, reliability and dates** of secondary data sources, in particular those from the Internet
- › Attention, studies you perform on your own are not always well received by stakeholders such as funders. Stakeholders are generally more receptive when the entrepreneur works with research professionals. Ask your EDOs for good contacts. Do not hesitate to go to presentations with **professionals**
- › During the drafting of a questionnaire, be careful not to create a **bias** in the way questions are asked (e.g. do not start a question by "Most people think..." or "Don't you think ...?"); try to stay neutral
- › **Ask the right people and ask enough people:** a survey carried out with 30 people who are only part of your immediate network will not be considered serious. Reach out! If your customers are other businesses, make plans to contact the person in charge of purchasing: Have a meeting, a phone interview or send them your market study questionnaire to better understand **their needs!**

- ## Design a Questionnaire

Take the time to create a **well-designed questionnaire** that provides useful and accurate information about the views of the target audience. When the survey is out, it's too late to add a question!

- › Be brief and simple, as much as possible
- › Choose questions which are short and easy to understand
- › Pay attention to the flow of your questions so that they come in a logical order (from general to specific)
- › Think of using a Yes/No or open-ended questions when most appropriate
- › Make sure your questions are direct
- › Make sure that it is feasible to respond to your questions
- › Format your questionnaire so that it is clear and visually appealing
- › Always pre-test your questionnaire and adjust it based on the feedback of your respondents
- › Online surveys do not typically have a high response rate in the Cree world. If using an online survey (with online survey software such as SurveyMonkey or FluidSurveys), make sure to approach participants personally: call them to say it's very important that they answer! Plan to send a few reminders to people also; people are busy! You can also try to use the "Poll" function on Facebook to get quick feed-back from your Facebook friends or the fans of your Facebook page!

[illegible]

Further Reading:

- › Quebec in Handy Numbers has a lot of information on trends relating to the Quebec population and the various sectors of the economy. See p. 56 for up-to-date socioeconomic numbers for the Nord-du-Quebec region ; http://www.stat.gouv.qc.ca/quebec-chiffre-main/pdf/qcm2013_an.pdf

This pdf booklet contains a wide range of territorial, demographic, living conditions and economic data on Québec. This year, for the first time, information related to indicators for measuring the progress of Québec society toward sustainable development is identified by a symbol. The Regions at a Glance section, featuring a statistical picture of Québec's 17 administrative regions, complements the document. This booklet is for all those looking for information on Québec and its regions. Although this booklet presents the most recent data available, you can find more information on the Institut website, which is a vast source of regularly updated information. That kind of information is quite useful when developers are writing their feasibility study or business plan.

- › The database of Official Statistics on Quebec has statistics and publications on various sectors of the economy: http://www.bdso.gouv.qc.ca/pls/ken/Ken211_Page_Accu.page_accu?p_iden_tran=REPERQJJZTE5266231418317sG2y6&p_lang=2 (partly in French)

This online database is created through a collaborative effort involving partner departments and agencies under the coordination of the Institut de la statistique du Québec. You will find statistics and publications on more than 20 different topics like agriculture, culture, economy, energy, environment, forestry, tourism, manufacturing, etc.

- › Results from 2011 Census for the Nord-du-Quebec region, http://www.stat.gouv.qc.ca/statistiques/recensement/2011/recens2011_10/index_an.html and

Population data from 2006 and 2011 from the economic region "Nord du Québec",
<http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/prof/details/page.cfm?Lang=E&Geo1=ER&Code1=2490&Geo2=PR&Code2=24&Data=Count&SearchText=nord&SearchType=Begins&SearchPR=24&B1=All&Custom=&TABID=1>

These two web pages provide data on age characteristics, marital status, family characteristics, household and dwelling characteristics, plus detailed information on languages spoken, etc. The source of this information comes from Statistics Canada, 2011 Census of Population.

- › "Le Québec Statistique" is a section of the Institut de la Statistique du Québec website with up-to-date information on the population, its standards of living and the various sectors of the economy. http://www.stat.gouv.qc.ca/statistiques/quebec_statistique/accueil.htm

This data collection is presented on a portal updated regularly. It presents Quebec statistics on territory, population, livelihood and economy and finances. The information is in French only.

2.4 BUSINESS PLAN

Every SEB needs a business plan.

Following a prescriptive business plan template is unlikely to lead to a good business plan. However, we realise that it can be difficult to know where to start and for that reason, we have provided a **framework of some common and useful business plan sections** for SEBs, mostly for the use of social entrepreneurs. Under each heading, we have described some of the points you might want to cover in this section.

Good news! If you have already done a **feasibility study**, a lot of the information you gathered will be used here!



***Beware:** Doing a business plan is a lot of work, so you may be tempted to skip that part and start operating with no plan. Don't!! Your business plan is like your GPS, if well done, it will be the most useful business tool of all. Templates such as the one provided in this section are a great place to start, but remember that every SEB is different and your business plan should be developed to reflect **your own situation** in the best possible way.*

Bear in mind that one business plan may not be appropriate for **several audiences**, so consider having different versions for different people e.g. you may have a more comprehensive business plan for internal management purposes and a shorter version for investors or key supporters. Using appendices to provide detailed supplementary information where necessary can be a useful way of maintaining a consistent format across different versions of the same business plan.



***Remember!** Funders will ask you for your business plan to assess your SEB project. Each funder has its criteria and funding guidelines; be sure to review them in advance and make sure your business plan fulfills all their expectations and needs! This will save you time and increase your credibility.*

It can often be useful to have a look at **other people's business plans** to pick up ideas about format and structure, or even just to notice where other people have gone wrong! Be sure to ask your EDO for feedback on your business plan. Some communities also have **funding available** to help entrepreneurs develop their business plan, by hiring an external consultant, for example. Ask your EDO if that's the case in your community, and what would be involved.

You should also think about using photos and other **visual** images to help break up the text of your business plan, particularly if you have photos of your SEB 'in action'.

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1. Executive Summary
2. The SEB
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 - b) Marketing Strategy
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 - b) Suppliers
 - c) Equipment
 - d) Production
 - e) External relations
9. Finance
 - a) Budget
 - b) Scenario Planning
 - c) Investment and funding
10. Appendices

Detailed Content³



1. Executive Summary

This is the **first thing most people will read** and it's your chance to make a good first impression. Your aim is to hook people so they will want to find out more about your SEB. This section should be short and snappy, giving a brief overview of what your SEB does, where you are at the moment, where you want to go and how you will get there.

2. The SEB

This is where you introduce the **key facts** about your SEB – the name, contact details, legal status, start date, structure and a few sentences to describe your business idea, your product or service and the social aims of the enterprise.

If a cooperative, this section should include the membership structure, their usage link and the make-up of the Board of Directors.

³ Source: Social Venture Australia (N/A). *Business Planning Guide for Social Enterprise*. Retrieved on January 14th, 2014 from http://socialventures.com.au/assets/Business_Planning_Guide_for_Social_Enterprise.pdf

3. The Organisation

If your SEB is part of a **larger NPO**, it can be helpful to include a section about the background of the organisation, its aims and key details like number of years of operating, annual revenues, number of staff and management structure.

4. The Market

In this section, you should summarise what you have learned from your **market study** and then describe how you will apply this learning in your own marketing and sales efforts.

It can be helpful to arrange this in two sub-sections as follows:

a) Market Analysis

- › Who will buy your products or services
- › Why they will buy from you (your unique selling point)
- › Trends in your market that you have identified from research
- › Levels and types of competition in your market
- › Results of any market testing you have done
- › Lessons from similar businesses including SEBs

b) Marketing Strategy

You should describe the key elements of your marketing strategy (i.e. how you will respond to the learning above), including:

- › Your access to the market (e.g. how will you distribute your products or services, including e-commerce options)
- › Pricing
- › Promotional mix
- › Customer service policy
- › Customer feedback
- › Who will be involved in marketing
- › How much you have budgeted for marketing



See *Marketing and communications* section for ideas on this section of your business plan!

5. Social Impact

In this section, you should summarise how you will make a difference i.e. what is the 'social' in your SEB?

Areas to cover include:

- › Who will benefit from your SEB?
- › Why is your SEB needed?
- › How will your SEB meet that need?
- › Your training and employment support model for people excluded from the labour market (e.g. youth who have not yet entered the labour market)
- › How you are working with different partners? (*Tip*: if you have presented your project and gotten a positive response or, even better, Resolutions of Support from other organisations, mention them here!)
- › Who are your stakeholders and what type of consultation have you done with them?
- › How will you determine and report on your social impact?

6. Business Development

This section is where you should summarise what you've learned about what you need to do to maximise the chances of your SEB succeeding.

You should identify:

- › Key issues in the **external** business environment that may affect you (trends and opportunities)
- › Key issues in relation to your **internal** strengths and weaknesses
- › Key issues which affect the **industry or sector** you operate in

 *Tip* : This is where you would include information on any legal aspects of your business (certifications, intellectual property, authenticity, warranties, regulations, etc.). By including it, you indicate that you have given thought to protecting your consumer and protecting your competitive advantage from competitors.

- › The main critical **success factors** you have identified and your **strategies** to address these.

7. People

This section should highlight the **key people** that will be involved in making your SEB a success. This may include staff, volunteers and Board members. You should consider including:

- › A brief description of the roles and responsibilities of each person
- › An organisational structure chart to show the relationships between people
- › A summary of the skills, experience and knowledge of everyone involved
- › Any training plans you have

More detailed information can be included as an appendix if necessary including job descriptions and CVs.

8. Operations

This section is where you provide details of all the **'nuts and bolts'** of your SEB. The type of information you need to include here will obviously depend on your particular business but your aim should be to give anyone reading the business plan enough information to make an informed assessment of how well you have planned your operations. It should also act as a useful reference point for your Board and staff.

Areas to think about include:

a) Place of business

- › Where your business is located
- › Whether you are leasing or buying and why
- › Whether you need to have any renovation or adaptation work carried out
- › Regulatory, planning and safety issues associated with your place of business
- › Insurance needed, and its cost

b) Suppliers

- › Your main suppliers
- › Alternative suppliers
- › Advantages and any problems with suppliers

c) Equipment

- › Description and costs of equipment and vehicles to be purchased or leased
- › Any finance arrangements needed for equipment?
- › What is your depreciation policy?

d) Production

- › What are your production methods?
- › Details of supervision arrangements
- › Details of any quality standards for your industry

e) External relations

- › Details about your professional and legal advisors
- › Details about any funders and investors
- › Membership with any monitoring or quality assurance networks
- › Membership with any trade associations
- › Details of any other relevant networks



9. Finance

The financial section of your business plan is, in many ways, the **most important one**. However, you will need to think carefully about how much financial information you share with different audiences as there may be commercially or personally sensitive information included in your financial forecasts (e.g. your supplier discounts or staff salaries).

You may want to provide a summarised version of your financial model, making more details available on request.

It can be useful to organise your financial information in three sub-sections:

a) Budget

As a minimum, you should include a forecast budget for at least 3 years, showing:

- Sales
- Non-commercial income (grants and donations)
- Expenditure
- Profit or loss

You should also detail the assumptions that your budget forecasts are based on (e.g. inflation, sales targets, wages and salary levels). You should also produce a cashflow forecast that estimates when money will flow in and out of the business. This will help you to identify any potential problems in terms of paying suppliers, meeting staff costs etc.

b) Scenario Planning

It can also be useful to show that you have considered different scenarios e.g. 'worst case', 'best case', 'most likely'.

This helps to show how sensitive your SEB is to different factors and to demonstrate that you have considered how you would address the 'worst case' scenario.

c) Investment and funding

Here you should summarise the level of any external investment required and identify methods, options and timeline for raising this money) It is useful to include details of any assets you can offer as security, as well as any track record you have of managing external investment in the past.



See *Searching for funding* section for ideas on who to approach for seed funding!

10. Appendices

We have already mentioned several areas where you may want to provide additional details in an appendix. Other suggestions include:

- › References, testimonials and letters or resolutions of support
- › Quotations for equipment
- › Professional advisers' reports
- › Previous years' accounts if you have them

Further Reading:

- › Business Planning Guide for SEBs: http://socialventures.com.au/assets/Business_Planning_Guide_for_Social_Enterprise.pdf

This guide puts the pieces together about making money, making a difference, making it work and making the magic. In the introduction section, they are presenting what is a SEB, who is this guide for and how to use this guide. It is recommended to start at the beginning and work through the issues raised in sequence presented in this workbook, rather than trying to jump forward too quickly.

- › Business Plan Example : <http://www.abcsolar.com/pdf/businessplanforco-op.pdf>

This is the business plan for a renewable energy cooperative in California, which you can look through for inspiration!

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

2.5 BUSINESS STRUCTURE

When creating a new SEB, it is important to think about the best structure for it. All SEBs have things in common: They are created in response to a need, they value people over profits, they are run democratically and they are independent from the state. However, choosing between the NPO and the cooperative structure will depend on what you want to do. In other words, it depends on your organisations' vision and mission.

SEBs:

NPOs are legal persons (or entities, such as clubs, societies, or associations) organized and operated for objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional, athletic or sporting character, or the like, but without pecuniary (monetary) gain.

A **cooperative** is a legal person in which people or partnerships that have **economic, social and cultural needs in common unite** in the pursuit of an enterprise according to the rules of cooperative action to meet those needs. They are created to serve their members.

Cooperatives have the following rules of action:

- One member, one vote
- Membership subject to the use of services
- Limited interest on capital
- Legal obligation to create a reserve
- Possibility to distribute surplus earnings
- Duty to promote and educate about co-operation
- Duty to support community development

SEBs (NPOs and cooperatives alike) can incorporate a federal or provincial charter. For this document, we'll work with **provincial charter** because it is the most common for SEBs to plan to have activities within the province of Quebec⁴.

There are five types of cooperatives. Below is a description of the four main types of cooperatives in the social economy, their reason for being, and a few examples of the sectors they can be present in. This should get the promoter thinking about whether the cooperative structure suits her/his project.

⁴ Although a number of Cree NPOs have a federal charter, there aren't important implications of having a federal or provincial charter since all organizations have to be registered in Quebec regardless of their charter.

Table 20. Description of the Main type of Cooperatives⁵

Main type of cooperatives	Reason for being	Example of business sector
Consumer cooperative	A consumer cooperative is a cooperative whose principal object is to provide its members with goods and services for their personal use.	› Food › Housing › Goods and services in school › Funeral services › Cable distribution and Internet services › Sports and leisure
Producer cooperative	A producers cooperative is a cooperative whose principal object is to provide its members, who are producers (self-employed persons or businesses), with goods and services necessary to their professional practice or the operation of an enterprise. It can also transform and market the products of its members.	› Agribusiness › Arts and crafts › Non-timber forest products › Tourism › Business services
Worker cooperative	A worker cooperative is a cooperative made up exclusively of natural persons who, as workers, join together to operate an enterprise, and whose objective is to provide work to its members. It allows them to have control over their working conditions and workplace.	› Forestry and wood transformation › Ambulance services › Manufacturing › Consulting services in communication
Solidarity cooperative	A solidarity cooperative is a cooperative consisting of at least two of the following categories of members: › users (partnerships or persons, can be consumer or producer) › workers and/or › supporting members. This type of cooperative provides the opportunity to individuals and organisations with a <u>common interest</u> and diverse needs to join together in a single enterprise. This type of cooperative is characterized by its openness to partnership	Examples in all activities supported by the community and by different groups: › Personal services (health, home care, homes for the elderly) › Local services (food, restaurants, hardware, gas) › Renewable energy › New agriculture and organic farming › Housing

In SEBs, members participate in various ways in decision-making, in financial results and in property. They don't participate in the same way in different structures.

Some of the **main differences** between cooperatives and NPOs are described in Table 21 below, along with a comparison with the company, a business structure which is better known.

⁵ Table adapted from Coopérative de développement régional du Saguenay-Lac-Saint-Jean-Nord-du-Québec (2013). Co-operatives : a concrete development tool. Unpublished: Presentation to CSERT.

Table 21. Main Differences Between Cooperatives, NPOs and Companies⁶

	Cooperative	Company	NPO
Participation in ownership In a cooperative, the members participate in ownership by acquiring the minimum number of qualifying shares as defined by law.	Social capital (social shares, preferred shares and participating preferred shares)	Securities	Not applicable
	Redeemable shares	Redeemable securities	Not applicable
	Liability of members limited to the amount of the subscribed capital	Liability of the shareholders limited to the subscribed capital	Liability of members limited to the obligation to pay a contribution
Participation in power Participation in power is the exercise of democracy in a cooperative. Regardless of the number of shares held by a member or the volume of business done with the cooperative, the rule « one member, one vote » is respected.	One member, one vote	One vote per voting security	Generally, one member, one vote according to the by-laws
	Proxy voting limited to the spouse and adult children who are not already members	Proxy voting allowed	Proxy voting allowed, unless otherwise specified in the NPO's bylaws
Profit sharing In a cooperative, the allocation of surplus earnings is in proportion of the operations that each member has performed in the cooperative.	No capital gain on shares	Capital gain on the securities	Not applicable
	No interest on the common shares and limited interest on preferred shares	Unlimited dividends on securities	Not applicable
	Possibility to allocate surplus earnings to members	Possibility to allocate dividends to shareholders	No allocation of surpluses to members

More differences between the cooperative and the NPO are described below⁷.

⁶ Table adapted from Coopérative de développement régional du Saguenay-Lac-Saint-Jean-Nord-du-Québec (2013). Co-operatives : a concrete development tool. Unpublished: Presentation to CSERT.

⁷ This table was translated and adapted from *Boîte à outils La gouvernance démocratique* : a document by CSMO-ÉSAC, designed with Centre de formation populaire, Centre St-Pierre and Relais-Femmes (2007), by NISKA.

Table 22. More Differences Between Cooperatives and NPOs

	Cooperative	NPO
Legal status	A corporation, thus a legal structure with full enjoyment of civil rights (<i>Civil Code of Québec</i> (C.c.Q.) art. 301). Legal structure created in virtue of the <i>Québec Cooperatives Act</i>. A cooperative is a corporation which groups people with common economic and social needs and who join forces to run a business (<i>Cooperatives Act</i>, art. 3). Law applied by the <i>Directorate of Cooperative Development</i>, Ministry of Finances and Economy (MFEQ) and by the <i>Registraire des entreprises</i> (REQ).	A corporation, thus a legal structure with full enjoyment of civil rights (C.c.Q. art. 301). Association generally incorporated through the <i>Québec Companies Act</i>, Part III (art. 2016-1). Law applied by REQ
Incorporation	Creation by a minimum of five members, except for workers' cooperative or shareholding workers cooperative, which only necessitate three members. Deliver incorporation documents to the MFEQ.	Obligation to incorporate and obtain patent letters. Obligation to update information on the association. Modification with authorization from the state. Creation by a minimum of three people. Implementation : Choice between the provincial and the federal charter.
Tax impact	Cooperatives may be tax-exempt or not, depending on their statutes⁸.	Some NPOs are completely tax-exempt (if created and operated solely for non-profit reasons), and some reclaim 50% of paid taxes
Roles and responsibilities	Members: Only responsible to pay their social capital. Not personally responsible for the debt of the cooperative unless the Board member has signed as guarantor to a loan. Board members: Representative of the cooperative with the duty of prudence, due diligence, honesty and loyalty. Are responsible in certain cases (such as criminal wrongdoing). Other responsibilities depend on the sector of activities (with specific laws).	Members: Only responsible to pay their membership fee. Board members and management: are not held personally responsible for others. Roles and responsibilities of a corporation as in C.c.Q. Duty of prudence, due diligence, honesty and loyalty. Are not responsible except in certain cases (such as criminal wrongdoing). Other responsibilities depending on sector of activities (with specific laws).

⁸ If a future co-op will not aim to generate profit for its members, there is a way to constitute it and also obtain non-profit status, so as to benefit from tax exemptions. This would require including a statement in the bylaws saying that any profits generated will go back in the co-op and not be split amongst members as surplus earning, and that no interest would be paid on members' preferred shares. An application must be made to the Ministère des Finances et de l'Économie for tax exemption based on the intention for the co-op not to generate profit. For more information, please refer to http://coco-net.org/wp-content/uploads/2012/08/Co-op-infosheet-EN-modified2012_0.pdf

Internal works	Internal by-laws proposed by the Board and adopted by members. organisational policies and procedures.	Internal by-laws adopted and put in effect by the Board and ratified by members. organisational policies and procedures. Has to conform with laws with respect to associations.
Financing	Funding sources: Social capital (social shares, preferred shares and participating preferred shares), loans, debentures and patient capital.	Funding sources: Grants, loans, generated revenue (membership fee, fundraising campaigns, etc.). Capitalisation using patient capital
Distribution of surplus	Distributions of surplus earnings: Obligated to disburse in reserve, may be given as interest to preferred shares (if allowed by by-laws), as surplus earning, or as valuation reserve (if allowed by by-laws)	No distribution of surplus amongst members, it may be reinvested in the NPO, or to offer discounts to members on the services.
Cost of incorporation	Incorporation fees: 225\$ for provincial charter The Coopérative de développement régional (CDR) provides technical assistance for incorporation; some CDRs may ask you to become a member. The cost of incorporation may add up to \$1000-1500 including professional and legal fees	Incorporation fees: 158\$ for provincial charter The cost of incorporation may add up to \$1000-1500 including professional and legal fees
Dissolution	Can dissolve by sending a request to the MFEQ, which then informs the REQ. The person who holds shares is only entitled to the sums disbursed on these shares. After paying debt, dissolution fees and having reimbursed shares, the balance of assets is given to another cooperative, a federation, confederation or to the <i>Conseil de la coopération et de la mutualité du Québec</i> (based on a decision of the Annual General Assembly)	Can dissolve by undertaking liquidation process, and then sending a request to the REQ. Liquidation: Protocols are not described under the law, the NPO has to specify liquidation clauses in the status or by-laws. Otherwise, in case of liquidation, the General Assembly decides where the balance of assets goes.



Remember! After having incorporated, your SEB will be required to file an annual declaration form and a salary equity declaration form, as well as pay an annual registration to the REQ. If the SEB changes location, general mission or structure, it must declare changes by filing an amending declaration with the REQ. The SEB will also need to register to pay government remittances and source deductions for employees, register volunteers and employees for CSST (the Quebec government's public insurance plan for work-related injuries, as well as apply for tax exemption.

Further Reading:

- › Health Canada's *Community Action Resources for Inuit, Métis and First Nations*: http://www.hc-sc.gc.ca/fniah-spnia/pubs/services/_adp-apd/toolbox-outils/index-eng.php.

This toolbox has chapters on incorporation and organisational structure covering the Interpersonal Aspects of a Community Development Project, Tools and Techniques for facilitation, Issues that contribute to the success of a Community Development Project and much more. It is also about sharing information and skills to empower people so they can better care for their communities.

- › The Coopérative de développement régional (CDR):

For cooperatives, the CDR can provide a wealth of information on incorporation and walk you through the whole process. You may visit their website at <http://www.cdrslsj.coop/> or write them at info@cdrslsj.coop. This information is in French only.

- › The Canadian Cooperative Association: <http://www.coopscanada.coop/en/coopdev/CoopDev>
This national organisation manages a portal for the Co-op Development InfoService which presents a lot of information about co-ops, policy, development, research, education and resources. Whether you are already a member of a cooperative, thinking of starting a co-op or just considering a co-op as one of several options for organizing your business or service, help is just a mouse click or a phone call away. A whole section covers the First Nations, Métis and Inuit Cooperative Development Program (see http://www.coopscanada.coop/en/coopdev/FNMI_coops)
- › Key business permits and licenses in the province of Québec: <http://www.entreprisescanada.ca/eng/page/2665/> Here, the Canada Business Network provides a list of these permits and licenses depending on your sector at this site.
- › Website of the Registraire des entreprises du Québec : http://www.registreentreprises.gouv.qc.ca/en/a_propos/registre/contenu.aspx
- › Revenu Québec website for businesses: <http://www.revenuquebec.ca/en/entreprise/>
This website provides information on registration, an employer's kit for source deductions, etc.
- › Website to register workers with the Commission de la santé et de la sécurité du travail (CSST): <http://www.csst.qc.ca/employeurs/inscriptions/Pages/inscription.aspx> (French only)
- › For NPOs:
 - › Key questions to think about before incorporating a NPO: <http://coco-net.org/wp-content/uploads/2012/07/Key-things-before-inc-EN-modified-20121.pdf>
 - › Detailed steps to incorporate provincially or federally: http://coco-net.org/wp-content/uploads/2012/08/Incorporation-modified2012-EN_0.pdf
 - › *Registraire des entreprises du Québec*: The government of Québec's website for registering a NPO : <http://www.registreentreprises.gouv.qc.ca/en/demarrer/constituer-pmsbl.aspx>

2.6 GROWING YOUR BUSINESS

Social entrepreneurs need a plan to succeed with their SEB: “Big thinking precedes great achievement”. A creative and engaging strategic planning process will engage, will provide focus, will define strategy, will support concrete development and an efficient decision-making process.

In order to determine the future direction of their SEB, social entrepreneurs need to understand their current position and the possible avenues through which they can pursue particular courses of action. Generally, strategic planning deals with at least one of three key questions:

1. *Where are we?* (assessment)
2. *Where are we going?* (prioritized orientations, strategies)
3. *How do we get there?* (timelines, human and financial resources)

Many SEBs like any other organisations, view strategic planning as a process for determining where they are going over the next year or—more typically—3 to 5 years (long term). Typically, a strategic plan is done by an **existing SEB**, whereas emerging projects favour the business plan (see preceding section). In both cases, the plan is like your **GPS!** The strategic plan is an excellent tool, and it should be the core document for your existing SEB: It should include all your economic and social activities. It can easily be broken down into **annual action plans** to guide the work of staff and management. In other words, it is essential! Plan to undertake a strategic planning process when you think your SEB is moving to a new stage in its development, which warrants more **thought** or concerted actions, when you know you need to **focus and make key decisions**.

Figure 14 indicates a road map for the key aspects of planning in a SEB, from the higher, more strategic levels to the operational level. All aspects are **linked and coherent** with each other.

Mapping Out a Planning Process



Figure 14. Mapping Out a Planning Process

The first step is to do work on visioning. Then, strategic planning will take place to define the general strategic direction for the SEB, in line with its vision and mission. Goals and objectives will be set each year in the Annual Plan; priorities in the Annual Plans should be coherent with the Strategic Plan. Following the adoption of the Annual Plan by the Board, management and staff can go on to plan their activities at the more operational level, with their own action plans. The work done by staff will also be linked to the strategic plan! On a more regular basis (weekly, project-based), work is planned, then conducted, monitored and, finally, evaluated, so that the SEB can know if it is achieving the results hoped for in the strategic plan.

Mission and Vision Statements

If your SEB does not have a mission or vision statement, it is essential to spend some time developing them before going further.

Usually enterprises, organisations and businesses summarize their goals and objectives in **Mission and Vision statements**. Both these things serve different purposes but are often confused with each other. While a mission statement describes what the SEB wants **now**, the vision statement describes what the SEB wants to be in the **future**.



Table 23. Mission and Vision Statement Comparison Chart⁹

	Mission Statement	Vision Statement
About	A Mission statement talks about HOW you will get to where you want to be. Defines the purpose and primary objectives related to your customer needs and team values.	A Vision statement outlines WHERE you want to be. Communicates both the purpose and values of your business.
Answer	It answers the question, “What do we do? What makes us different?”	It answers the question, “Where do we aim to be?”
Time	A mission statement talks about the present leading to its future.	A vision statement talks about your future.
Function	It lists the broad goals for which the organisation is formed. Its prime function is internal; to define the key measure or measures of the organisation’s success. Its prime audience is the leadership, team and stockholders.	It lists where you see yourself some years from now. It inspires you to give your best. It shapes your understanding of why you are working here.
Change	Your mission statement may change, but it should still tie back to your core values, customer needs and vision	As your SEB evolves, you may feel tempted to change your vision. However, mission or vision statements explain your organisation’s foundation, so change should be kept to a minimum.
Developing a statement	What do we do today? For whom do we do it? What is the benefit? In other words, Why do we do what we do? What, For Whom and Why?	Where do we want to be going forward? When do we want to reach that stage? How do we want to do it?
Features of an effective statement	Encompassing the purpose and values of the organisation: Who are the organisation’s primary «clients» (stakeholders)? What are the responsibilities of the organisation towards the clients?	Clarity and lack of ambiguity: Describing a bright future (hope); Memorable and engaging expression; realistic aspirations, achievable; alignment with organisational values and culture.

Practical Aspects of the Strategic Planning Process

Strategic planning is a **participatory process** that takes place **over time** (often more or less four months), involving facilitation techniques and the course of several meetings. Below are a few practical aspects of the strategic planning processes, followed by elements on content.

- › **Who** gets involved in your process is crucial.
 - › Strategic planning exercises minimally involve management and the Board of Directors, and they often involve staff, especially program staff.
 - › If the SEB has the expertise in conducting the strategic planning exercise internally, often management will champion it: S/he will conduct the assessment and facilitate the meetings. If not, SEBs have two choices: To get training or to hire an external professional. Training on strategic planning can be offered by business schools and management consulting firms, with the cost varying from as low as \$200 for a short workshop to \$2000/day for a customized training. There are also books on strategic planning. If hiring a professional, depending on the scope of the process and the participation required, the cost can vary between \$10,000 and \$25,000.

⁹ **Source:** Diffen (2014). Mission Statement vs Vision Statement. Retrieved January 14th, 2014 from http://www.diffen.com/difference/Mission_Statement_vs_Vision_Statement

- › There are a **wide range of shapes and forms** of strategic planning processes. Some SEBs will:
 - › Hold the process over two or three extraordinary Board meetings
 - › Organize a retreat for the Board and staff to go deeper into the strategy
 - › Conduct conversations with staff during staff meetings
 - › Take advantage of their AGA to get input from members
 It can also be a mix of all of the above, depending on the time and resources you have on hand!
- › Strategic planning usually start with an **assessment**. Below is one possible way this could happen:
 - › Reviewing important internal documents such as the business plan, annual reports, activity or special projects reports, financial statements, etc.
 - › If there has been a prior strategic plan, taking time to evaluate it to know what has been done and what still needs to be done
 - › Setting up phone interviews with key partners to learn about the external environment
 - › Researching your sector to know about any political, economic, social, cultural, technological, environmental, legal trends that will affect your SEB
 - › Holding half-day strategic reflections with each of the:
 - Staff to identify the strengths, weaknesses and challenges of the SEB and
 - Board around key issues, elements for a vision and positioning of the SEB
 - › The assessment report provides **analysis** (often about the Strengths, Weaknesses, Opportunities and Threats to the SEB, also known as the **SWOT analysis**) on *Where you are*, and it proposes some **key issues** to be addressed in the plan, which are paired with **key preliminary orientations** for *Where you are going*
- › Following the assessment, one gets into the **planning stages**. Below is a possible way this could happen:
 - › Sharing the assessment report with Board and staff
 - › Preparing, organizing and facilitating a retreat (a half-day to two days) to validate the analysis presented in the assessment report, to elaborate strategies and to prioritize them
 - › Writing the final strategic plan

Content of a Strategic Plan

1. Overview of your SEB, including vision and mission statements, and history
2. Analysis of *Where are we*:
 - › Findings about the external environment
 - › Summary of SWOT analysis
 - › Key issues
3. Strategic plan *Where are we going* and *How do we get there?*
 - › Chart showing the link between Key Issues and Strategic Orientations (also known as Strategic Objectives), for example:

Issues and challenges by 2020	Strategic orientations 2015-2020
1) Organisational operations effectiveness →	1) Improve management and overall operations

For each orientation, you may choose to present a list of strategies or, alternatively, have a section with a chart similar to the one below. Please note that some strategic plans only go as far as the first column; the other columns would be covered in an Annual Action Plan.

ORIENTATION 1: IMPROVE MANAGEMENT AND OVERALL OPERATIONS

Strategies	Leader	Resources	Timeline				
			2015	2016	2017	2018	2019
1.3. Conduct a global assessment of Human Resource and revise the job description in regard with the current needs of SEB	ED	Board, \$20k	■				
1.4. Develop client database	ED	Board, staff time		■			
1.5. ...							

Three Strategic Planning Pitfalls

1. **Avoiding “No.”** Strategy is about defining what your SEB will do to achieve its goals. No enterprise, however, can do everything. A good strategy says YES to some possible actions, but says NO to others.



Remember! There is no strategy if you do not **choose!** Your SEB cannot do everything, and it is essential to **focus** on what you are the **best** at and what is **realistic!**

2. **Not Connecting to Actions:** Without action steps, the big picture strategy is useless. To develop those steps, social entrepreneurs have to identify actions that are necessary to implement the strategy and create an annual action plan.
3. **Vague Action Steps:** “We’ll work smarter, not harder. We’ll foster a culture of accountability. We will honor our associates.” These types of ideas are sometimes listed as action steps, but they fail to do the job. A good set of action steps helps each social entrepreneurs/managers involved in the social economy enterprise know what to do first thing in the morning.

Further Reading:

- The Regina and District Association for Community Living Strategic Plan is synthesized into a one-pager: http://rdac.ca/wp-content/uploads/2012/11/Strategic_Planning_Chart-2012.pdf
- The Non-profit organisational Assessment Tool: <http://coco-net.org/wp-content/uploads/2012/08/Nonprofit-organisational-Assessment-Tool.pdf>

This tool provides an assessment of vision, mission, programs, team, structure & governance, financial management & operations, planning, as well as resource development. It has a checklist designed to help you review the strategies and practices that your organisation might want to put in place to further its effectiveness,

- Planware, a portal for Business Planning: <http://www.planware.org/strategicplan.htm#7>

This portal presents an abundance of resources, including software, workbooks, papers, etc. In the section “Business Planning Papers: Developing a Strategic Plan”, strategic planning is defined, key steps are outlined and worksheets are provided. The portal also provides a FREE Online Strategic Planner for creating a three-page strategic plan..

- The Community Strategic Planning Toolkit: <http://fnbc.info/sites/default/files/resource-files/community-strategic-planning-toolkit%5B1%5D.pdf>,

This Toolkit summarizes *Community Strategic Planning* using the Medicine Wheel.

2.7 STEPS TO INCORPORATE A COOPERATIVE

The important **steps** in setting up and implementing a solidarity cooperative are described below, with a **suggested timeline**.

NISKA suggests that a cooperative conduct several members' assemblies before officially holding its General organisation Meeting, as it is important to mobilize and inform potential members, enabling them to participate in the process.

Table 24. Steps to Incorporate a Cooperative

Step	Suggested timeline
1. Promoters organise an information assembly with potential members to present and provide updates on the work undertaken so far, as well as evaluate people's interest in becoming members. <i>Note: this may be repeated in several communities or several times if deemed important. You may want to present the co-op structure.</i>	Month 1-3
2. Promoters form an acting committee (promoting group) to continue the work: a) Entreprise development (feasibility study, business plan) b) Create rules of order and a charter of by-laws c) Fill out incorporation forms from the Ministry of Finances and Economy¹⁰. This implies: ➤ Having signatory founding members ➤ Naming a provisional secretary	Month 4-8
3. The acting committee organises an incorporation assembly in which: a) The acting committee presents the details of the project (services, location, budget, funding sources, shares, etc.) b) The assembly adopts the rules of order and charter of by-laws c) The acting committee gets approval from the assembly to send the incorporation forms to the ministry	Month 9
4. The provisional secretary sends incorporation forms to the ministry and pays the \$225 fee	Month 10
5. Promoters organise a membership drive to take advantage of potential members' interest in getting involved with the cooperative	Month 11-12
6. The provisional secretary and the acting committee organise a General organisation Meeting , where, amongst other things: a) The incorporation charter will be presented b) The Board of Directors will be elected c) Members will sign their request for admission d) Members will pay their qualifying shares e) The auditor will be named.	Month 13 <i>(must be held six months following the reception of incorporation forms from the Ministry)</i>

¹⁰ The incorporation forms are found here: http://www.economie.gouv.qc.ca/objectifs/conformer/cooperatives/page/conformite-10706/?tx_igaffichagepages_pi1%5Bmode%5D=single&tx_igaffichagepages_pi1%5BbackPid%5D=49&tx_igaffichagepages_pi1%5BcurrentCat%5D=&cHash=4a3567bcc72ab558fed6bdc23fd963db&tx_igaffichagepages_pi1%5BparentPid%5D=10688

3 GOVERNANCE



THIS SECTION (EXCEPT 3.3) WAS TRANSLATED AND ADAPTED FROM *BOÎTE À OUTILS LA GOUVERNANCE DÉMOCRATIQUE*: A DOCUMENT BY CSMO-ÉSAC, DESIGNED WITH CENTRE DE FORMATION POPULAIRE, CENTRE ST-PIERRE AND RELAIS-FEMMES (2007) AND FROM *LES CAHIERS DES ORGANISATIONS DÉMOCRATIQUES*, A DOCUMENT BY CSMO-ÉSAC, IN COLLABORATION WITH THE FÉDÉRATION QUÉBÉCOISE DES COOPÉRATIVES DE TRAVAIL, LE CENTRE ST-PIERRE ET LE CENTRE DE FORMATION POPULAIRE (2001), BY NISKA.

3.1. ROLES AND RESPONSIBILITIES OF BOARD MEMBERS

People join organisations because they care about the cause and they want to make a difference. Governance is how we channel people's energy towards achieving common goals.

The legal form of a cooperative or a NPO defines the overall distribution of power and decision-making process, which determines many aspects of the administration of the organisation. However, the charter of by-laws of a democratic organisation, which are derived from members, reflect the values and orientations of the group.

The law does not decide everything. In this section, we will look here at the legal aspects as well as practices which favours the expression of **democracy** in a SEB. Please note that the degree to which power is delegated and shared will depend on the organisations' culture and its management style; there is a continuum of management styles from the very hierarchical to the very collective. Your SEB can position itself on that continuum and adapt its way of working based on its culture.



*Idea! It is an excellent practice to create a *Directors' Handbook* and to organize a Board of Directors' training as part of their orientation, when they are newly elected. Many daycare centres in Eeyou Itschee already do that, which is great! The orientation process may take a few months, but good governance is worth investing in upfront, as it will enable your SEB to function more effectively. The information provided in this section could be provided in the *Directors' Handbook*.*

Here are some examples of bad governance practices that one finds in some Cree organisations that can be addressed by training:

- › The Board interferes with the work of Management as it relates to human resources:
 - › The Board takes disciplinary measures against a staff person
 - › A Board member sides with a staff person and prevents Management from taking action
- › The Board takes over some Management tasks unduly
 - › The President 'checks in' at the office, works on some tasks from Management and asks to be paid
 - › The Board holds meetings to 'do the work together', for example reviewing by-laws line by line as a large group, as opposed to asking for recommendations from Management or a Working Committee
- › Management and the Board have difficulty drawing a line between their respective roles, which results in regular, long, costly often ineffective meetings:
 - › Management goes to the Board for all operational decisions
 - › Management confuses 'Information' with 'Decision' points

This section is meant to strengthen the democratic organisation of SEBs with all types of management styles, while mentioning the instances with legal accountability for each organisational function.

A. Democratic Structure

The traditional structure of democratic organisations is often understood as an inverted pyramid or as a circle, with the **instances** (which can be compared to the hat one person is wearing) bolded:

- The ultimate power belongs to **members**, who decide the general direction of the organisation at annual and special general assemblies;
- The general assembly of members shall elect a **Board of Directors**;
- An **Executive Committee** may be established and its composition is defined by the by-laws;

Permanent or temporary **working committees** can also be established by the Board, but they have no decision making power.

➡ : indicates delegation

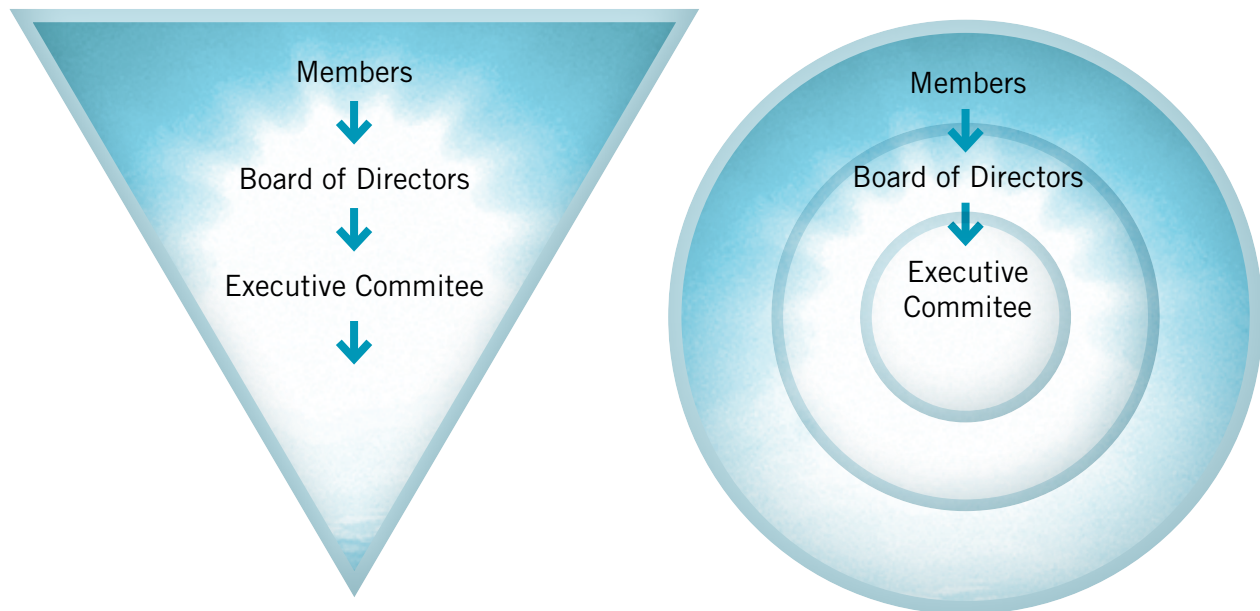


Figure 15. Governance Structures

This structure corresponds to the legal requirements of incorporation under Part III of the *Companies Act of Quebec* and the *Cooperatives Act of Quebec*.



Beware: It will be important for your SEB to think about its **relationship with the Band Council** and, if applicable, the Cree Regional Authority. Remember that the social economy is the citizen's economy, and it is distinct from the public economy (political bodies such as Band Councils), and the private economy (individual entrepreneurs, corporations, etc.). It is thus **independent**. As a distinct type of democratic organisation, and as mentioned above, the ultimate power lays with the **members**, not with the political bodies, which should have limited influence on the SEB. That does not mean not to keep a good relationship with the political bodies, but rather to know where the decision-making power legitimately belongs. The SEB can invite the band to meeting or sign partnership agreements with the Band Council (for example, if your SEB uses equipment or land belonging to the Band Council). Depending on your SEB's structure, however, it is possible that these political bodies are represented on your Board. That is also something to consider.

Knowing the roles and responsibilities of each instance is an important step to make sure that each instance knows their role, which in turn will **increase the performance** of your SEB. It will also help avoiding the following pitfalls which commonly result from confusion or conflict in roles:

- › Disagreements between the Board and the ED/coordinator
- › Disconnect between the aspirations of the Board and the staff
- › Conflict of interest within the Board of Directors.

B. Members and the General Assembly

The General Assembly is the supreme authority of any democratic organisation. It must be convened at least once a year to decide on various key issues for the functioning of the organisation, receiving financial reports and discuss strategies and action lines. The General Assembly is an ideal place for active and critical participation of members.

Roles:

- › Discuss the direction of the organisation
- › Receive and discuss the annual report and the annual activity plan
- › Adopt the by-laws of the organisation
- › Receive and discuss the audited financial statements and the budget
- › In cooperatives, decide on the repartition of surpluses

Powers:

Legally, the powers of the members are limited primarily to the following:

- › Elect members of the Board of Directors
- › Appoint an external auditor
- › Ratify changes to the by-laws (including setting, if applicable, the honorarium for Board of Directors and Executive meetings)
- › Approve dissolution, merger or transformation of the organisation into a different legal status
- › Proceed to a Q&A period on all topics which call on the powers of the Assembly

It is important to note that even if the General Assembly does not legally adopt the annual activity report and financial statements, it is common practice to do so in several organisations for these reasons:

- › It is a way for members to sanction the work of the Board
- › Several donors require organisations to provide the annual report and the financial statements duly adopted by the General Assembly

Members have **no legal authority in terms of administration of current business**. The resolutions adopted by the General Assembly must be received as suggestions. However, in the context a democratic organisation, the Board generally respects these decisions in order to preserve close ties with members. Finally, each member has rights that are defined by law, which would be specified in the by-laws of the organisation and the members' contracts (if applicable).

C. Board of Directors

The Board of Directors is elected by the General Assembly. By-laws determine the number of Directors and their term of office.

Roles

The Board of Directors is the governing body and the body authorized by law to take a number of strategic decisions:

- › Choose the Officers (Executives)
- › Interpret the goals of the organisation in line with the guidelines of the General Assembly
- › Define the objectives and activity plans of the organisation according to the wishes of the General Assembly
- › Approve and monitor the budgets proposed by management, and approve the audited financial statements
- › Prepare the annual report and write the notice for the Annual General Assembly
- › Define management policies of the organisation, including those affecting human resources
- › Represent the organisation with government authorities or other bodies
- › Establish working committees it deems necessary and supervise their work
- › Report on its work and achievements to the General Assembly

Powers

In accordance with the general laws and by-laws and without it being necessary to obtain the authorization of the members, the Board shall exercise the following powers:

- › Acquire and dispose of land, movable and immovable property
- › Sign contracts and agreements
- › Advertise and request or acquire patents, licenses, copyrights, etc.
- › Hire, supervise and dismiss the person assuming the function of coordination or direction
- › Accept new members, exclude or suspend members
- › In cooperatives, reimburse shares, recommend how to use the surplus earnings
- › In cooperatives, write a resolution of adhesion to a federation of cooperatives (must be ratified by the Assembly)

D. Officers (Executives)

Most of the functions described in this section belong to officers (executives). In practice, for SEBs that have a large body of staff, employees perform many of these tasks. It goes without saying, however, that officers must exercise an oversight role since they are the ones who legally responsible.

Powers

- › The powers of various officers are defined by the by-laws
- › To perform an act unspecified by the regulations, officers must be authorized by a resolution duly adopted by the Board of Directors

Functions

The functions described here correspond to a standard model. However, each SEB can adapt it or create any other officer position as it deems necessary and assign specific functions.

President

- › Prepares agendas and presides over meetings of the Board and the General Assembly
- › Is an ex officio member of all committees and usually chairs the meetings
- › Signs checks, official correspondence, minutes and financial reports adopted
- › Officially represents the organisation (but cannot sign contracts alone)
- › Ensures the implementation of decisions taken by the Board
- › Ensures that other Board members carry out the tasks entrusted with them

Vice-President

- › Seconds the President in the latter's absence
- › Sometimes has special responsibilities, such as a committee
- › Often performs public relations and communications when there is no paid staff to do it

Secretary

- › Writes the minutes of Board meetings and General Assemblies, has them adopted and signs them
- › Sends notices for Board Meetings and General Assemblies
- › Maintains a list of members, the books and records of the organisation and classifies records
- › Delivers and receives correspondence and shall notify the Board or other appropriate bodies

Treasurer (the function below is mainly for SEBs with no paid bookkeeper or accountant)

- › Is responsible for the custody of the funds of the organisation and its accounting books
- › Ensures that the use of funds is consistent with the objectives of the organisation
- › Sign checks, with the President
- › Deposits money from the organisation in the financial institution chosen by the Board
- › Maintain an accurate statement of assets and liabilities, income and expenses
- › Prepare the budget and the financial statements and has them adopted
- › Invites the Board to consider the financial aspect of the decisions taken by the Board, the Assembly or other instances

E. Executive Committee

The creation of an Executive Committee (EC) is not mandatory. SEBs with a large Board usually choose to create such a committee. The law also sets conditions for an Executive Committee to be created:

- The Board of Directors shall be composed of a minimum number of members:
 - At least seven Directors are required in NPOs according to the *Companies Act, part III*, its creation may follow a resolution of the Board, but it would ideally be planned for in the by-laws
 - At least six Directors are required in cooperatives according to the *Cooperatives Act*, and the creation of an EC shall be provided for in the by-laws of the cooperative
- The EC shall consist of at least three members and only Directors can be part of it (the person responsible for coordinating the organisation normally holds a seat, but without the right to vote)
- The by-laws must specify their composition, frequency of meetings, compensation (reimbursement of fees, in the case of cooperatives) and patterns of removal and replacement of its members

It is very important to determine the mandate of this body, because it can take up an excessive role and become a source of conflict. However, an effective EC saves time at Board meetings. Finally, remember this rule of thumb: **The decisions of the EC must be ratified by the full Board of Directors.**

Role

- Prepare Board meetings
- Make certain decisions if the Board cannot meet (eg. public positions, administrative decisions, etc.).
- Organizes and supervises the implementation of decisions

Powers

- The EC has no more authority than the Board
- It is required to report on its activities to the Board of Directors, which may modify or reverse decisions

F. Working Committees

Working committees are an excellent instrument for the integration and training of members and volunteers. They promote solidarity and a sense of belonging while filling specific needs of the organisation.

Examples of roles that can be assigned to working committees:

- Participating in the planning, organisation, implementation and evaluation of tasks within the organisation
- Assuming some permanent specific functions (eg. finance, planning, training, welcoming, associative life, etc.)
- Working together to achieve specific goals (eg. An awareness campaign, developing a formal public position, a thesis, organizing an activity, etc.)
- Cooperating with other members and the employees in implementing services
- Proposing changes that could improve operations to the appropriate authorities

Role of Staff versus the Role of the Board¹¹

The Role(s) of Staff

Many groups operate without ever having paid staff. For lots of other SEBs, staff are the key drivers of the organisation's activities. We rely on staff for a million-and-one things, namely to keep the organisation functioning and working towards its mandate. They often coordinate activities, operations, planning, and ensure that work plans and/or organisational objectives are met.

This can work in a traditional hierarchical model with an ED who makes most of the SEBs key decisions, but it can also work with a more collaborative structure where many people are implicated in decision-making.

The Role(s) of a Board

Every organisation needs to look carefully at its own needs and define the Board's role based on its own unique reality. Boards work in very different ways depending on the needs of an organisation at a given time. That being said, it is widely accepted that a Board's primary role is to **provide oversight**. This means focusing on the long-term health of the organisation and maintaining a bird's-eye view of its work and operations, leaving others to tend to the day-today responsibilities of program implementation and people coordination.

While maintaining a focus on their oversight role, it is quite normal for Boards to **assist with some aspects of day-to-day operations**. Here are a few common situations that tend to call for more Board involvement:

- › Efforts to increase member involvement (ex. planning and implementing an Annual General Assembly)
- › In the founding years when there are no (or few) staff members and organisational processes and procedures are in their infancy
- › Fundraising efforts, especially during periods of intense financial vulnerability or growth (ex. capital campaign activities, fundraising events, donor relations)
- › Influencing public policy (particularly when it involves taking a public stance)
- › Nurturing community partnerships and visibility
- › When individual Board members have skills or knowledge that the staff does not have (ex. a lawyer on the Board might become heavily involved in the purchase of a building)
- › When inter-personal conflicts cannot be resolved at the staff level

And finally, although few and far between, there are some situations that call for the Board to **make decisions at an operational level**:

- › Signing contracts of salaried employees
- › Hiring, firing, and evaluating an ED
- › Stepping in during periods of crisis and staff transition when all else fails (ex. empty ED position)

Sustaining a healthy level of Board involvement is an art, not a science. Even the most well received instances of hands-on Board involvement can slip into an unhealthy long-term pattern of micro-management. On the other hand, Boards that maintain a rigid, arms-length relationship to the staff can have a difficult time functioning effectively and that can feel very disempowering, both for Board members and staff. Trust and open communication between staff and Board members are important parts of ensuring a fruitful and effective Board experience.

¹¹ **Source:** COCo (N/A). *Staff and Board Roles*. Retrieved January 14th, 2014 from <http://coco-net.org/wp-content/uploads/2012/08/Staff-and-Board-roles.pdf>

Legal Responsibilities of Board members in Cooperatives¹²

A Director is not liable for:

- › debts of the cooperative (unless they signed individually as guarantors)
- › a decision of the Board taken in her/his absence
- › a decision of the Board which in which s/he stated her/his dissent (*Cooperatives Act*, s. 97 and 98)¹³

The duties of Directors (according to the *C.c.Q.*):

- › fulfill the mandate agreed upon and fulfill it personally
- › inform the coop of the state of implementation of the mandate
- › comply with the obligations imposed by law, the constitution and by-laws¹⁴
- › act within the limits of the powers conferred
- › prevent fraud
- › act with **prudence and diligence (1)**
- › act with **honesty and loyalty (2)** (interest of the coop)
- › not to take advantage of property or information obtained through the role
- › comply with the conditions for acquiring or purchasing goods with the coop
- › prevent and disclose **conflicts of interest (3)**

Definition of Terms

1. Act with “prudence and diligence”

Cases of careless management:

- › Failure to attend meetings
- › Failure to act on time
- › Failure to inform oneself adequately or ask for advice
- › Mistakes in choosing and supervising the ED
- › Management errors due to neglect (such as lack of judgement)

2. Acts in “honesty and fairness”

Case of good management:

- › Honest conduct (no fraud, theft, embezzlement, bribery)
- › Fair conduct (confidentiality, non-competition, safeguard the reputation)
- › Continuation of loyalty even after the term is finished

¹² **Source** : Réseau de la coopération du travail du Québec (N/A). *Responsabilités légales des administrateurs : Aide-mémoire*.

¹³ In NPOs, a Board member is assumed to have agreed to decisions taken in his absence, unless the Director asks for his dissent to be written in the minutes.

¹⁴ Some of the most important obligations are : to have a written agreement with the ED concerning the management of the cooperative and act as an employer to the ED, make sure that the source deductions are expedited to the ministries, make sure the SEB has proper insurance coverage.

3. Avoid and disclose “conflicts of interest”

(C.c.Q., art. 2138 / *Cooperatives Act*, s. 106)

Disclose in a written form of any interest, direct or indirect in a company, contract or economic activity, to the Board of Directors. Once the conflict of interest is disclosed, the Director ought to:

- Report the conflict of interest
- Abstain from voting
- Avoid influencing the decision
- Withdraw from the meeting during the deliberations of Board meetings

Conflict of Interest¹⁵

A conflict of interest occurs when someone in a position of trust has competing professional or personal interests. These competing interests can possibly interfere with the person’s ability to remain impartial as they fulfill their duties. A conflict of interest involves not just the issue in question, but also people’s perception of the issue and who is involved in making a decision. A conflict of interest exists even if no unethical or inappropriate decisions are made.

A key element of being a Board member is acting with honesty and loyalty towards the SEB. This means that Board members are expected to avoid conflicts of interest and to disclose them if they exist. Board members are always required to act in the best interests of the SEB.

Dealing with conflicts of interest can be tricky! Healthy practices include having a democratically-run organisation where people from the community are involved at all levels (including the Board). This means that the roles people play in the organisation often overlap. But just because conflicts of interest can be challenging doesn’t mean you can’t participate in the organisations you care about.

What a Board member decides to do about a conflict of interest is an individual choice. This means they have to decide whether to abstain from making a decision if they are involved or appear to be involved in a conflict of interest. For Board members, no one else can decide that someone can’t participate in a discussion or can’t vote on a given issue due to a conflict of interest. It is up to the person involved in the actual or perceived conflict of interest to make a decision. However, if a Board member is in a conflict of interest and doesn’t abstain, that decision may be challenged.

By-laws can serve as a good guide for how conflicts of interest are handled within our organisations. However, by-laws can never force a Board member to not participate in discussing an issue or making a decision. Building a culture where dialogue and transparency are valued is an important means of encouraging people to talk about conflicts of interest when they arise.



Sample “conflict of interest” by-law:

A Director must report any situation of conflict of interest s/he is facing to the Board of Directors and such conflict must be noted in the minutes of the meeting following the disclosure. The member shall abstain from participating in any discussion (except to answer questions from Board members) and from voting on the issue.

¹⁵ **Source:** COCo (2010). *Key Questions to Consider When Thinking About Conflicts of Interest*. Retrieved January 14th, 2014 from <http://coco-net.org/wp-content/uploads/To%20add%20to%20media%20library/conflict%20of%20interest%20final%20nov%202010.pdf>

For cooperatives, any questions on democratic instances and their roles and responsibilities can be directed to the staff of the CDR, who can help you better understanding the obligations of all parties.

Further Reading:

- › How Does Your Board Measure Up: http://coco-net.org/wp-content/uploads/2012/08/RMM_HowBoardMeasureUp.pdf
This is a quick tool to assess your current Board.
- › Detailed content on Board Liability and NPOs:
 - › http://coco-net.org/wp-content/uploads/2012/08/Board-Liability_modified2012_0.pdf; Detailed information on governance, Boards and managing Board performance
 - › http://www.weforum.org/pdf/schwabfound/Governance_Social_Enterprises.pdf,
This document provides interesting templates and material on codes of conduct, reporting, etc.
 - › Primer for directors of not-for-profit corporations: Rights, duties and practices:
[http://www.ic.gc.ca/eic/site/cilp-pdci.nsf/vwapj/Primer_en.pdf/\\$FILE/Primer_en.pdf](http://www.ic.gc.ca/eic/site/cilp-pdci.nsf/vwapj/Primer_en.pdf/$FILE/Primer_en.pdf)

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

3.2 HAVING EFFICIENT BY-LAWS

The law enables the SEB to be born, but each organisation determines **its own game rules** through the voting of by-laws. By-laws are useful to guide conduct, to make sure that the members' rights are respected, that equity prevails, and that there is good management. By-laws protect against uncertainty, lack of clarity, or unfairness, ensuring the survival of the organisation. They define a framework within which the Board can operate without unnecessary formalities. This section will introduce your SEB to the topic of bylaws.

Writing By-laws

There are basic principles of writing by-laws. By-laws need to:

- › Be **adapted** to the reality of the organisation, i.e. they need to take the mission, vision, orientations, management style, organisational culture, territory as well as the type of activities and members into account
- › Be **understood by all members** and make sure **basic democratic principles** such as the participation of members are upheld
- › Be **coherent, unambiguous and consistent** amongst each other
- › **Abide by the** law and the limits set in the patent letters
- › Be **flexible** and **easy to implement**
- › Take the '**common interest**' of the collective business project into account

Basic rules to write by-laws:

- › By-laws have to be as clear and concise as possible. It is suggested that they be written in the present tense, and that the style be simple and clear (with short paragraphs and sentences)
- › The presentation of the document is well-spaced and accessible
- › They use common language, not technical jargon
- › The articles are numbered
- › Titles and sub-titles are used to make the document more readable

In addition to by-laws, cooperatives will produce a members' contract. While a template is provided in the *Further reading* section, it is essential that cooperatives think about the **usage link** between the business and its members, based on its reality and its services. The cooperative needs to clearly define what type of business link it will have with members, in order to define clauses with regards to non-competition, for example.

➤ **Remember!** By-laws and members' contracts are **legal documents**, and thus they cannot simply be copied and pasted from one SEB to another! They warrant reflection; it is encouraged that your SEB really thinks through what they want to set as rules from themselves; it is an important learning process! The templates provided in this *Toolkit* are legally valid, and as a result they are a **great place to start from**. Using them as a starting point can help you save on professional fees. However, to protect the SEB and make sure your documents are really in line with your vision, a **legal professional should always have one last look** at these documents before they are approved by the board.

Modifying By-laws

The original by-laws are created when the organisation is **founded**. However, as a group grows and changes, the by-laws may need to be **modified** too. In Quebec, Annual General Assemblies and Special General Assemblies are the places where proposed constitutional or by-law changes prepared by the Board of directors can be accepted or rejected by a vote of the members attending the a general meeting. If there is no Annual General Assembly coming up, we can call a Special General Assembly to make changes happen more quickly. These changes must be approved by a simple majority of the assembly, unless the by-laws say otherwise. However, changes to the letters patent must be approved by a 2/3 vote at a general assembly. The membership has the power to accept or reject the proposed changes by the Board, but cannot modify what the Board has presented to the membership.

➤ *Words of Caution!* According to the Centre for Community organisations, having good by-laws on paper is important, but ensuring that people know what the by-laws are, where they are kept, and what they mean in the daily working of our SEB takes some effort. Having a **common interpretation** of what by-laws can help prevent misunderstandings and conflicts as we work together for social change. It is important for staff and Board members to have all read the by-laws, and have them guide the internal processes that they use. When a **conflict arises**, for example if the Board interferes with Human Resources Management, it is important that **all in the SEB know that they need to refer back to the law and to its internal policies** (such as by-laws) to resolve the conflict.

Further Reading:

- A very detailed bylaws template for NPOs developed by Literacy Volunteers of Quebec: <http://coco-net.org/sample-bylaws/?lang=en>
- By-laws for Non Profit organisations: <http://coco-net.org/wp-content/uploads/To%20add%20to%20media%20library/Key%20things%20to%20think%20about%20bylaws.pdf>
- This document highlights key things to think about for your NPO bylaws



PROPOSED RULES OF ORDER & CHARTER OF BY-LAWS

NAME OF COOPERATIVE

Adopted in organisation General Assembly on _____ 20____

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CHARTER OF THE COOPERATIVE

(EXCERPTS)

1. NAME OF THE COOPERATIVE

INSERT NAME HERE

2. OBJECT

Operate a business in order to provide employment for its workers members (if there are worker members) as well as goods and services to its user members (if there are user members) in the field of insert sector here, and any other related activity while bringing together people or companies with an economic, social or cultural interest in achieving this object (if there are support members).

Note: These can be customized.

3. DATE OF INCORPORATION

INSERT DATE HERE

BY-LAW NO 1 GOVERNANCE

1.1 DEFINITIONS

What is a cooperative?

... A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise....¹⁶

The words or expressions below, when used in this by-law, will have the following meanings unless the context indicates otherwise:

- a) *The cooperative*: Name of cooperative
- b) *The Act*: The Cooperatives Act (R.S.Q. c. C-67.2)
- c) *The Board*: The cooperative's Board of Directors.
- d) *User- member*: An individual or group who uses the services offered by the cooperative.
 - Producer: An individual or group who has a services contract with the cooperative.
 - Consumer : An individual or group who fulfills his needs by purchasing goods and services from the cooperative.
- e) *Worker member*: An individual who can perform various tasks for the cooperative.
- f) *Auxiliary member*: A producer user-member or worker member who is in probation period.
- g) *Support member*: An individual or group who carries a financial or social interest unto the cooperative's fulfillment of its objectives.
- h) *Minister*: The ministry responsible of the Act
- i) *Executive Officers*: The president, vice-president, secretary, treasurer and executive director.

Note: Only keep the member categories that will exist in your cooperative

¹⁶ International Cooperative Alliance : web site: <http://www.ica.coop/index.html>

THE COOPERATIVES ACT (R.S.Q. C. C-67.2) TAKES PRECEDENCE WHEN INTERPRETING THE RULES OF ORDER & BY-LAWS OF THE COOPERATIVE.

1.2 CAPITAL STOCK

(References: articles 37 to 49.4, 226.4 of the Act)

1.2.1 Qualifying shares

In order to become a member, all persons or groups must subscribe to acquire the number of qualifying shares corresponding to their membership category as follows:

Membership category	# of qualifying shares	Total amount
Worker member	50	500
Producer member	20	200
Support member - corporate	100	1000
Support member - individual	10	100

Each share is at 10\$ (art. 41 of the Act).

Note: Only keep the lines for the member categories that will exist in your cooperative, and adjust the capital stock accordingly.

1.2.1 Methods of payment

Qualifying shares of producer and worker members are to be paid for in cash at the time of membership admission

or

They are to be paid for in cash at a cost of one-hundred dollars (100\$) at the time of membership admission, and the outstanding balance is to be paid in installments within the following six months.

Qualifying shares of support members are to be paid for in cash at the time of membership admission.

Note: This can be customized.

1.2.3 Transfer of shares

Shares are non-transferable except upon the approval of the Board having received written consent from the assignor. The transfer of shares is done by simply documenting the transfer in the member register or folder.

1.2.4 Repayment of shares

As per the restrictions stated in Article 38 of the Act, the repayment of shares is executed as per the following conditions:

- a) Death of the member;
- b) Resignation;
- c) Expulsion;
- d) Repayment of shares other than qualifying shares.

The repayment of shares will be executed as per the chronological order of requests within each condition listed above.

1.2.5 Repayment of non-qualifying shares

At the request of a member and subject to the conditions set out in section 38 of the Act, the cooperative may repay, on the conditions prescribed by the by-law, the sums paid by the member towards the purchase of shares other than qualifying shares.

1.2.6 Preferred shares

The Board is authorized to issue preferred shares if need. The Board sets the amount, interest rate, privileges, rights and restrictions as well as its conditions for repayment, reimbursement or transfer.

Only worker and producer members can hold preferred shares. The Board may also issue participating preferred shares as per the rules to be outlined.

1.2.7 Repayment, redemption, or transfer of preferred shares

As per the conditions stipulated in section 38 of the Act, preferred shares may be repaid, redeemed, or transferred, providing that articles 46 to 49 of the Act are adhered to.

1.2.8 Fees

Worker members of all categories are required to pay an annual fee; the amount to be determined by the Board. The fee is to be paid within the thirty (30) days following the general assembly, or within in the thirty (30) days following the member's admission.

Note: This can be customized; there is no need for an annual fee, it is every cooperative's choice.

1.3 MEMBERS

(References: articles 51 to 60.2 of the Act)

Note: Only keep the member categories that will exist in your cooperative.

1.3.1 Admissibility of user-members (PRODUCER or CONSUMER)

- a) Adhere to the provisions of Article 51 of the Act, excluding paragraph 1 of the article in reference to resource members;
- b) Be a producer or consumer member as defined in paragraph d) of section 1.1 of the present by-law;
- c) Share the cooperative's vision.
- d) Subscribe to acquire the minimum number of shares as stipulated in section 1.2.1 and pay for those shares as per the requirements in section 1.2.2 of the present by-law;
- e) Having completed, as an auxiliary member, a probation period of three-hundred (300) non-consecutive hours of service for the cooperative, following his request for admission as auxiliary member addressed to the Board, except for founding members;
- f) Sign and abide by the member contract; the member contract is presented in Appendix and is part of the present by-law;
- g) Be admitted by the Board, except for founding members;
- h) Abide by the by-laws of the cooperative.

1.3.2 Admissibility of worker-members

- a) Adhere to the provisions of Article 51 of the Act, excluding paragraph 1 of the article in reference to resource members;
- b) Be a worker member as defined in paragraph e) of section 1.1 of the present by-law;
- c) Share the cooperative's vision.
- d) Subscribe to acquire the minimum number of shares as stipulated in section 1.2.1 and pay for those shares as per the requirements in section 1.2.2 of the present by-law;
- e) Having completed, as an auxiliary member, a probation period of three-hundred (300) non-consecutive work hours for the cooperative, following his request for admission as auxiliary member addressed to the Board, except for founding members;

Note: This is highly recommended, but it is your choice.

- f) Sign and abide by the member contract; the member contract is presented in Appendix and is part of the present by-law;
- g) Be admitted by the Board, except for founding members;
- h) Abide by the by-laws of the cooperative.

1.3.3 Admissibility of auxiliary members

- a) Adhere to the provisions of Article 51 of the Act, excluding paragraph 1 of the article in reference to resource members;
- b) Be an auxiliary member as defined in paragraph f) of section 1.1 of the present by-law;
- c) Share the cooperative's vision.
- d) Subscribe to acquire the minimum number of shares as stipulated in section 1.2.1 and pay for those shares as per the requirements in section 1.2.2 of the present by-law;
- e) Engage oneself to complete a probation period of three-hundred (300) non-consecutive work or service hours for the cooperative, following his request for admission as auxiliary member addressed to the Board, except for founding members;
- f) Sign and abide by the member contract; the member contract is presented in Appendix and is part of the present by-law;
- g) Abide by the by-laws of the cooperative.

1.3.4 Admissibility of support members

- a) Be a support member as defined in paragraph g) of section 1.1 of the present by-law;
- b) Share the cooperative's vision.
- c) Subscribe to acquire the minimum number of shares as stipulated in section 1.2.1 and pay for those shares as per the requirements in section 1.2.2 of the present by-law;
- d) Address a request for admission as support member to the Board, except for founding members;
- e) Be admitted by the Board, except for founding members;
- f) Abide by the by-laws of the cooperative.

1.3.5 Loss of membership status

- a) Resignation

A member or auxiliary member may resign by giving written notice of thirty (30) working days to the Secretary of the cooperative. The Board may accept the resignation before the thirty day delay, unless the member has made this delay a condition of his resignation.

A member who does not request reimbursement of qualifying shares in the year following his resignation shall be deemed to have donated them to the cooperative.

- b) Suspension or exclusion

In addition to the stipulations of articles 58 and 58 of the Act, the Board is empowered to suspend or expulse a member if the said member impairs the cooperative or any of its members as outlined in the following:

- 1) If he is unable to participate to the inherent activities of the cooperative for two consecutive years;
- 2) If he does not comply with the by-laws of the cooperative;
- 3) If he has not paid for his qualifying shares in accordance with the terms and conditions prescribed in the by-laws;
- 4) If he is dispossessed of his qualifying shares;
- 5) If he does not fulfill his commitments/requirements unto the cooperative;
- 6) If he carries on any activity in direct or indirect competition with the cooperative.

Before deciding to suspend or expel a member, the Board shall provide written notice to the affected member; stipulating both the grounds for invoking the suspension/expulsion, and the place, date and time of the meeting at which the Board of Directors will render its final decision. The notice must be given within the prescribed time frame for the calling of the meeting.

At the meeting, the member may oppose his suspension or expulsion by justifying his position, or by transmitting a written statement to be read by the chairman.

1.3.6 Right to membership status

Following the end of the probation period, the Board will write a letter to the auxiliary member to inform him of the approval or refusal of its new membership status.

The Board shall respect a reasonable delay to share its decision with the auxiliary member.

1.3.7 Mediation

(References: article 54.1 of the Act)

Any disagreement or dispute that may occur between the cooperative and a member shall go through a mediation process. To this end, the cooperative and the member concerned agree to participate in at least one (1) mediation meeting.

The mediator shall be chosen jointly by the cooperative and the member concerned. Said mediator will be recognized as such in a Quebec professional association.

1.4 ASSEMBLY OF MEMBERS

(References: articles 63 to 79 of the Act)

1.4.1 Quorum

A quorum is reached when the number of members present at the meeting constitutes one member more than 50% of members. **Note: This is your choice.**

When the quorum required by the by-law is not reached, the meeting may be reconvened. If the quorum is not reached then, the meeting may be legally held and must cover the same issues as those listed in the first notice.

1.4.2 Notice

Written notice of general and special meetings must be delivered by postal mail service.

Written notice of a special meeting, in the case of an emergency, may be delivered by postal mail service, electronic mail service, facsimile, or by telephone no later than seven (7) days prior to the special meeting.

All forms of notice must include: the date(s), the time(s), and the place(s) of the meeting; the meeting agenda, ledger of proposals, and any other pertinent documents.

Any decisions made during a general meeting may not be retracted or annulled by reason of notice delivery or lack thereof. It is the responsibility of each member to ensure that the cooperative has received any/all address changes in order to ensure the delivery of meeting notification from the cooperative.

Note: This is your choice.

1.4.3 Annual General Assembly

All annual general assemblies are held at the time(s) and place(s) to be determined by the Board as per the conditions stipulated in articles 77, 78, and 85 of the Act.

The annual assembly of the members must be held within four months of the end of the fiscal year. Members are convened to:

- a) Take note of the auditor's report and the annual report;
- b) Determine the distribution of surplus;
- c) Elect Board members;
- d) Appoint the auditor;
- e) Determine, if applicable, the attendance allowance of members of the Board;
- f) Determine, if applicable, the remuneration of the secretary or treasurer where are also members of the Board;
- g) Take any decision reserved to the Assembly;
- h) Take part in a question and answer period on any matter within the jurisdiction of the Assembly.

1.4.4 Annual Report

Within four (4) months after the end of the fiscal year, the Board shall prepare an annual report, including:

- a) The name and address of the cooperative, and any other name under which it is identified;
- b) The names of Executive Officers and Board members;
- c) The number of members in each membership category;
- d) Financial statements for the last fiscal year;
- e) A statement of the capital, including claims of shares, and forecasts for redemption of units;
- f) The auditor's report;
- g) The date of the Annual General Assembly;
- h) The number of people employed by the cooperative;
- i) The name of the federation with which the cooperative is affiliated, if any;
- j) The proportion of the activities of the cooperative made with each membership category;
- k) The participation of members in any training on cooperation.

1.4.5 Extraordinary Assembly

The Board or the President of the cooperative may order the holding of an Extraordinary Assembly.

The Board must also order the holding of an Extraordinary Assembly at the request of one-quarter (1/4) of the members or at the request of five hundred (500) members if the cooperative has more than two thousand (2000) members. The request must specify the matters why the holding of an Extraordinary Assembly is required.

Only the matters specified in the notice may be deliberated and decided at an Extraordinary Assembly.

1.4.6 Vote

Every question is decided in the first instance by a show of hands, unless decided otherwise by at least three (3) voting members present.

Note: This is your choice.

1.4.7 Suspension of Voting Right

The Board may suspend the voting right of a member at a meeting in one of the cases provided for in section 60.1 of the Act.

A written notice informing the member that his voting right is suspended for the meeting must be sent at least thirty (30) days before the date of such meeting.

1.4.8 Proxy

A non-member may be given proxy in the form of a written declaration of consent by a member in order to speak in his place. While this special consideration empowers the non-member to speak, the non-member is denied the right to vote. Only immediate family members may obtain proxy from the member in such a circumstance.

Note: This is your choice.

1.4.1 Assembly Rules of Order

The procedure adopted for meetings is that as proposed in “The Chairman’s and Debater’s Guide in Deliberative Assemblies” by Victor Morin (“Morin Code”), adapted to the circumstances of the meeting.

1.5 BOARD OF DIRECTORS

(References: articles 80 to 112, 226.6 of the Act)

1.5.1 Eligibility

Every member of the cooperative or representative of a legal person or partnership that is a member may be a director. (Article 81)

To be eligible for a position as Director, a member must not have any capital share transactions pending payment. He must be eighteen (18) years of age or older.

Non-members are not eligible to be Board members.

1.5.2 Composition

The Board is made up of seven (7) Board members.

Note: This is your choice; a small but representative Board is usually a good choice.

1.5.3 Quorum

The quorum is made up of five (5) Board members.

Note: This is your choice, think of striking a balance between the number of Board members and the logistics of organizing a Board meeting.

1.6 ELECTIONS

In order to establish the Board of directors, the members of the cooperative are divided into three groups according to their membership status outlined in article 1.1 of this by-law. Each of these groups retains the right to elect the following number of Board members:

Category	Number of Board members
Producer members	3
Worker members	3
Support members	1

Note: Each category must elect a minimum of one (1) director.

Note: This is your choice, there need to be Directors from each category, with less support members than other categories.

1.6.1 Term of office

A director's term of office is limited to a period of two (2) years.

1.6.2 Board member Rotation:

- During the three (3) first years of the cooperative's operation, the Board member's term of office is outlined as follows :
 - Two (2) seats will be subject to re-election after the first year;
 - Two (2) seats will be subject to re-election after the second year;
 - The final three (3) seats will be subject to re-election after the third year.
- The seats subject to re-election after the first and second year will be determined in the form of a random draw.
- The newly elected Board members will occupy their seats for a term of two (2) years.

1.6.3 Board Meetings

The Board meets at least four (4) times per year at regular intervals and as often as needed in order to maintain the requirements and interests of the cooperative.

The notice is delivered in writing (mail, e-mail) no less than seven (7) days prior to the meeting date.

In the event of an emergency meeting, extenuating circumstances provide that the prescribed meeting notification period may be reduced to no less than twenty-four (24) hours prior to the time of the proposed meeting and the notice is delivered by phone.

1.6.4 Vote

Voting is by show of hands, but there is a secret ballot:

- a) when a member is involved as an administrator;
- b) when requested by a majority of Board members present at the meeting.

1.6.5 Powers and Duties of the Board

The powers and duties of the Board are stipulated in articles 89, 90, 91 of the Act as follows:

Powers

The general assembly authorizes the Board to utilize all the powers to administer the business of the cooperative, except for powers strictly reserved to the members assemblies.

The general assembly may, by way of a by-law, determine the powers that cannot be exercised by the Board of directors except with the authorization of the general assembly. The meeting may not require that the Board of directors obtain its authorization to exercise the powers expressly granted to the Board under other provisions of the Act.

Duties

The Board of Directors shall respect the charter and by-laws of the cooperative as well as the Act. They must also respect rights and duties imposed by the Civil Code of Quebec as well as any other law.

Specially, the Board ought to:

- 1) Appoint a general manager or a manager, unless otherwise provided for in the by-laws;
- 2) Insure the cooperative against the risks it determines, subject to the requirements and restrictions set out in the by-laws;
- 3) Designate the persons authorized to sign contracts or other documents on behalf of the cooperative;
- 4) At the annual general assembly, give an account of its management and submit the annual report;
 - 4.1) Make a recommendation to the annual general assembly concerning the allocation of any operating surplus or surplus earnings that takes into account the repayment of shares anticipated in the annual report;
 - 4.2) Make a recommendation to the annual general assembly in connection with the election of the persons referred to in section 81.1;
- 5) Facilitate the work of the auditor;
- 6) Promote the training of the members, Board members, executive officers and employees of the cooperative in the field of cooperation and encourage information of the public on the nature and advantages of cooperation;
- 7) Promote cooperation among the members, between the members and the cooperative and between the cooperative and other cooperative organisations;
 - 7.1) Encourage support of development efforts in the community where the cooperative operates;
- 8) Furnish the Minister, at his request, with a copy of the by-laws and with any information or documents he may require regarding the carrying out of the Act.

All group actions passed and all the resolutions adopted during any Board meeting will be upheld as valid; irrespective of technicality or irregularity discovered following the nomination of a director; and in all cases, actions will be passed and resolutions adopted regardless of the director(s) ability to perform his duties.

Mandataries

The Board members, executive officers and other representatives of the cooperative are considered to be mandataries of the cooperative.

1.6.6 Conflict of Interest

A director who has a direct or indirect interest in any business, contract or an economic activity that would conflict with his personal interest, other than that conferred by its membership and that of the cooperative shall, under penalty of forfeiture of office, disclose his interest and abstain from voting on any matter concerning the business, contract or economic activity in which he has an interest and avoid influencing the decision thereon. This disclosure is made in writing and shall be recorded in the minutes of the Board deliberations.

It must also withdraw from the meeting for the duration of the discussion and the decision concerning the business, contract or economic activity in which he has an interest.

1.6.7 Vacancy

If quorum is reached, Board members may act notwithstanding any vacancy on the Board. The Board can replace, without further recourse to the general assembly, the Board members having resigned for the remaining of the term of office.

If, because of a vacancy, the number of directors is insufficient to constitute a quorum, an extraordinary meeting is to be convened under the provisions of this by-law.

1.6.8 Compensation

Directors are not entitled to any compensation although they may be reimbursed for their travel and other reasonable expenses incurred in conducting the business of the cooperative.

Note: This is your choice.

1.6.9 Absence of Board Member

A director must justify his absence from Board meetings. A director who is absent from two (2) consecutive meetings without proper justification will be relieved of his duties upon a decision by the Board, and the replacement process will be activated at the earliest possible convenience.

1.7 EXECUTIVE COMMITTEE

(References : articles 107 to 110 of the Act)

The Board is not authorized to form an Executive Committee.

Note: This is your choice, but often it is better to form “Ad-hoc Working Committees” for any given topic rather than having an Executive Committee, mostly for financial reasons.

1.8 EXECUTIVE OFFICERS

(References: articles 112.1 to 117 of the Act)

1.8.1 Election of Executive Officers

The Board members' seat distribution is decided by the Board members at the Board meeting following the Assembly.

President

- a) He is the official representative and primary corporate signing authority of the cooperative;
- b) He presides over General Assemblies and Board Meetings;
- c) He ensures proper application of the by-laws;
- d) He oversees the decision making process during General Assemblies and Board Meetings and ensures their application over time.

Vice-president

He replaces the President in the case of absence or inability to preside;

Secretary

- a) He oversees the proper usage and application of processes outlined in this “charter of by-laws and rules of order”;
- b) He is responsible for the distribution of General Assemblies and Board Meetings notices, and the keeping of minutes; his responsibilities include the signing of all official documents as well;
- c) He is responsible for the maintenance and keeping of the cooperative's registry and archives;
- d) He holds the office of secretary to the Board and is responsible for the proper distribution of documents to all concerned entities as stipulated in the Act.

Treasurer

- a) The Treasurer shall prepare the financial statements of the cooperative. He oversees the bookkeeping, accounts and conservation of the paper trail of the cooperative.
- b) He sees the development of the budget and the preparation of annual financial statements of the cooperative.
- c) It is also responsible for banking transactions and operations of the cooperative.

1.8.2 Managing Director or Manager

- a) In direct sub ordinance to the Board, he administrates, directs, and controls the cooperative's operations;
- b) He ensures the day to day management of the cooperative's tangible and intangible assets;
- c) He is responsible for the cooperative's funds, portfolios, and accounting books. He is also responsible for any additional accounting processes/activities;
- d) He manages/hires all staff, and delegates the operational workload accordingly. He also determines wages based on the wage schedules put in place by the Board. He advises the Board of any hiring(s), promotion(s), suspension(s), or termination of employees;
- e) He provides a monthly management report to the Board;
- f) He must render any books/ledgers/documents he keeps at any time for auditing purposes, as stipulated in the Act;
- g) Within the three (3) months following the end of each financial year, he is to see to the preparation of the annual report as stipulated in article 132 of the Act; in full collaboration with the auditor, to be approved by the Board;
- h) He must adhere to the directives of the Board at all times, and provide any information required of him by the Board and
- i) He is present at Board meetings and at the General Assembly simply as an observing member; he does not retain voting rights.

1.8.3 Other Executive Officers

The Board is authorized to establish, as appropriate, other Executive Officer positions than those listed. The Board shall determine the powers and duties of Executive Officers who are not Board members.

1.9 ADMINISTRATIVE RESPONSIBILITIES

(References: articles 90, 128 to 134 of the Act)

1.9.1 Insurance

The Board must insure the cooperative in the event of: fire, theft, and vandalism, extending its coverage to its administrators.

1.9.2 Fiscal Year

The fiscal year begins on April 1st and ends on March 31st of every year.

1.9.3 Performance Reporting and Budget Planning

During the Annual General Assembly, the Board is required to present an annual financial report and report of activities of the preceding fiscal year. It must also present a budget planning report and activities schedule for the upcoming fiscal year.

1.9.4 Continuous Training

The cooperative must ensure its members receive continuous training on co-operation.

1.10 SPECIAL CLAUSES

1.10.1 Interpretation

In all the by-laws of the cooperative, the masculine gender is also used for the feminine gender, to lighten the text.

In addition, the singular includes the plural and the plural includes the singular.

1.10.2 Policy: Human Resources, Salaries

Policy defining human resources and the wage schedules of the cooperative will be drafted by the Board.

1.10.3 Member's Surplus Earnings

The surplus earnings or operating surplus must be allocated to the reserve and to member surplus earnings to members in proportion to the business carried on between each of them and the cooperative, or to other accessory purposes determined by law.

For members admitted during the fiscal year, the amount of wages earned is calculated from the first day of work performed as a member of the cooperative during the year.

The amount of volume of service revenues of a producer member with the cooperative is used to determine the surplus earnings distributed each member.

1.10.4 Suggestions or Grievances

All suggestions or grievances are to be submitted to the Board by management.

1.10.5 Effective Date of this By-law

This by-law is hereby effective as of _____ 20XX. It nullifies and replaces any by-law established previously.

Signed in _____, **on the** _____ **day of** _____.

President

Secretary

BY-LAW NO 2

BOARD MEMBER ELECTION PROCEDURES

The president and secretary of the cooperative act as election president and secretary, unless they themselves are candidates and/or participants of the election.

1. The meeting appoints two examiners, as well as an election president and secretary if required; these appointees thus forfeit their right to election/vote;
2. The election president announces the names of Board members whose terms of office have expired by specifying the membership category they belong to;
3. The election president (when applicable), announces any open seats on the Board;
4. He will then inform the participants at the meeting of the following:
 - a) The eligibility of certain Board members for re-election;
 - b) The members of each category can announce the candidacy of as many candidates as they so choose;
 - c) The election president confirms the acceptance of each candidate at the moment of their candidature. Refusal by any candidate results in immediate disqualification;
 - d) The candidacy of each category's representative is made official upon the candidate's approval.
5. After this elimination process, if there are more candidates than vacant seats, the election process is activated. If the number of candidates equals the number of vacant seats, the candidates are elected by acclamation. If the number of candidates remaining is less than the number of vacant seats, the body of members present are required to nominate one of the members from their category;
6. If an election is undertaken, voting will be executed in the form of a secret ballot. A ballot is to be distributed to every member of every category who nominated a candidate for election in their category;
7. The examiners count the votes for each candidate and relay the election results to the election president;
8. The election president declares the winner of each elected seat by revealing who obtained the most votes without revealing the vote count results to the electorate;
9. In the case of a tie for the last vacant seat, the vote will be retried between the tied parties only;
10. If after a second vote, there is still a tie, the candidate to occupy the seat on the Board will be drawn in a random process;
11. A vote recount will be required if at least one third (1/3) of the members present initiate the request. In the case of a recount, only the candidates concerned will be present for the recount;
12. The voting ballots are to be destroyed by the election secretary immediately following the election process and
13. Any decision rendered by the election president regarding election procedures is to be upheld by the participants of the meeting, unless vetoed by a majority of members present.

This by-law was adopted at the organisation general assembly of the Name of cooperative, convened and having taken place on _____ 20XX. It has not been modified since.

Signed in _____, **on the** _____ **day of** _____.

President

Secretary

BY-LAW NO 3 AUTHORIZATION RULES

In accordance with this by-law, the General Assembly authorizes the Board of directors to:

1. Borrow funds in the cooperative's name (article 89, al. 3);
2. Tender bonds or other assets belonging to the cooperative as guarantees, or selling those assets at a fair and expedient price;
3. Mortgage, or otherwise offer as a guarantee, the assets of the cooperative (article 89, al. 3) without limiting the generality of that which precedes:
 - a) Hypothecating all its tangible and intangible, whether current or future, corporeal or incorporeal, to process the debt and fulfill the financial obligations of the cooperative;
 - b) Selling its debts, or accounts payable, or share payments owed or falling due, according to the laws stipulated in the Quebec Civil Code relative to the assignment of claims (article 27, par. 2).
3. The Board cannot, in any event, without being duly authorized by the General Assembly, to execute the above mentioned powers for a value superior to one-hundred thousand dollars (\$100,000).

This by-law was adopted at the organisation general assembly of the Name of cooperative, convened and having taken place on _____ 20XX. It has not been modified since.

Signed in _____ , **on the** _____ **day of** _____ .

President

Secretary

MEMBER'S CONTRACT NAME OF COOPERATIVE

WORKER / PRODUCER / SUPPORT MEMBER

Note: It is recommended to make one member's contract template per type of member

Contract made:

BETWEEN:

NAME, hereafter designated as "the member"

Address _____

Postal code _____

Telephone _____

AND

The Name of cooperative, hereafter designated as "the cooperative", a legally constituted corporation under the *Loi sur les coopératives*, with its head office at

Address _____

Postal code _____

Telephone _____

Represented by, _____ President

1 OPENING STATEMENT

1.1 Structure of the cooperative

The Name of cooperative is a type of cooperative with XX membership categories: the worker-member, the producer-member and support member. This last membership category includes individuals and corporations. The worker member is an employee of the cooperative. The producer member offer services to the cooperative. The consumer member purchases goods and services from the cooperative. The support member provides its advisory services to the cooperative.

Note: Keep only the types of members you have in your cooperative.

1.2 The object of the cooperative is to: FILL-IN WITH OBJECT FROM BY-LAWS

1.3 The by-laws of the cooperative

The cooperative has a governance by-law which set the rules of operation of the cooperative. We find the eligibility conditions of membership, as well as the powers and duties.

2 MEMBER STATUS

The member is allowed within the cooperative as a _____ member.

3 MEMBERS' DUTIES

3.1 Compliance with the by-laws of the cooperative

The member agrees to abide by the by-laws and policies of the cooperative.

3.2 Participation in cooperative activities

The member agrees to participate, voluntarily (i.e. unpaid) as a member in working committees as well as a Board member or Executive Officer of the cooperative.

3.3 Work for the cooperative

The member agrees to consider work or service offers by the cooperative and to focus on those offers above all other offers of a similar nature.

3.4 Respect of the cooperative

The member commits to using the services of the cooperative when required services are offered by the latter, do to use the name of the Name of cooperative during his personal activities and not to solicit the participation of the Name of cooperative members for contracts made in his own name.

3.5 Shares

The member agrees to pay its shares under the terms defined in the governance by-law.

4 DUTIES OF THE COOPERATIVE

4.1 Member's Rights

The member has the right to participate in democratic activities of the cooperative. It may exercise the powers granted to it by the governance by-law.

4.2 Shares

The cooperative will reimburse the shares of the member in the event of termination of this contract.

4.3 Confidentiality

The cooperative is committed to using the personal information of members in accordance with the law.

5 AUXILIARY MEMBER

5.1 Rights and Obligations

The auxiliary member is bound by this agreement and shall enjoy the same rights and assume the same obligations as a member, except in regard to participation in decisions, as stipulated in the governance by-law.

6 TERMINATION OF CONTRACT

6.1 A party is in default if any of its obligations under this contract is not performed when required by this contract AND that party has not remedied the default within 30 days working days following receipt of written notice from the other party. The agreement will be terminated and shall be deemed terminated as of the date of the notice.

6.2 The member may terminate this contract by notifying the secretary of the cooperative with a 30-day written notice to that effect, which will be taken as a resignation of membership.

7 AMENDMENTS TO THE CONTRACT

7.1 Any changes made to this contract may be made in writing and signed by both parties.

8 SIGNATURE OF THE PARTIES

8.1 The parties acknowledge that they have read and accepted all the terms of this Member Contract.

In witness whereof, they have signed as follows:

For the Name of cooperative in _____, this _____ day of _____ 20XX.

NAME, President

For MEMBER, in _____, this _____ day of _____ 20XX.

NAME

3.4 CODE OF ETHICS

Why would a SEB develop a Code of Ethics?

- › To keep in line with the SEB's mission and values
- › To have a frame of reference in terms of how things will be done
- › To have a guide relating to moral questions

To discuss responsibility and ensure that rights of each party are respected The Code of Ethics aims to:

- › Describe the needs and expectations of the persons within and external to the SEB
- › Have the rights of these persons fulfilled
- › Define the different moral responsibilities of each category of persons in the SEB

The Code of Ethics is built into a philosophy of continuous improvement and proposes a framework relating to our way of being and acting. It has to be a flexible tool that can be adapted to the needs and characteristics of each organisation. For example, as we know, the notion of confidentiality is very important in business, and even more so in the Cree world where individuals may often wear more than one hat (e.g. advisor, Board member, family member, etc.). The Code of Ethics could thus include a non-disclosure clause to protect the businesses' information.

The Code of Ethics is helpful for everyone: the Board, management, staff, volunteers, members, service users, clients, etc. The Template provided next focuses on the aspects relating to the Board.

Steps to Write a Code of Ethics

Prerequisites:

- › Validate the interest for the project (members, Board, staff)
- › Assess tools that already exist

Create a Committee:

- › Ensure there is a diverse representation among all positions in the SEB
- › Take each parties' points of view into account
- › Establish a timeline with a calendar of meetings: It may take one year to realize the project

Editing the Code:

- › Proceed to a legal verification of the Code of Ethics
- › Have the Code of Ethics adopted by the Board of Directors

Gaining Ownership over the Code of Ethics

- › Offer training for all parties to ensure ownership of the Code of Ethics is maintained and the code is not forgotten or placed on a shelf. Remember: A Code of Ethics is only useful if it is *applied!*

Main Content of a Code of Ethics

A preamble where we find:

- › A short presentation of the organisation
- › Reference to the mission and objectives of the organisation
- › The specific values which we aim to promote individually and collectively in our work
- › A definition of the main terms used in the document
- › A brief definition of the purpose and the scope of the Code of Ethics

The different moral responsibilities with respect to:

- › the people who use the services and participate in the activities of the organisation
- › the volunteers
- › the business
- › the community
- › the interpersonal relations of people working in the organisation

Control mechanisms which help to ensure that:

- › Ethical principles and rules are respected by Directors
- › Problematic situations are resolved in a process that respects the values and principles of the organisation

Code of Ethics Template¹⁷

The Board is committed to the adoption of ethical conduct in all areas of its responsibilities and authority.

Directors Shall:

1. Act honestly and in good faith at all times.
2. Declare all interests that could result in a conflict between personal and organisational priorities.
3. Be diligent, attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making.
4. Ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of (name of organisation)'s business.
5. Not disclose to any other person confidential information other than as agreed by the Board or as required under law.
6. Act in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role.
7. Abide by Board decisions once reached notwithstanding a director's right to pursue a review or reversal of a Board decision.
8. Not do anything that in any way denigrates **NAME OF SEB** or harms its public image.

¹⁷ Source: Jobs Australia Limited (2000). *Board governance policies*. Unpublished.

The Board Shall:

1. Ensure that there is an appropriate separation of duties and responsibilities between itself and management.
2. Make every reasonable effort to ensure that NAME OF SEB does not raise community, supplier or stakeholder expectations that cannot be fulfilled.
3. Meet its responsibility to ensure that all staff employed by NAME OF SEB are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation.
4. Regularly review its own performance as the basis for its own development and quality assurance.
5. Carry out its meetings in such a manner as to ensure fair and full participation of all directors.
6. Ensure that NAME OF SEB's assets are protected via a suitable risk management strategy.

Further Reading:

- Complete Code of Ethics by the *Coalition pour le maintien à domicile*, in English: <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbXxb21hY29xdWVlZW5WZWN8Z3g6MWM5NW5WfjMTY4ZDg2YzUyZA>

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

3.5 GROUP DYNAMICS AND CONFLICT MANAGEMENT

THIS SECTION (3.5) WAS TRANSLATED AND ADAPTED FROM *BOÎTE À OUTILS LA GESTION DES RESSOURCES HUMAINES* : AN INITIATIVE BY CSMO-ÉSAC, IN COLLABORATION WITH CENTRE ST-PIERRE (2005), BY NISKA.

As **collective organisations**, SEBs operate as a group, and the members of the group ought to get to know who the group is in order to be able to understand how it works and how to contribute to it. In so doing, they must know the individuals in the group and be able to adapt their style of communication and facilitation to the group. Below are some key questions to deepen your understanding of the group:

- › **Individuals:** how do they function, what are their worries, values, what do they have in common?
- › **The group itself:** how does it work, why does this group exist?

Two elements are to be considered as essential for a group to be created: A common vision and relationships between people. The common vision creates the purpose of the group, which has to be redefined and discussed so that everyone can have ownership over it.

Why develop a common vision?

- › Work in the same direction towards a common goal
- › Work in respect of our common values
- › Have a broader consensus around a project
- › Create a space for cooperation and collaboration (win-win)
- › Reduce the turbulence created by many uncoordinated and unaligned actions
- › Promote adhesion and initiative of group members
- › Mobilize more broadly, beyond the TLM (always the same) and “authorized” players
- › Identify actions to achieve
- › Better adapt along the way



For more information on the common vision, see the *Growing your business* section!

Effective groups cultivate human relationships which are **caring, empathetic and respectful**, as positive relationships reward everyone's efforts. Human relationships in a group are likely to evolve based on the stages of group evolution, discussed below.



Based on where you are in your SEB development process (see *Description of key steps to develop a SEB* section!), it is likely that your SEB will or has gone through these steps!

Steps of Group Evolution

1. Pre-affiliation and Confidence

Period where people meet for the first time. People are present, but there is still time to withdraw. It is a **testing phase**. People are assessed, are observed, and share their interests and expertise to help determine if they really share a common destination and if their affiliation with others will be able to meet their needs. It is also called the “Forming Phase”. When everyone agrees on a destination and a general operation, the group moves to another stage.

This can be the stage at which a few people are discussing the SEB project in the preplanning stage.

2. Power, Control and Autonomy

Stage characterized by **power struggle**. People seek to guide and influence the action of the group based on their needs. This is the time where clashes between different visions of the project may appear and sub-groups can be created. It is also called the “Storming Phase”.

This situation arises in the beginning of organisational development when the structure of the business and the roles of each person or entities are not clear yet. Don't worry, it is a healthy and normal process!

3. Intimacy and Closeness

This phase happens when the group searches for **harmony**. People try to avoid conflict at all costs: Everything is for the best in the best of all worlds! This is the time when social activities are increasing and where people enjoy the group so much that they want to spend a lot of time with it.

At this stage, there are few policies and procedures in place, the SEB works in a fairly informal way, and it still works because there are a limited number of people involved who now know each other very well and know how to work with each other.

4. Differentiation and Interdependence

The group went through one or other of the two extremes (intimacy and power struggle), or both ... the project and the group members went through these phases. Everyone has found a place, a satisfactory role, so that the group is ready to find itself in several different contexts, avoiding destabilization. Communication between group members happens around the achievements and pitfalls of the group. It is also called the “**Performing** phase”.

As the group and the business grow, collective reflections about “How we want to work together?” happen. That enables your group to create policies and procedures which resemble and works the best for you!

5. Termination and Separation

The group achieved its objectives and the project or business **comes to an end**. The group does an assessment of the time spent together, shares its learning, its achievements and says “goodbye”. Some members of the group are preparing for another project, while others are sad or relieved of this outcome.

In a SEB, this step may happen with work teams who work closely together on a special project, or when one or more key individuals in the SEB leave, for example during Board elections.

Conflict Management

Managing conflicts is a skill that managers/coordinators and work team members must acquire. In some circumstances, resolving a conflict can even be a **learning opportunity** for the group. On the other hand, a poorly-managed conflict can poison the work atmosphere of a group for a long time afterwards.

In a conflict, we go through a whole set of human emotions. It conjures up images of tears, confrontation, opposition, and negativity. More rarely, despite being a natural and inevitable phenomenon, conflict can be a source of destabilization and disequilibrium.

In itself, conflict is **neither destructive nor constructive**. It is rather an **unavoidable part of human existence**. Fundamentally, for a conflict to appear, the parties that are interacting with one another must perceive a conflict. Below are some common sources of conflict:

Table 25. Types of Conflict¹⁸

Conflict type	Description
Values conflict	Involves incompatibility of preferences, principles and practices that people believe in such as religion, ethics or politics.
Power conflict	Occurs when each party wishes to maintain or maximize the amount of influence that it exerts in the relationship and the social setting such as during a decision making process.
Economic conflict	Involves competing to obtain scarce resources such as monetary or human resources.
Interpersonal conflict	Occurs when two people or more have incompatible needs, goals, or approaches in their relationship, such as different communication or work styles.
Organisational conflict	Involves imbalances in the organisational chart and how employees report to one another.
Environmental conflict	Involves external pressures outside of the organisation such as a recession, a changing government, or a high unemployment rate.

The parties may feel affected by the dispute in question and are aware of a harm done in terms of objectives, interests or behaviours. To resolve the conflict, they must make the decision to remain in interaction despite their incompatibility.

When we are involved in a conflict, it is important to step back and analyze the situation. In so doing, we can discover the ingredients and elements necessary for managing the conflict properly. The following steps will help you to obtain this information.

¹⁸ **Source:** Human Resources Council for the Nonprofit Sector (2014). *Workplaces that Work: Conflict at Work*. Retrieved January 14th, 2014 from <http://hrcouncil.ca/hr-toolkit/workplaces-conflict.cfm>

Steps of a Conflict Resolution Process

1. Identify the conflict situation as soon as possible:

- › non-verbal signs
- › verbal signs (things said, tone of voice)
- › changes in people or groups
- › socio-emotional atmosphere

2. Choose the proper administrative authority and resource person to intervene:

- › decision on whether to intervene or not
- › consequences of not intervening
- › resources necessary for resolving the situation (time, money and people)
- › choice of the right person (impartiality, trust) to intervene

3. Identify the parties, the issues and the emotions:

- › Who are the main parties involved?
- › Are there interest groups involved (cliques, allies, sub-groups)?
- › What are the interests, positions and issues expressed by the parties?
- › What are the solutions that have been put forward by the parties?
- › Are there strong emotions involved? How are they manifested?

4. Analyze the conflict:

- › Can the conflict be resolved internally by people and the administration (harassment, discrimination, illegal activity, situation covered by a collective bargaining agreement)?
- › Who are all the people involved in the conflict?
- › Do they have decision-making powers?
- › What are the power relations between these people?
- › Is race, cultural, family or religious identity involved?
- › How does each person describe the problem?
- › What are the positions of the parties and what solutions are they seeking?
- › What does each party say about its interests and needs?
- › What are their interests (procedural, substantive, relational, identity/recognition)?
- › Is it an interpersonal conflict or is it a conflict due to the system (organisational)?
- › Are there any limits or obstacles that can impede the resolution of the conflict?

5. Define the intervention approach:

- › Determine essential conditions
- › Select a mediator and an approach (objectives, process, rules, methods, work tools, place, time, etc.)

6. Confirm the desire of the parties to resolve the conflict.

7. Begin the conflict resolution process:

- › Start the process with a reminder of the rules that have been adopted
- › Have each party describe the situation
- › Clarify the situation through questions and other communication techniques (reformulation, summary, reframing from other perspectives), with the objective of accomplishing:
 - › mutual recognition by the parties of each other
 - › dialogue on issues, interests and needs
 - › the formulation of possible solutions
- › Identify the choice of solutions that are mutually satisfactory to the parties
- › Formalize an agreement

8. Conclude and follow-up on an agreement:

- › Conclude on a positive note
- › Plan steps to follow up on and monitor the application of the agreement

Further Reading:

- › Health Canada's *Community Action Resources for Inuit, Métis and First Nations*: http://www.hc-sc.gc.ca/fniah-spnia/pubs/services/_adp-apd/toolbox-outils/index-eng.php
This toolbox has a full section on the interpersonal aspects of a community development project
- › Active Listening and Conflict Resolution Basics: <http://coco-net.org/wp-content/uploads/2012/08/Active-Listening-and-Conflict-Resolution-Basics.pdf>,
In a cheat-sheet format, this document provides tips on the role of the listener and active listening
- › A Collection of Tools for Conflict Prevention and Resolution in Community Groups: <http://coco-net.org/wp-content/uploads/2012/08/Conflict-Tools-Collection.doc>
- › Conflict at Work: <http://www.hrcouncil.ca/hr-toolkit/workplaces-conflict.cfm>
This HR toolkit section provides information on common sources of conflict, understanding conflict styles, using styles strategically and dealing with difficult people.
- › Productive Work Teams: Understanding Group Dynamics: http://www.hrcouncil.ca/hr-toolkit/workplaces-teams.cfm#_secA3
This section provides a good overview of group dynamics.

3.6 EFFECTIVE MEETINGS

THIS SECTION (3.6) WAS TRANSLATED AND ADAPTED FROM *LES CAHIERS DES ORGANISATIONS DÉMOCRATIQUES*, A DOCUMENT BY CSMO-ÉSAC, IN COLLABORATION WITH THE FÉDÉRATION QUÉBÉCOISE DES COOPÉRATIVES DE TRAVAIL, LE CENTRE ST-PIERRE ET LE CENTRE DE FORMATION POPULAIRE (2001), BY NISKA.

As a collective and democratic business, meetings are a reality of all social SEBs. There is a wide variety of meetings that happen at various times during the year, such as the Annual General Assembly of members and Board meetings, for example. Also, based on your structure, you may have Management and/or Executive Committee meetings, and Staff meetings. Finally, since SEBs often participate in community life and partner with other organisations, you will most likely attend meetings with partners (such as one-on-one meetings to discuss common projects or strategic actions), your community assembly, Band Council meetings, even meetings of regional entities! **That is a lot of meetings!**

Meetings, if they are run properly, can be an invaluable and effective **tool for decision making**. If not, it can feel like a complete waste of time, money and cause demotivation. In the Cree context, we often hear complaints about meetings taking up too much time and being too expensive. This section will look at ways and tips to hold effective meetings, to help you make the most out of the time you spend with other people. We will focus on Board of Directors' meetings.

The preparation of Board of Directors meetings

Two preliminary observations:

- › The **work** of the Board of Directors of a democratic organisation is **to analyze, discuss** and **make decisions**.
- › A meeting of the Board of Directors should, wherever possible, last **no longer than three hours**, because as fatigue sets in, the attention of the participants weakens.

For regional SEBs or SEBs with Directors from different communities, it is often unrealistic to think of having several short meetings. Because of the travel time and costs, many of such SEBs will have longer meetings (two or three days), and less often. They will seek to **maximize** the time they have and go through as many items as possible. However, there is a risk that Board members become “overloaded” with information and be less able to make decisions. If you choose to have long Board meetings, try to manage your agenda so that it flows well: Information and decision points are alternated, and outside presenters come at a time when the energy would have otherwise been lower (such as after lunch). Schedule regular breaks and make Board members participate.

Who prepares the agenda?

- › The President, together with the Secretary
- › In SEBs with an hired manager (such as the Coordinator or Executive Director), it frequently happens that the manager proposes to add points to the agenda, following a discussion with the President and the Secretary

How to best prepare for the meeting?

- › Ask yourself: Is this meeting really **necessary**? What are our **objectives**? What **decisions** do we need to take? If it is necessary, **how long** do we need? Should we meet **in-person** or by **teleconference**? If meeting in person, **where** should we meet to minimize costs and travel time for all involved?
- › Plan an agenda that is **realistic** in the time that you have.
- › **Always send the following documents** to Board members **ahead of time**: The proposed agenda, minutes from the last meeting, committee and/or Executive Director's reports, financials, preliminary documents and information on important topics to be addressed. This will enable the Board to prepare and make more informed decisions.
- › Board members should **read the documents before the meeting and be prepared to discuss specific items and adopt them quickly**, so that the time when they meet is productive, engaging and energizing!
- › Consider working with a **consent agenda**. A consent agenda is a SINGLE ITEM that encompasses all the things the Board would normally approve with little comment (minutes, financials, reports) and which simply report what has happened in the past. Board members may ask for clarification on documents BEFORE the meeting. If they disagree with something in the consent agenda, they can ask for that item to be removed from the consent agenda and discussed. Consent agendas are the first item on the Board's agenda; with one vote, items that formerly took ½ hour or more have all been approved.
- › **Manage your agenda** so that you place the most important issues right after the mandatory points at the beginning. In this way, you give yourself the opportunity to take more time, if necessary, for a debate on an important issue and defer minor issues to the next meeting, if needed. Board meetings are likely to mobilize your Board members if they are **less procedural and focus on providing results to the community**.
- › For each topic on the agenda, try to **estimate the time of discussion** needed before the Board members will likely come to agree on the decision to take.
- › Suggest a **duration** for each item. This will allow you to bring back the Board's focus when the time for an item is nearing completion.

Table 26: Example of a Board Meeting Agenda

	Duration	Information	Discussion	Decision
Welcome	2 min.			
Adoption of the agenda	3 min.			X
Consent agenda	3 min.			X
Follow-up from last meeting minutes	5 min.	X	X	
Items that are subject to resolutions and decisions	40 min.	X	X	X
Strategic discussion items	56 min.	X	X	
Next meeting (time and place)	2 min.		X	X
Miscellaneous	8 min.	X		
Adjournment	1 min.			X
Duration of the meeting	120 min.			

The presiding officer has no decision-making power. If this person is also the President of the organisation, her/his vote becomes dominant only when there is a tie vote on a proposal.

At a Board meeting, the President shall:

- › Open the meeting
- › Check whether there is quorum for the meeting to be valid
- › Have the agenda approved
- › Ensure proper conduct of Board meetings by providing operating rules and abiding by them
- › Open and close the discussion on each agenda item
- › Lead discussions by ensuring that each Board member can express his opinion
- › Grant the right to speak and remove it when necessary
- › Ensure that the time planned for the meeting is respected

To effectively fulfill this responsibility, some basic facilitation skills are required (see below).

Minutes

The minutes of a Board of Directors meeting holds the essential information on what was discussed as well as the exact wording of resolutions. This is an official document with legal weight. It attests to the authenticity of the resolutions taken.

For the minutes to have legal standing, they must be:

- › Read and adopted by the Board following a proposition that is seconded
- › Signed by the President and Secretary after their adoption
- › When transcribed onto several pages, the President and the Secretary have to initial each page



Important! In most organisations, the Secretary of the Board is responsible for taking minutes, whereas in other organisations, the role alternates from one Board member to another. If a Board member knows how to take minutes, it is ideal that the work be done internally to minimize external costs, especially for SEBs with a limited budget. If no Board member knows how to take minutes but would be interested, consider sending him or her for training! Finally, some organisations hire a Corporate Secretary to take minutes. The Corporate Secretary does not have to be the same person as the Legal Council; s/he needs to know how to take good notes, follow decision cues from the President and write resolutions and directives.

Holding an Effective Meeting

The Responsibility of the President

The effectiveness of a Board or committee meeting relies heavily on the ability of the person who assumes the presidency or facilitation to ensure that it runs smoothly. This means knowing how to:

- › Manage the time allotted for discussion of each item on the agenda in accordance with the members present
- › Handle the debate procedures tactfully
- › Create an environment conducive to the success of these debates
- › Resolve any interpersonal conflicts

The Responsibility of other Board members

The presiding officer may not, however, be held solely responsible for the effectiveness of a meeting. Other members must also ensure its proper functioning and achievement of outcomes.

It is useful for all administrators to know the basics of group dynamics and know how to use facilitation techniques. Here's why:

- › They are all potential future “Presidents”
- › They may be called to preside a working committee
- › They are collectively responsible for the good performance of the Board and accountable for its effectiveness in front of the members of the General Assembly

We must learn to master the rules to live democratically.

Each person is partly responsible for the democratic functioning of their SEB!

Facilitate Board of Directors Meetings

Use a simple and flexible procedure

Techniques to facilitate a Board of Directors meeting differ from those used in an Annual General Assembly. Indeed, the number of participants requires that the Annual General Assembly operates under well-defined rules known to all. Thus, the use of a procedure code (like “Morin Code” or “Code of the CSN”) warrants everyone the democratic right to express themselves.

A Board meeting still requires that we have recourse to **rules** of operation, but they must be **simpler and more flexible**. Indeed, too much use of the procedure will tend to hinder the work of the Board. The person presiding at the meeting must know how to balance her/his interventions depending on the climate of the meeting.

Behaviors and attitudes that facilitation techniques can assist with managing

- › The passive member: A person who never speaks, or almost never. Since s/he was elected to a Board of Directors to have a say in the destiny of the organisation, the facilitator's task is to encourage more active participation by this person.
- › The black-hat member: A person who often makes personal attacks. The facilitator should make it clear that it is important to criticize an idea without aiming personally at those who express it, while accepting that our own ideas can be criticized.
- › The dominant member: A person who talks for too long and too often at the meeting. This person must learn to curb her/his impulses so that everyone has the time and opportunity to express themselves.

Three facilitation techniques:

1. Engage active participation

- › Go around the table (Round Robin)
To enable all people to express themselves on a new item on the agenda, the President asks each Board member to clarify their views, in turn.
- › Take speaking turns
If necessary, the President can give the right to speak in turn to those who raise their hands. Following that, the President should involve people who have not yet expressed their opinion.
- › Making a direct call for participation
If a person remains silent for too long, the President should encourage participation by making a direct inquiry regarding that person's thoughts.
- › Remove the right to speak
The President may, by a gesture or a word, ask a member who speaks too much to wait before expanding further on their point, or interrupt them politely if they have been speaking for too long.

2. Facilitate decision-making

- › Ask a question
To make sure solutions are understood in the same way by everybody the President can ask members to clarify their words
- › Paraphrase a motion
The President can repeat what a member has said using different words to double check her/his understanding.
- › Make a summary and synthesis
The President shall ensure that the Board reaches its decisions on a point on the agenda within the allotted time. To do this s/he can provide a summary of discussions that have just taken place.
- › Raise awareness of time
The President should remind members of the time left to get to passing a motion on an item on the agenda.

3. Stimulate sharing

- › Objectify the discussion when personal attacks are done by members
If personal attacks are done by members, the President may reformulate the critique in an objective manner, pulling comments back to the level of ideas, or suggest that the Board member does so.
- › Diversion
If the conflict escalates, it may be preferable to create a diversion, either by making a joke or by proposing a break to try to resolve the dispute in a more informal and private setting.

A Few Other Pieces of Advice:

- › Crucial information is decided in meetings. While it may be shared orally in-person, by phone or informally by text message, the information has to be written out and distributed to all involved. Keeping a paper trail of all decisions, through resolutions and memos, is the best way to make sure your SEB can follow-up on decisions at the next meeting.
- › Similarly, if the Board requests something specific from the Executive Director, it is highly recommended that a formal directive be issued during the Board meeting.

Further Reading:

- › Health Canada's *Community Action Resources for Inuit, Métis and First Nations*: http://www.hc-sc.gc.ca/fniah-spnia/pubs/services/_adp-apd/toolbox-outils/index-eng.php
This toolbox has a full section on creative Facilitations Tools and Techniques which can be used in meetings, as well as a dedicated chapter on 'effective meetings'
- › Effective Meetings: <http://www.hrcouncil.ca/hr-toolkit/workplaces-meetings.cfm>
This webpage provides tips on planning, facilitating, evaluating meetings and a checklist.
- › Annual General Meetings, Special General Meetings and Non-Profit organisations: <http://coco-net.org/wp-content/uploads/2012/08/AGM-updated-2012-EN.pdf>
This info-sheet provides detailed content on Annual General Meetings, Special General Meetings and NPOs.
- › Effective Meetings.com: <http://www.effectivemeetings.com/>
This website is an online Meeting Resource Center. You can find hands-on meeting advice for every possible situation such as technology, planning, teams and presentations.
- › Board Meeting Basics: <http://coco-net.org/wp-content/uploads/2012/08/Board-meeting-basics.pdf>
This quick 4 page document provides more information on Board meetings.
- › Ten Ideas for Improving Your Board Meetings: http://www.adrasouthpacific.org/site_data/109/assets/0038/2196/NP_Ten_Ideas_Meetings.pdf



4

HUMAN RESOURCES MANAGEMENT



4.1 ELABORATING INTERNAL WORK POLICIES

THIS SECTION (4.1) WAS TRANSLATED AND ADAPTED FROM BOÎTE À OUTILS LA GESTION DES RESSOURCES HUMAINES: AN INITIATIVE BY CSMO-ÉSAC, IN COLLABORATION WITH CENTRE ST-PIERRE (2005), BY NISKA.

For most businesses, their human resources are their most important asset. It is the people in the business that will determine whether it is successful or not. For that reason and in order to attract and retain your best employees, your SEB will want to make sure it provides an attractive work environment. Research shows that employees are more likely to stick to a business that offers good work conditions and benefits, and that salary alone is not enough to keep employees motivated. For that reason, your business needs to think about the advantages and benefits it wishes and can afford to offer to employees, such as work from home policies, work-life balance measures, insurance, retirement plans, etc. These would all be outlined in **internal HR policies and procedures**.

The law provides basic guidelines which your organisation can go beyond if it wishes.

As an employer located in Québec, the Cree SEB has to abide by a number of laws and regulations, including the *Act respecting labour standards*, hereafter referred to as the *Act*. The *Act* protects employees by providing minimum working conditions. This law says what is legally acceptable in Quebec with regard to minimum wage, length of the regular work week, breaks, vacation time, sick days, public holidays, absence for family reasons, rights of workers who have been let go, notices of termination of employment, layoff, or collective dismissal, psychological harassment, etc. An employer can go beyond the protections given under the *Act* and offer better working conditions, but he can never offer less. Employers must respect the standards set out in the *Act*, and thus they need to know what the minimum conditions are (refer to: <http://www.cnt.gouv.qc.ca/en/home/index.html>). If they do not, they can be fined or sued. The work conditions offered in the internal HR policies and procedures have to comply with the *Act*. The Template provided in the next section follows or exceeds the minimal guidelines provided in the *Act*.

You have to think: What is the best way for my business to elaborate these policies and procedures? Do I want to consult the employees? If so, how often? In what way?

There are a **lot of different models**, depending on the organisational culture as well as the time and resources you are willing to invest. In most cases, it is strongly advised that employees participate in the process. A process to elaborate these policies and procedures in a **participatory fashion** will facilitate collective ownership and thus make it easier for the manager to apply them later.

The following process is one possible way of functioning which would be in line with a participatory and bottom-up approach to management:

- Forming a special management-employee committee: to adapt and write policies and procedures, to facilitate staff meetings and make recommendations to the Board
- Have a neutral person from that committee or an external resource interview or conduct a survey with each employee to ask for their needs and expectations in terms of human resources and/or
- Organizing staff meetings: during these meetings, employees are consulted and can provide feed-back on policies and procedures

Ideally, employees will be consulted at various stages in the process so that their thoughts can be taken into account in the final document.

In all these options, the **role of the Board of Directors** is to provide guidance to the committee, discuss the recommendations provided by the committee and, ultimately, to adopt the policies and procedures.

Be careful! The most important part of this process is to **apply** the policies and procedures! It is not enough to have the best policies and procedures drafted, if they sit on a shelf and do not get used. For that reason, it is important that the Template provided next be worked through thoroughly in order to adapt it to the specific reality of the SEB.

The internal work policies will include content on hiring and evaluating staff, as well as a salary policy. We will give particular attention to these topics next.

Hiring Staff

There are four main steps involved in recruiting and selecting staff. Those will be summarized in the internal work policies.

Steps in recruiting and selecting staff

1. Analysing staffing needs

This step aims to make sure the job description and the profile of the person to be hired **fit with the current needs of the SEB**. The internal and external context of a SEB evolves constantly, due to changing availability of resources, the needs of customers, etc. It is thus crucial to identify the needs that will then be expressed in terms of tasks and functions to distribute in the organisation.

2. Recruiting

This step aims at reaching individuals who are qualified for a job and inviting them to **apply** for the position.

3. Selecting and hiring

This step aims at **selecting** the person to whom the SEB will offer the job.

4. Welcoming, probation and integration

This step aims at **welcoming and integrating** the newly hired person within the SEB to make sure that s/he actually possesses the skills and attitudes needed for the job. The welcoming process starts **before** the new employee arrives; his or her work space and tools (computers, storing space) have to be ready ahead of time.

Remember to walk the new staff person around the place of business and introduce her to all staff to create a **positive human contact!** Also, provide him or her with a copy of her contract and all relevant internal policies and documents, walk her or him through them and answer any questions. Review the job description together, as well as the organisational structure so that the roles and responsibilities of each person are clear.

As a manager, **make yourself available** at least two days for welcoming and orientation, and save some time to help the new person integrate his or her functions. To facilitate knowledge transfer, you may want to pair the new person with a colleague for a certain time (who could act as an **internal mentor**), so that the new employee understands his or her tools, is able to answer her/his questions easily, and is able to get to know the SEB and its ways of working. If possible, it is very helpful if the last person in that position could **train** the new staff. Finally, don't forget to put the date at which the probation ends in your calendar, so you can conduct an evaluation of that period and either dismiss or welcome the new staff member as a regular employee¹⁹.

¹⁹ For cooperatives, if the auxiliary worker member stays in the position after the probation period, the person automatically becomes a regular member.

Below is an example of a SEB which hires a **coordinator**:

1. Analysing staffing needs

- A. The Board identifies the needs of the SEB. The job description is updated based on the needs and expectations of the desired profile.
- B. The Board passes a resolution to post the position.

2. Recruiting

- A. The Board creates a *selection committee* (4 people max) and defines its members and its mandate. The selection committee can be a mix of Board members, the person in charge of HR and, if relevant, a staff person who has a similar position, in order to allow for the current needs of the SEB at the strategic and operational levels to be taken into account. It is good to have multiple interviewers because the hiring process is also a matter of perception and can be subjective, especially when the candidate knows someone in the SEB. It is safer to have multiple opinions. Finally, the welcoming and integration of the new staff member will be eased by the fact that other staff will have participated in the hiring process.
- B. The selection committee identifies appropriate ways to recruit staff and solicits applicants.

3. Selecting and hiring

- A. The selection committee reviews the applications and selects a few candidates to interview, based on a list of criteria that it has elaborated previously.
- B. The selection committee prepares interviews (interview questions, analysis guide, interview plan, etc.)
- C. The selection committee calls the pre-selected candidates and meets them in an interview. If, after this step, the selection committee considers that the candidates met in interview are not suited for the position, it can decide to start over with the recruiting process to receive more candidates. It is better to take a few more weeks to find someone who corresponds to the established criteria rather than hiring someone with too many compromises. In the long run, those compromises will hold no advantages for the SEB.
- D. The **selection committee makes its choice and presents a recommendation to the Board**.
- E. The **Board**, by way of resolution, **makes a decision** relative to the hiring of the person for a probation period of a pre-determined length²⁰. The Board has the ultimate decision-making power.
- F. The selection committee informs those who were not selected.

4. Welcoming, probation and integration

- A. The Board and the staff welcome the new employee.
- B. The Board identifies the objectives and criteria to evaluate during the probation period.
- C. The Board mandates someone to explain the criteria and the objectives evaluated during the probation period and to supervise the new staff during that period.
- D. At the end of the probation period, the Board, by way of resolution, proceeds to the final hiring of the person if s/he adequately fulfills the criteria. If not, the Board starts the recruiting and selection process again.

 **Important!** Once you have integrated a new staff person, your Human Resources job is **not finished!** One of the crucial things to plan for is **training**. Training is an investment in your SEB's most important resource: **its people!** Training can also be an excellent way to motivate your staff, by giving them ways to grow as professionals. CHRD has programs to fund training for new employees.

²⁰ In co-operatives with worker members, the maximum probation period is 18 months, time during which the member is an auxiliary member. Producer co-ops may have a trial period of a maximum of 12 months. In other cases, the *Labour Laws* state that the maximum probation period is 24 months.

Analysing the needs of the organisation

Why does your SEB need to hire someone new? Is it because a position has now become vacant? Because a new project came through which creates a work surplus? Has there been a restructuring?

Before hiring someone new, it is a key moment to **review the job description**, to identify the nature of the work, its tasks, work conditions, duties and needed qualifications.

The job description has multiple purposes:

- › To select staff
- › To identify the responsibilities and tasks of the employee
- › To determine that position's salary To evaluate staff

The job description is also important on a **day-to-day basis** because it offers some guidance to the staff and management. That allows everyone to take responsibility and be more independent in undertaking their work. It also facilitates the identification of training needs.

There are several ways to elaborate a job description. We suggest a simple method which can involve several people, such as an ad-hoc work committee which can have representatives from the various instances of the SEB (staff and Board).

Steps to elaborate a job description:

1. Agree on the title of the position
2. Indicate the date at which the job description is written (or revised)
3. Draw a general overview of functions, in a one-paragraph summary
4. Precisely define the activities and tasks to be accomplished
5. Define the hierarchical link with respect to the other positions in the SEB
6. Identify what the position requires in terms of skills, qualifications and experience
7. Go over the work conditions (physical environment, work schedule, obligation to travel, risks with respect to health and safety, etc.). Remember that norms relating to safety and security at work are legislated by the CSST.
8. Determine expected results so that the person can have a precise idea of how s/he contributes to realizing the goals of the organisation

 **Beware!** From a legal point of view, it is important that any clauses with respect to positive discrimination for hiring (e.g. at equal qualifications, the business favours Cree beneficiaries over other applicants for a job opening) be worded in a way that does not contravene human rights. Discriminating for hiring between First Nations is usually prohibited. For example, you could include in your policy “for equal qualifications, a First Nations individual will be preferred”. It is recommended that the business seeks legal advice in the final stages of approving policies and procedures, to ensure it is in compliance with all the codes and regulations. That upfront investment could save the SEB from legal nightmares in the future!

Again, job descriptions **evolve through time!** If you're managing an existing SEB, it could be worth going around your staff over a few weeks to review them: Ask your staff about the tasks that they most regularly do, and assess the situation together. Job descriptions are only helpful if they are current!

➤ *Don't forget to plan for **HR succession** in your SEB! If you are expecting someone in a key role to go on a long break or to leave the business, start planning for a **transition period** where **knowledge transfers** from that key individual to someone selected to take over.*

Evaluating staff

The word 'evaluation' often brings the chills to employees, who may feel nervous to the idea of having a colleague or a supervisor judge their work. That's why the evaluation process has to be managed in a way to **be respectful of people and generate a climate of trust..** Such a climate of trust is more easily attained when the objective of the evaluation is to improve the quality of the work and support the professional development of the person. Also, for that reason, some SEBs will call 'Staff Evaluation' other names, such as 'Performance Appraisal'. The chart below provides an overview of the evaluation process.

Table 27. The Evaluation Process

Why?	Who?	What?	
Why evaluate? One should think of the philosophy and goals of the staff evaluation policy.	Who are the people to evaluate? Which category of staff exactly? Do you want to target regular permanent staff or those with other status (part-time, on probation, contract, temporary, in replacement?) Do you want to evaluate all staff or only a certain category of staff?	What are we evaluating? ➤ Objectives of the job and its targeted results ➤ Tasks to be accomplished ➤ Expected behaviour ➤ Desired improvements The job description, the mandates given during the year and the personal work plan are good tools for the evaluation meeting.	
How?	By whom?	When?	Next steps?
'How' refers to the tools used to evaluate work and encourage professional development. Tools can be questionnaires or various types of grids (analysis, observation or evaluation grids), an evaluation meeting, a self-assessment and a peer evaluation.	The SEB has to determine the roles and responsibilities of the stakeholders (Board, work team, coordinator/ director/manager, etc.) in elaborating and carrying out the evaluation process. Who will take part in the evaluation committee? Who will elaborate the evaluation grids? Who will evaluate the staff?	The SEB has to decide the frequency and the moments during which management and staff are to be evaluated. Every three to six months? It may be better to have more but shorter evaluation meeting then one big yearly one; that enables to follow-up more effectively! All staff at the same time or at different periods? Staff to be evaluated in a certain order?	What has to follow the evaluation process? Professional development, change in behaviours or attitudes, acquisition of new material and equipment, continuous training, coaching, etc. How will these next steps be monitored?

A Template of the Chisasibi Co-op evaluation grid is provided in section 3.2, and may be used as a starting point to create your own. A SEB has to think of adapting the grid to the position that is being evaluated, as well as the specific evaluation criteria for that role. There are a variety of **criteria** that can be looked at and that differ based on the position. For example, positions can be evaluated based on:

- Individual criteria (e.g. creativity, dependability, motivation, team work)
- Criteria in line with the relationship with the SEB (e.g. solidarity, respect of internal policies)
- Professional criteria (e.g. time management, efficiency, quality of the work)
- Management quality criteria (e.g. human relations abilities, communications and organisational skills, conflict management, decision-making, etc.)

The evaluation committee should pick some criteria for each job description and create a custom evaluation grid for each job. In any case, the **evaluation meeting should cover the following points**:

- Overview and discussion over the last year
- Desired improvements and strengths of the staff person (to be agreed upon by both parties)
- Commitments for the following year

Let's take example of an employee that has absenteeism problems due to a complex, difficult family situation. Furthermore, due to lack of sleep, her attention to her work is diminished, she provides sub-optimal customer service, takes extended breaks and she is not motivated at group meetings. On top of things, she spends a lot of time texting family members and friends on the job. These would be things to address in an evaluation, to find solutions and make sure these behaviours, even though the cause is out your control, do not spread and influence your other staff.

 **Remember:** There are legal implications to **firing** someone following an evaluation or a criminal offense. It is important to explain what is acceptable or unacceptable behaviour in the workplace and put in **writing**. As an employer, if in doubt about whether the motive to fire someone is sufficient, it is recommended to ask for advice from your legal council. For more information, refer to *Educaloi's* website at <http://www.educaloi.qc.ca/capsules/les-motifs-interdits-de-congediement-et-de-sanctions> (this section is in French only).

If absenteeism and lack of initiative are widespread in your SEB, it could be worth for the Board to consider implementing an **incentives** structure. For example, based on their score at the evaluation, an employee could be entitled to a bonus consisting in a set percentage of the year's profit.

Also, if you need to inform staff of anything related to HR (policies being applied more closely, bonuses, indexation of salaries, etc.), always do it **in writing**, in a memo format. In fact, any communication linked to a decision or something that needs to be followed up on, from the Board giving a directive to the ED, to the ED announcing a switch to summer hours, should be made in writing. It is okay to talk to everyone or text them also, but having a formal memo (on email or on a billboard) is a good practice to implement.

Salary Policy

A salary policy is one of the components of internal work policies that cover salary and benefits. Like all policies, it is meant to avoid arbitrary decisions and misunderstandings by **clarifying the rules and procedures** pertaining to work relations. Questions of salary policies have to take the following elements into consideration the funding uncertainties that most SEBs face and the various types of workers who evolve in the SEB (permanent, contract-based, subsidized labour).



Remember: These policies have to be **implemented and known** to all staff! It is a best practice to go over them when welcoming a new staff member. In the case of cooperatives, bylaws and other documents pertaining to the associative life would also have to be known to all. This could also be discussed during a welcoming session, or the SEB could organize an internal session for all staff.

Why Create a Salary Policy?

Being unsatisfied with one's salary and work conditions often creates a diminished interest for the job, a decreasing productivity, absenteeism as well as staff turnover. An internal salary policy has to create a perception of **equity** between employees while enabling the SEB to offer salaries that compare with other similar businesses (in the North or in the South!). Individual tax exemptions should not affect the salary policy!

What is the Content of a Salary Policy?

A salary policy should at least include the following elements:

1. Objectives of the salary policy
2. Orientations of the salary policy
 - › Basic principles upon which the policy is founded
 - › Who is targeted by the policy? Is management concerned? Part-time employees?
3. The days and frequency of pay
4. Benefits: Those prescribed by the *Act* and those specific to the organisation
 - › Group insurance (complementary health insurance, life insurance)
 - › Pension plans
 - › Various benefits such as meals, parking, travel fees, Christmas bonus, etc.
 - › Hours which are paid but not worked such as holidays, cultural leave such as Goose Break and Moose Break, sick days, parental and bereavement leave, etc.
5. Salary structure
6. Individual salaries
 - › Entry-level salary
 - › Salary progression
7. Overtime policy
8. Management of the policy

Steps to elaborate a salary policy:

1. Create a committee responsible for the salary policy
2. Assess the existing salary policy, if applicable
3. Plan the process, and plan for consulting staff
4. Update job descriptions
5. Do a salary survey on the job market
6. Evaluate each job
7. Create a salary structure
8. Calculate the impact of the salary structure and re-evaluate the structure accordingly
9. Update the list of benefits
10. Write the policy and establish a management and adjustment procedure

Because it is a technical HR endeavour, usually, SEBs turn to **external resources** to support the salary policy process. Typically, external resources help with assessing the existing salary policy, support the committee, undertake a salary survey, suggest a process to evaluate each job, and propose a salary structure to evaluate the costs of the new policy. Emploi-Québec can help SEBs to cover part of the fees of such external resources.

Further Reading:

- Employer and Employee Rights & Responsibilities: <http://coco-net.org/wp-content/uploads/2012/07/EE-Er-EN-modified2012.pdf>

This document provides a good overview.

- These two government of Quebec websites have up-to-date information on Labour Laws in English:
 - <http://www.cnt.gouv.qc.ca/en/home/index.html>
 - <http://www.educaloi.qc.ca/en/capsules/workplace-protections-quebec>
- The HR Council for the Nonprofit Sector's *HR Toolkit* <http://www.hrcouncil.ca/hr-toolkit/home.cfm>

This toolkit is a comprehensive online resource designed to help managers, employees and Board members better understand, address and manage issues relating to HR in NPOs. Content includes HR Planning, HR Policies and Legislation, Getting the Right People, Keeping the Right People, Compensations and Benefits, Diversity at Work, etc.

- The Aboriginal Human Resource Council's Resource Centre: <http://www.aboriginalhr.ca/en/resources>

This website provides information and success stories.



NAME OF SEB

INSERT LOGO HERE

POLICIES & PROCEDURES

MISSION: *Our mission is* [INSERT HERE]

VISION: [INSERT HERE]

VALUES: [INSERT HERE]

MONTH, YEAR

²¹ This template, used by the Chisasibi Coop, was gracefully provided by Boréale Solutions.

THEMES

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THESE POLICIES AND PROCEDURES
MUST BE REVISED, UPDATED
AND VOTED BY THE NAME OF SEB
BOARD OF DIRECTORS, AND MADE
AVAILABLE TO ALL STAFF.

1. Legal Aspects

1.1 Legislation used

The standards reflected in these Personnel Policies and Procedures are designed to meet or exceed *An Act respecting labor standards*, R.S.Q. c. N-I.I. <http://www.canlii.org/en/qc/laws/stat/rsq-c-n-1.1/latest/> These Personnel Policies and Procedures are subject to change by the Board of Directors, which also retains the discretion to make individual exceptions as warranted.

2. Recruiting, Personnel Selection & Dismissal

2.1 Organisational Structure

Insert organisational chart here

2.1.1 The Board of Directors of the manager may request derogation in organisational chart.

2.2 Hiring of Manager, Office Manager, Accounting Clerks

2.2.1 The positions of Manager, Office Manager and Accounting Clerks are salaried positions. The official opening of these positions will be approved by the Board of Directors of NAME OF SEB.

2.2.2 The Secretary of the Board of Directors will post the opening in the community of NAME OF COMMUNITY for a period of three (3) weeks.

2.2.3 The Selection Committee will consist of:

2.2.4 the President or, in his/her absence, the Vice-President, who will act a chairperson; and any other member of the Board of Directors

2.2.5 The Selection Committee will screen, interview and recommend to the Board of Directors their choice of candidate after meeting with all retained candidates.

2.2.6 The Board of Directors will then approve the hiring by resolution and set the work responsibilities and conditions.

2.2.7 A written or, in his/her absence; the Vice-President will be forwarded to the Board of Directors and the chosen candidate.

2.2.8 A memo signed by the President or, in his/her absence; the Vice-President will be forwarded to the Office Manager for remuneration.

2.2.9 A memo signed by the President or, in his/her absence; the Vice-President will be forwarded to the other candidates to advise them that they were not hired.

2.2.10 A notice will be sent to all employees of NAME OF SEB welcoming the new employee.

2.2.11 The powers and duties of the Manager, Office Manager and Accounting Clerks of the NAME OF SEB shall be determined by the Board of Directors.

2.3 Hiring of Other Personnel (Casual, Part time, Other)

2.3.1 All other personnel are paid by hourly wage rather than salary. The following procedure is to be followed for the hiring of these non-salaried personnel:

- a) When an existing position has been vacated, the Manager will determine whether such position is to be retained and filled.
- b) When a new position is to be created, the Manager will establish the new position pending financial clearance by the Board of Directors.
- c) If deemed necessary by the Manager, the Manager will proceed to post the opening to external sources (such as other Cree Communities).
- d) The Board of Directors will approve the hiring, the work responsibilities, and conditions as outlined by the Manager.

- e) A written letter of hiring or contract signed by the President or, in his/her absence; the Vice-President will be forwarded to the Board of Directors and the chosen candidate.
- f) The letter of hiring contract, signed by the Manager, will then be forwarded to the Board of Directors and to the chosen candidate.
- g) The Office Manager will send a memo, signed by the Manager, to the other candidates advising them that they were not hired.

3. Probation, Training (Capacity Development) & Evaluations

3.1 Probation Period

- 3.1.1 All employees of NAME OF SEB are considered to be on probation for a period of three (3) months after hiring or promotion. A written agreement must be made available and signed before starting date.
- 3.1.2 A complete employee evaluation report is required for all employees at the end of their probation period. This report should be completed before the last week of probation period.
- 3.1.3 In accordance with any decision made by the Board of Directors, the Manager will advise the employee of the decision to keep or terminate his/her employment prior to termination of the probationary period.

4. Working Conditions

4.1 Pay and Benefits

- 4.1.1 A fair and equitable salary or wage will be provided comparable to similar jobs in other entities within the community.
- 4.1.2 The Board of Directors shall determine the salaries for management personnel, taking into account the experience of each such employee
- 4.1.3 For all other positions, the Board of Directors reserves the right to determine whether compensation shall be in the form of an annual salary or hourly wage.
- 4.1.4 The wage payable to an employee shall not be less than the minimum wage permitted under provincial law.
- 4.1.5 Review of full-time employees will be done annually but does not guarantee a salary increase. Trimestral evaluations may be done as part of the annual review.
- 4.1.6 New employees' performances will be reviewed by their immediate supervisor or manager before the end of their probation period expires. Their probation period may be extended if considered necessary.
- 4.1.7 The Board of Directors will, based on the recommendation of the Manager, determine when raises are warranted.
- 4.1.8 All full-time employees, including salaried personnel, participate in the Cree Pension plan after six (6) months of uninterrupted service. The NAME OF SEB will deduct five percent (5) of the eligible employee's gross earnings from his/her pay and contribute it to the employee's pension plan. NAME OF SEB will also contribute, from its own funds, depending on rates established by the Board of Directors.

5. Work Scheduling & Organisation

5.1 Business Hours and Overtime

- 5.1.1 The normal business hours for the NAME OF SEB are 9:00 - 20:30 Monday through Friday, 10:00 - 17:00 Saturday, and 13:00 - 17:00 Sunday.
- 5.1.2 The standard workweek is forty (40) hours for the following personnel: Store Clerks, Butchers, Bakery, Purchaser/Stock Boy, and Produce Manager.
- 5.1.3 The standard workweek is thirty-five (35) hours for the following personnel: Manager, Office Manager, Accounting Clerks (Head Purchaser),
- 5.1.4 The standard workweek is thirty-one (31) hours for Cashiers and twenty-one (21) hours for Janitors.
- 5.1.5 An employee who works five (5) hours or more in a shift is entitled to a thirty (30) minute meal break. This time does not count toward the standard workweek hours unless the employee is required to take his/her meal at his/her workstation.
- 5.1.6 The coffee break shall be fifteen (15) minutes in the morning and fifteen (15) minutes in the afternoon.
- 5.1.7 From time to time, overtime work is required. All employees are subject to overtime. Overtime must be authorized by the employee's immediate supervisor. (Otherwise not paid)
- 5.1.8 Employees other than salaried personnel are entitled to receive a premium of fifty percent (50%) of their prevailing hourly wage for any hours worked in excess of forty (40) hours /week applicable to their position or for any hours worked on weekends. All hours fewer than forty (40) hours, are to be paid at a regular rate. Salaried personnel are not entitled to overtime pay, but may claim extra time off. (Method of calculation to determine).
- 5.1.9 In lieu of time off, an employee, including salaried personnel, may request to take his/her accumulated hours of overtime as time off from normal or scheduled working hours, for which time off the employee will be paid at the normal rate.
- 5.1.10 For the purposes of computing overtime, annual leave and statutory general holidays with pay are counted as days of work.
- 5.1.11 All employees are expected to use time sheets and/or a punch clock. A 5 minute grace period will be tolerated for shift start & end, meals and breaks.
- 5.1.12 No unauthorized late arrivals or early departures from work are allowed.

5.2 Time Reporting/Time Sheets & Pay Period

- 5.2.1 The Manager shall be responsible for the implementation and control of this policy.
- 5.2.2 Each salaried employee and each employee on wages shall personally record their time in and time out on each day worked by signing in and out on a time report/card or using the punch clock. A person cannot sign or punch in or out for another employee. Time sheets shall be considered, approved and signed by the immediate supervisor or the Manager.
- 5.2.3 All time sheets are to be approved by an Accounting Clerk and/or the Manager at the end of every pay period.
- 5.2.4 Time reports will be compiled and approved every two (2) weeks and brought to the Accounting Clerk before 10:00 a.m. the following Wednesday.
- 5.2.5 The Accounting Clerk will calculate the pay of each employee based on the information contained in the approved time report only.
- 5.2.6 The Accounting Clerk shall update records of leave and various other absences from these biweekly time reports and subsequently send regular reports to the Manager.

- 5.2.7 All time not accounted for will be deducted from the regular pay or will be required to be made up by the employee.
- 5.2.8 Issuance of the biweekly pay shall be made on the next Wednesday, at midnight, following the pay period through a bank transfer to the employee's bank account if the concerned employee has authorized such bank transfer in writing.
- 5.2.9 All other pay shall be made by cheque.
- 5.2.10 The Office Manager shall keep up-to-date records of leave and various other absences from these biweekly reports and subsequently send regular reports to all personnel.
- 5.2.11 During normal business hours, all employees, whenever they leave the store must inform their immediate supervisor of their destination and expected time of return.
- 5.2.12 Employees who will be late shall call their immediate supervisor within thirty (30) minutes after the start of their shift and give an indication of when they expect to arrive at work.

5.3 Annual Leave with Pay

- 5.3.1 The reference year is a period of twelve (12) consecutive months during which an employee progressively acquires entitlement to an annual paid leave. For the purpose of this policy, a full year of service shall be considered as running from April 1st to March 31st of every year.
- 5.3.2 Salaried personnel shall be entitled to fifteen days (15) days of annual leave with pay and six (6) days traditional leave.
- 5.3.3 All part-time/casual employees will receive four percent (4) vacation pay at the base salary rate at each fiscal year or, if they have more than five (5) years of uninterrupted service, six percent (6%) vacation pay.
- 5.3.4 An employee is considered full-time if, on a regular basis, he/she works the standard workweek applicable to his/her position. The annual leave for full-time employees shall be as follows:
 - a) A full-time employee with less than one (1) year of service as of March 31st shall be entitled to one (1) day of annual leave with pay for every full month of employment, for a total leave not exceeding two (2) weeks;
 - b) A full-time employee with more than one (1) year of service, but with less than five(5) years, shall be entitled to two (2) consecutive weeks of annual leave with pay and, upon request, an additional one (1) week without pay, and;
 - c) A full-time employee with five (5) years of service or more on March 31st shall be entitled to three (3) consecutive weeks of annual leave with pay.
- 5.3.5 An employee may request that his/her annual leave be divided into two (2) or more periods.
- 5.3.6 Annual leave for all employees must be taken within twelve (12) months following the end of the reference year.
- 5.3.7 Any additional annual leave shall be without pay and must be approved by the Manager.
- 5.3.8 The annual leave must be taken from April 1st to March 31st of the following year. No employee shall carry over his/her annual leave for more than a year, nor shall he/she be eligible to receive at any time a monetary compensation for annual leave not taken, except as provided for in section 9 of this policy.
- 5.3.9 At termination of employment, all annual leave due to an employee for the current year shall be paid on the basis of his/her actual salary/hourly wage.

- 5.3.10 All requests to take annual leave shall be made at least one (1) week in advance by memo approved by the immediate supervisor then forwarded to the Manager. If the request is approved, the Manager shall confirm the dates to the employee and his/her immediate supervisor. When the employee provides sufficient notice, the employee is entitled to know the date of his/her annual leave at least four (4) weeks in advance.

5.4 Statutory Holidays

- 5.4.1 The following days are considered to be statutory holidays for all employees:
- a) New Year's Day
 - b) Good Friday
 - c) Easter Monday
 - d) Victoria Day
 - e) National Aboriginal Day
 - f) St-Jean Baptiste Day
 - g) Canada Day
 - h) Labor Day
 - i) Thanksgiving Day
 - j) Remembrance Day/Cree Day
 - k) Christmas Day
 - l) Boxing Day
- 5.4.2 If a statutory holiday falls on a weekend, it will be observed on the next immediate working day of the following week.
- 5.4.3 If a statutory holiday falls within an employee's regular annual leave, NAME OF SEB will, at its discretion, add an extra day to the employee's paid annual leave or pay the employee an amount equal to the average of the employee's daily salary/wages for the days worked during the complete pay period preceding that holiday.
- 5.4.4 If an employee is requested to work on any statutory holiday, NAME OF SEB will, at its discretion, add this extra day worked to the employee's paid annual leave or pay the employee an amount equal to the average of the employee's daily salary/wages for the days worked during the complete pay period preceding that holiday.
- 5.4.5 An employee who has not completed sixty (60) days of uninterrupted service, or who is absent from work without authorization or valid cause on the day preceding or the day following that holiday, is not entitled to benefit by the statutory holiday.

5.5 Sick Leave

- 5.5.1 Full-time employees, including salaried employees, are entitled to five (5) days of sick leave with pay per reference year.
- 5.5.2 These sick leave days may only be used for the purpose of illness or injury.
- 5.5.3 Sick leave must be used within the reference year. However, an employee who has used less than five (5) sick leave days during the reference year will receive compensation in an amount equal to the average of the employee's daily salary/wages for the unused sick leave days.

5.6 Family Leave Events

5.6.1 Maternity Leave:

- a) A pregnant employee is entitled to a leave of absence without pay for duration of eighteen (18) weeks upon submitting a written request at least twenty-one (21) days prior to departure. A certificate from a qualified medical practitioner confirming the pregnancy and stating the expected delivery date must accompany this request. The utilization of this leave, whether it be before or after the birth of the child, will be at the discretion of the employee. The notice may be of less than twenty-one (21) days if the medical certificate attests that the employee needs to stop working within a shorter time.
- b) In this written request, the employee must state the date on which her leave will begin and the date on which she intends to return to work. The employee may divide the leave as she chooses before or after the expected delivery date. If the delivery takes place after the expected date, the employee is automatically entitled to an extended maternity leave and equal to the period of delay, unless the employee is able to benefit from at least two (2) weeks of maternity leave after the delivery.
- c) The employee may return to work before the date mentioned in her notice after having given the employer at least two (2) weeks written notice of her new date of return to work. The employee may return to work after the date mentioned in her notice, if she had previously opted to take less than the maximum allowed maternity leave, after providing written notice to the Manager at least two (2) weeks prior to her initial return date.
- d) The maternity leave may not begin before the sixteenth week preceding the expected date of delivery.
- e) From the sixth week preceding the expected delivery date, the Manager may, in writing, require a pregnant employee who is still at work to produce a medical certificate attesting that she is fit to work. If the employee refuses or neglects to produce the certificate within eight (8) days, the Manager may oblige her to take her maternity leave immediately by sending her a written notice to that effect giving reasons. The Manager may also require a medical certificate from an employee who returns to work within two (2) weeks following delivery, attesting to the fact that she is fit to work.
- f) When there is a risk of miscarriage or a risk to the health of the mother or child to be born caused by the pregnancy and necessitating leave from work, the employee is entitled to a special maternity leave as prescribed by a medical certificate that states that such a risk exists and that gives the expected delivery date. If such is the case, this leave is reputed to be the maternity leave provided for in Section I(a) as of the beginning of the eighth week preceding the date of delivery.
- g) When a legal or spontaneous miscarriage takes place before the beginning of the 20th week preceding the expected delivery date, the employee is entitled to a maternity leave not to exceed three (3) weeks. The employee must, as soon as possible, give the Manager a written notice of this event and the date of her return to work, along with a medical certificate attesting to the event.
- h) If an employee gives birth to a stillborn child after the 20th week preceding the expected delivery date, her maternity leave ends at the latest eighteen (18) weeks after the date of the stillbirth.
- i) The employee who, before the expiry date of her maternity leave, sends the Manager a notice accompanied by a medical certificate attesting to the fact that

her state of health or that of her child requires an extension of her maternity leave, is entitled to a leave of up to six (6) weeks.

- j) The employee is entitled to return to her former position of employment with the same benefits, including the wage to which she would have been entitled had she remained at work. However, if her maternity leave exceeds twelve (12) weeks, the Manager may, instead of reinstating her to her former position, assign her to a comparable position with a wage equal or higher than that to which she would have been entitled had she remained at work, with an equivalent pension and insurance plan, where applicable. If the regular position occupied by the employee no longer exists at the time of her return, NAME OF SEB shall give the employee all the rights and privileges to which she would have been entitled if she had been at work at the time her position was eliminated. If NAME OF SEB carries out layoffs that would have included the employee if she had remained at work, she reserves the same rights as the employees who were laid off with respect to rehiring.
- k) To receive a maternity leave, an employee must have worked at least twenty (20) weeks for NAME OF SEB in the twelve (12) months preceding the date of the leave and have been in the service of NAME OF SEB the day preceding the notice provided for above.
- l) An employee who does not report to work at the end of her maternity leave is presumed to have quit her employment.

5.6.2 Paternity Leave:

- a) An employee who is the father or mother of a newborn child, or who has adopted a child who has not reached the age of compulsory school attendance, is entitled to parental leave without pay for up to fifty-two (52) consecutive weeks. Parental leave is not available to an employee who adopts the child of his/her spouse/consort.
- b) Parental leave may not begin before the day the child is born, the day the child is entrusted to the employee or the day the employee leaves to go to a place outside the community to take custody of the child. It shall end not later than seventy (70) weeks after the birth or, in the case of adoption, after the child was entrusted to the employee.
- c) Parental leave may be taken after giving notice of not less than three (3) weeks to the Manager, stating the date on which the leave will begin and the date on which the employee will return to work.
- d) An employee may return to work before the date stated in his /her notice of parental leave, provided he/she has given the Manager written notice of not less than three (3) weeks of the new date on which he/she will return to work. An employee who does not report to work on the date stated in the notice is presumed to have resigned.
- e) The employee is entitled to return to his/her former position of employment with the same benefits, including the wage to which he/she would have been entitled had he/she remained at work. However, if the parental leave exceeds twelve (12) weeks, the Manager may, instead of reinstating the employee to his/her former position, assign the employee to a comparable position with a wage equal or higher than that to which the employee would have been entitled had he/she remained at work, with an equivalent pension and insurance plan, where applicable. If the regular position occupied by the employee no longer exists at the time of his/her return, NAME OF SEB shall give the employee all the rights and privileges to which he/she would have been entitled if he/she had been at work at the time the position was eliminated.

5.6.3 Miscellaneous Family-Related Leave :

- a) An employee may request and obtain compassionate leave without pay if there is a serious or life-threatening illness in his/her immediate family. Immediate family, in respect to that employee, means the spouse/consort, mother, father, children, grandparents, sisters, and brothers and immediate in laws, including any relative recognized as such under Cree culture and tradition.
- b) An employee may be absent for five (5) working days per year, without pay, to fulfill obligations relating to the care, health or education of his/her minor child, in cases where his/her presence is required due to unforeseeable circumstances beyond his/her control. The employee must have taken reasonable steps to assume these obligations otherwise and to limit the duration of the leave. The leave may be divided into days, and day may also be divided. The employee must advise the immediate supervisor of his/her absence as soon as possible.
- c) An employee may be absent from work without pay for a medical examination related to her pregnancy. She shall advise her immediate supervisor as soon as possible of the time at which she will be absent.

5.6.4 The General Provisions of Family Events Leave:

- a) If applicable, the pension, health disability, and other benefits of any employee who takes or is required to take a leave of absence shall accumulate during the entire period of the leave.
- b) Where contributions are required in order to be entitled to a benefit, the employee is responsible for and must pay those contributions unless the employee has notified the Manager beforehand of the intention to discontinue contributions during this period.
- c) Where an employee is eligible for other benefit programs, he/she will be entitled to compensation equal to ninety-three per cent (93) of his/her total basic weekly salary for the weeks he/she is not eligible for such benefits.

5.7 Marriage Leave

- 5.7.1 An employee will be granted up to five (5) working days with pay on the occasion of his/her wedding or civil union.
- 5.7.2 An employee will be granted up to one (1) working day without pay to attend the wedding or civil union of his/her child, father, mother, brother or sister or stepchild.
- 5.7.3 An employee shall provide his/her immediate supervisor with at least seven (7) days' notice of his/her intention to apply for this marriage leave. Additional working days taken over and above the above marriage leave days shall be requested as annual leave or leave without pay and be considered as such.

5.8 Bereavement Leave

- 5.8.1 Every employee is entitled to, and shall be granted upon request, in the event of the death of a member of an immediate family, bereavement leave of five (5) working days with pay upon the death of an immediate family member. Immediate family, in respect to that employee, means the spouse/consort, mother, father, children, grandparents, sisters, brothers and immediate in-laws, including any relative recognized as such under Cree culture and tradition.
- 5.8.2 In the case of the death of an employee or employee's immediate family, **NAME OF SEB** may grant up to half (1/2) a day off, with pay, to allow any of its staff to attend the funeral.
- 5.8.3 The Manager may allow one (1) day of Bereavement Leave without pay to those employees required to perform an official function at a funeral. This section applies to employees who are not a member of the immediate family.

5.9 Other Authorized Leave

- 5.9.1 At its discretion, the Board of Directors may grant other special leave of absences, with or without pay, for purpose other than specified in these policies. Employees may apply to the Board of Directors for such leave by clearly indicating in writing the reason and the duration of the leave requested.

5.10 Absenteeism/Termination Policy

- 5.10.1 Every employee is responsible for regular and prompt attendance at work. An employee who expects to be absent from work must contact his/her immediate supervisor as soon as possible so that arrangements can be made to cover the employee's job duties. An employee who fails to notify his/her immediate supervisor of an absence, who takes unauthorized absences, or who is habitually late shall be subject to disciplinary action, which could eventually lead to dismissal. An employee who is absent from work for five (5) days or more without advance notice or valid excuse is subject to immediate dismissal.
- 5.10.2 Employees who are considering resigning should discuss their plans with their immediate supervisor or the Manager, who may be able to suggest an alternative. If an employee decides to leave, he/she should give at least two (2) weeks' notice to his/her immediate supervisor or the Manager.
- 5.10.3 If for any reason an employee is considered for dismissal from employment, the following procedures shall precede a dismissal decision:
 - a) verbal warning by the immediate supervisor;
 - b) written warning by the Manager;
 - c) suspension from work without pay and/or demotion; and
 - d) Final dismissal letter from the Manager.
- 5.10.4 Criminal or destructive activity may result in immediate dismissal.
- 5.10.5 If an employee leaves his/her position he/she must immediately return all property of **NAME OF SEB** (e.g., money, keys, records, tools, etc.) and repay any sums owed to **NAME OF SEB**.

- 5.10.6 Any employee who fails to comply with these present policies and procedures will be subject to verbal or written warnings, suspension, demotion or dismissal.
- 5.10.7 Employees wishing to terminate their employment must give written notice of at least fourteen (14) calendar days to their immediate supervisor. In special circumstances, and with consent from the Manager, the employee may terminate employment with less notice. The written notice of termination shall include the reason(s) and the effective date.
- 5.10.8 The Manager shall not terminate an employee until reviewing the employee's personnel file and consulting with the employee's immediate supervisor. If the Manager decides to terminate the employee, he/she will provide written notice to the employee before doing so. The notice shall be: one (1) week if the employee has been employed for less than one (1) year of uninterrupted service; two (2) weeks if he/she has been employed for one (1) to five (5) years of uninterrupted service; four (4) weeks if he/she has been employed for five (5) to ten (10) years of uninterrupted service; and eight (8) weeks if he/she has been Employed for ten (10) or more years of uninterrupted service.
- 5.10.9 Section 5.10.8 does not apply to an employee: who has less than 'three (3) months of service; whose contract for a fixed term or specific undertaking expires; who has committed a serious fault; or for whom the end of the contract of employment or the layoff is a result of superior force.
- 5.10.10 The Manager may pay the terminated employee in lieu of notice of termination at a rate equal to his/her regular wage excluding overtime for a period equal to the period or remaining period of notice to which the employee is entitled. Payment must be made at the time the employee is terminated.
- 5.10.11 At the expiry of the term of employment, an employee may require the Manager to issue to him/her a work certificate in which the following information, and only the following information is set forth: the nature and duration of his/her employment, the dates on which employment began and ended, and the name and address of the employer. The certificate shall not refer to the quality of the work or the conduct of the employee.

5.11 Salary Advances

- 5.11.1 Only regular salaried or full time employees may receive a salary advance, not to exceed five hundred dollars (\$500).
- 5.11.2 All requests for a salary advance must be approved by the Manager.
- 5.11.3 An advance is deducted automatically from the very next paid period and must be repaid within three (3) pay periods.
- 5.11.4 No more than four (4) salary advances may be requested by an employee per year.

6. Work Safety

6.1 Grievance Procedures

- 6.1.1 If any employee feels that NAME OF SEB has not acted justly and fairly, the employee may lodge a grievance.
- 6.1.2 Any grievance so lodged must be done by a written notice stating, without prejudice, the facts which gave rise to the grievance and be sent /delivered to the Manager or, if the grievance is against the Manager, to the President.
- 6.1.3 Upon receipt of the notice of grievance, the Manager or President, or person authorized by the Manager or President to so act, shall try to settle or find a solution to the problem with the concerned employee(s). If such action fails to resolve the grievance, the matter shall be referred to Board of Directors.
- 6.1.4 The grieving party may attend the settlement meeting, if he/she so desires.
- 6.1.5 The Board of Directors must render a decision within forty-five (45) days following the submission date of the notice of grievance. It may summon witnesses as deemed appropriate.
- 6.1.6 The Board of Directors shall inform the grieving party, in writing and duly signed, of its decision.
- 6.1.7 A copy of the decision, the notice of grievance and related information shall be filed in the grieving party's personnel file. If the grievance is upheld, a copy of the decision will also be filed in the personnel file of the employee against whom the grievance was made.
- 6.1.8 At any time, before the final decision, the Board of Directors may render any interim or interlocutory decision that it considers appropriate.
- 6.1.9 The Board of Directors' decision shall be final and binding.
- 6.1.10 No employee shall be subjected to any sort of reprisals intimidation, or discrimination because he/she is involved in a grievance or during and following the carrying out of his/her duties.

6.2 Sexual Harassment in the Workplace

- 6.2.1 Each employee shall be entitled to work in an environment free from sexual harassment. To this effect, NAME OF SEB shall take reasonable measures to promote a working environment free from sexual harassment and to stop any sexual harassment brought to its attention.
- 6.2.2 Any grievance dealing with sexual harassment in the workplace shall be given priority, and the names of persons involved and the circumstances relating to the claim must be treated in a confidential matter.

Note: it would be important to develop a separate policy on Harassment in the workplace to help foster a healthy and harmonious work environment and climate. Educlooi has a great webpage on the topic, available at <http://www.educaloi.qc.ca/en/capsules/psychological-harassment-workplace>.

6.3 Confidentiality

- 6.3.1 All employees are expected to use such discretion as is necessary, subject to disciplinary action, concerning internal matters which are considered confidential.
- 6.3.2 If employees are working in the store outside regular business hours, it is expected that they will not allow friends or acquaintances to enter the premises.
- 6.3.3 Personnel records access and disclosure.
 - a) Personnel files are kept on all employees, which shall contain: the employee's employment application; salary and employment histories; performance appraisals; emergency contact data; signed acknowledgement forms; orientation form; and other documents as required by law or regarded as necessary by **NAME OF SEB**.
 - b) Secondary files are kept on employees, which may contain medical history information and employment references (the contents of which are not subject to access or review by the employees) and time reports. Employees wishing to review their hours may do so at convenient times and with advance notice to the Manager. Such records may not be reproduced, removed or altered without the consent of the Manager.
 - c) To ensure employees' rights to privacy, personnel files are considered confidential. **NAME OF SEB** limits information disclosed to third parties to only lawful access and disclosure, unless an employee signs a release 'authorizing the company to provide file information. Reference information on employees, including letters of employment reference, will be provided, when appropriate, only by the Manager.
 - d) It is each employee's responsibility to keep information, such as address, marital status, and birth of children, emergency notification and other important personal information current in their file by notifying the Manager promptly when these events occur. Many status changes affect benefit and insurance plans, so it is essential that employees let the Manager know when these changes occur.
- 6.3.4 Information about **NAME OF SEB**, its customers, clients, suppliers or employees should not be divulged to anyone other than persons who have a right to know or are authorized to receive such information. When in doubt as to whether certain information is or is not confidential, prudence dictates that such disclosure be authorized by appropriate supervisory or management personnel.

4.3 TEMPLATE OF EVALUATION GRID²²

INSERT LOGO HERE

APPRAISAL

EMPLOYEE

“Performance evaluations: The key to employee mobilization and commitment”

Employee Name:		Date of evaluation:
		Date of last evaluation:
Position:	Employee Number:	Evaluator Name:

Evaluation objectives

This tool is designed to allow the employee and the appraiser to have a dialogue in order to find ways to improve team work, atmosphere, and general performance by setting objectives and finding solutions.

The employee and the appraiser **both individually** fill out their copy. Afterwards, they must meet in order to set improvement objectives and solutions to reach them.

THE EMPLOYEE'S...

2. ... attitude at work with colleagues and customers

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10
Unsatisfactory results & performance	Frequently not meeting expectations	Mostly meeting expectations	Meeting expectations except for rare occasions	Employee has exceeded all expectations

Comments and solutions:

²² This template, used by the Chisasibi Coop, was gracefully provided by Boréale Solutions.

3. ... openness towards finding way to improve his/her work

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

4. ... completes "INSERT TASK HERE" (See attached job description)

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

5. ... completes "INSERT TASK HERE" (See attached job description)

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

6. ... respects the XX Policy (Policy & Procedures, #)

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10
Unsatisfactory results & performance	Frequently not meeting expectations	Mostly meeting expectations	Meeting expectations Except for rare occasions	Employee has exceeded all expectations

Comments:

7. ... respects the XX Policy (Policy & Procedures, #)

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

8. ... respects the XX Policy (Policy & Procedures, #)

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

9. ... promote and/or participates in encouraging teamwork with all staff

Unsatisfactory	Below Expectations	Meets Expectations	Above Expectations	Excellent
2	4	6	8	10

Comments:

Employee Signature: _____ Evaluator Signature: _____

Date: _____ Date: _____

NOTE: Employees have the right to refuse to sign their appraisal, if they cannot reach common interpretation with their manager. In this event, in an attempt to find common interpretation, they should explain their decision to the Board of Directors.

Additional comments:

5

MARKETING
AND COMMUNICATIONS



5.1 MARKETING AND COMMUNICATIONS

THIS SECTION (5.1) WAS TRANSLATED AND ADAPTED FROM *LES CAHIERS DES ORGANISATIONS DÉMOCRATIQUES*, A DOCUMENT BY CSO-ÉSAC, IN COLLABORATION WITH THE FÉDÉRATION QUÉBÉCOISE DES COOPÉRATIVES DE TRAVAIL, LE CENTRE ST-PIERRE ET LE CENTRE DE FORMATION POPULAIRE (2001), BY NISKA.

Communications are a branch of marketing, which include all the means used by the business to inform, influence and convince its clients to buy a product or service. Sales, advertising, press relations, sponsorships and Internet are all means of communication. Marketing is one key element that can help your business grow!

This section will present you the basics of marketing and communications, and the following will look more closely at organisational communications.

Basics of Marketing

Marketing is the process by which we conceive, set the price, promote and distribute the ideas, goods and services to create interactions that satisfy your individual and business goals.

An interaction between a business and a client has four important phases, also known as the 'Four Ps' of the Marketing Mix, to which we add one 'P' in the Cree Nation for 'People':

1. Define the **P**roduct
2. Set the **P**rice
3. Distribute (**P**lace)
4. Sell (**P**romotion)
5. **P**eople

Communications is an interaction, a power, an instrument, a persuasion, a science and an art. Managing communications in a SEB means managing the messages issued, orally or in written format, to more than one person at a time.

All businesses must learn how to efficiently produce appropriate messages at the right time, for **two types of recipients, internal to the business** (working there) or **external** (customers, suppliers, subcontractors, civil servants, donors, media, etc.).

It therefore implements **two communication systems**:

- **internally**, using a more or less extensive range of communication tools (information meetings, company newsletters, bulletin boards, memos, posters, flyers, intranet, etc.).
- **externally**, using a range of other communication tools (business meetings, media advertising, external newsletters, website, social media, extranet, conferences, media kit, business cards, press releases and press conferences, etc..)

Because the SEB is democratic, it must also establish a system of communication with a **third group of recipients**: Its members, using the same range of tools in addition to specific tools (Annual Report, Annual General Assembly, information meetings, committees, facilitators, etc.). For cooperatives, many of the elements in this section can be relevant for undertaking a membership drive that encourages your fellow community members to invest in your business!

Table 28. Marketing Tips and Advice

To design an advertisement make sure that:	To write a good message, make it:
› The message is in coherence with the communications angle › A single, clear message emerges › It attracts attention › It generates the desired action (purchase, gift, etc.)	› Short › Direct › Selling › Simple › Speak to the head and the heart › Facilitate understanding › Finish with a conclusion
To place a media advertising	To develop good relations with the media
› Choose the last page or a page on the right, which are read the most; › Be interviewed at your local radio! Unlike ads for which you may sometimes pay, interviews are free!	› Do not bother if there is no real news; › Contact the right media according to the type of news (think of <i>The Nation</i> and the community radios, which are also SEBs!); › Have a spokesperson to ensure consistency of message; › Learn how to write an effective press release; › Follow-up on a press conference.

Here are a few **ideas of communications activities** which your SEB could undertake:

- › Newsletters
- › Social media (creating and maintaining a Facebook page and Twitter account for your SEB, post in *Buy and Sell* pages)
- › Website or weblog
- › Flyers
- › Posters
- › Banners with the SEB's logo on it
- › Advertisement (radio, television, newspaper)
- › Press relations
- › Press conference
- › Postal mail-outs
- › Kiosk/booth to go to trade shows and events
- › Promotional merchandise (e.g. pens, mugs)



In practice, it is likely that the marketing tools that you will use the most are the press releases as well as your website and social media, which people can look at from their smartphones.

Tips for Press Releases:

- › It is important to create a database of media and obtain the name of the journalists and their contact information
- › Press releases:
 - › Will have a catchy title with an interesting statement (e.g. ‘Dog owners live five years longer!’)
 - › A first paragraph responding to the five questions: Who, what, when, where, how?
 - › Should stand on one-page
 - › Include your contact information after the end of the press release
- › Sending the press release:
 - › About two weeks before the event
 - › Email to your media list (use BCC)
 - › Follow-up: the day after sending the press release, call the media and ask them if they have received your press release. Validate their interest in covering your news or event. The media coverage will then constitute the press review. It is important to save copies of articles.

Further Reading:

- Impacts' Guide on Developing Effective Media Communications Skills: http://coco-net.org/wp-content/uploads/2012/08/IMPACS-dev_effective_media_comm_skills.pdf

This document provides information on how journalists view news, how to be prepared to be a spokesperson for your business and tips for media interviews

- Impacs Communication Media Toolkit : <http://coco-net.org/wp-content/uploads/To%20add%20to%20media%20library/impacs%20communication%20media%20toolkit.pdf>

This document provides the most common media tools to help increase your business' public profile with tips on when and how to use each of them.

[illegible]

5.2 ORGANISATIONAL COMMUNICATIONS

In the day-to-day work of a SEB, many forget one important truth: To make an activity, an idea or a product success they not only need to be thought through carefully, they need to be made known! In the business world, there is no use in having a lot of great ideas in one's head if they are not shared with the target public. Consequently, communication is a necessity! This section will look at organisational communications, with your SEB's closest people (staff, Board, partners) as target groups.

Preparing a Communication Plan

The communication plan is a management tool. It allows the organisation to **produce a comprehensive and coherent message**, resulting in an orderly and systematic approach.

The Four Stages of the Preparation of a Communication Plan

1. Assessing the strengths and weaknesses of the current communication system
2. Setting communication objectives
3. Determining the communication angle
4. Developing the communication strategy

1. Assessing the strengths and weaknesses of the current communication system

This is the most important step because it determines the rest. It has to be led rigorously and be based on viable and verifiable information.

This diagnosis is organized around four sets of analysis:

- a) A **historical** overview of the organisation and its previous communications activities (done in the greatest depth possible, paying particular attention to assessments of those activities in terms of efficiency: cost / income ratio)
- b) A critical analysis of the **characteristics of your products and / or services** (quality, life cycle, social utility and economic value for customers, cost of production and prices, market positioning, compared with competitors, etc.)
- c) An analysis of your **supply system** to the ultimate customer and / or distribution network (intermediate, seasonal sales, accessibility for clients, delivery of products / services, quality control and satisfaction systems, etc.)
- d) **A market analysis, including:**
 - Profiling and **segmentation** of different categories of members and / or customers (age groups, income, education, occupations, places of residence, market shares for each segment, priority targets groups, etc.)
 - Analysis of the main **socio-economic trends** that can affect demand for your products and services (young population, increasing education levels, etc.)
 - **Competitive** analysis (who are your direct and indirect competitors?, what are the characteristics of the competing products and services, their market positioning, strategies and communication budgets, etc.)

2. Setting communication objectives

Objectives are determined based on the results of each of the four sets of analysis in the assessment.

The objectives may be, for example:

- Improving the efficiency of communication activities (restructure the mode of production of content, outsource communications to a specialized firm, etc.)
- Improving the quality of products and services (*remember that a dissatisfied customer has much more negative impacts than a satisfied customer*)
- Increased positioning (increased sales or breaching into new market) with prioritized target groups
- Negotiating partnership agreements for the provision of services, distribution, supply, media campaigns, etc.

3. Determining the communication angle

A communication angle is an idea, a central theme, a general concept which will give your communication activities coherence and maximum overall impact.

A communication angle underlies all communication activities, which are all related to it. This is what should give them maximum impact to the extent that it always repeats itself in different ways, the same “color” of your business. It is this “color”, this “tone”, this basic speech which will get clients’ attention.

Your communications angle must be carefully determined to ensure that it reflects

- the nature and characteristics of your SEB, its products and services and human capital and
- the market positioning goals that you just set. *Remember! Communications activities will bring you more sales, and it is important that your business be willing and prepared to accommodate the new clients! If you are not interested in producing more, this may not be worth the effort invested!*

Your SEB may, for example, which focus on:

- customer satisfaction
- the quality of its products and / or services
- respect for the environment
- the expertise of its employees
- the social impacts of its services on the community
- purchasing local products

Whatever angle you choose, this is where you sell and market your SEB, so pick a positive message! Your new SEB will be providing a new and important product or service locally, it will contribute to the community, and you are inviting everyone to support you!

4. Developing the communication strategy

A strategic communication plan is structured in the same way as the strategic plan of your SEB. In reality, it is integrated within it.

The Communication objectives already determined in the second step must be translated into specific strategic objectives of the communication plan (i.e. This means that they are measurable, verifiable), and then prioritized and ordered.

This is done by taking into account:

- available resources (human, financial and material resources which can be mobilized)
- a cost analysis of the range of available communication tools
- the appropriateness of the use of these tools with the values of the company and
- the ability to reach target audiences with these tools (using *Buy and Sell* Facebook pages can be a good way to reach local customers!).

The communications plan will include:

1. A description of the SEB communications needs (is our SEB not visible enough? do we have a public image issue?)
2. An overview of the assessment (what are the main communications strengths and weaknesses of the SEB?)
3. A definition of the objectives (what do you want to get out of your communications efforts?)
4. Communications targets (who *exactly* do you want to reach with your message?)
5. Formulation of the communications angle (what will the main theme of our communications strategy and messages be? what will we say to our target audience? what do we want them to remember? Examples of communications angles can be: “freshness” for selling fruits and vegetables, “health” to convince people to quit smoking)
6. Identification of the communications strategy (now that we know what to say, how will we say it? how will we create a buzz around our message? how can we be creative to set ourselves apart?)
7. Proposition of communications activities and techniques (concretely, how will we use advertising, media relations, etc.?)
8. Conception of messages
9. Budget and calendar
10. Evaluation process

Further Reading:

- The 2012 Communications Plan for Karma Co-op, a consumer's cooperative in the grocery sector in Toronto: <http://www.karmacoop.org/wp-content/uploads/2011/11/Karma-Co-op-2012-Communications-Plan.pdf>.



5.3 COMMUNITY ENGAGEMENT

As democratic businesses, SEBs are governed, ultimately, by their members, who choose its strategic orientations at the Annual General Assembly. Also, SEBs get off the ground through **mobilizing** the support from partners. It is thus important to think about ways to engage your community as you go!

This section is mostly intended for emerging projects who are starting to engage the community and network, but it can be relevant for existing SEBs who want to re-engage their membership or mobilize new partners.

Community engagement is a strategy for community development that puts an emphasis on local people's participation in their own development.

Community engagement happens when organisations work together to become a “We” that undertakes collective action, through a **common project**, in order to produce social change.

As a manager or Board member of an existing SEB or an emerging project, you have created a collective solution to a common need in your community. The need may relate to a social issue that prevails in your community (youth unemployment, health issues, etc.). As an entrepreneur, you will have capacities, skills and a general profile to tackle that need in a specific way (operating a SEB), but there are certainly other people concerned with these issues! These are called the **stakeholders** of your SEB.

This diagram describes the **main external stakeholders** who are involved with your SEB:

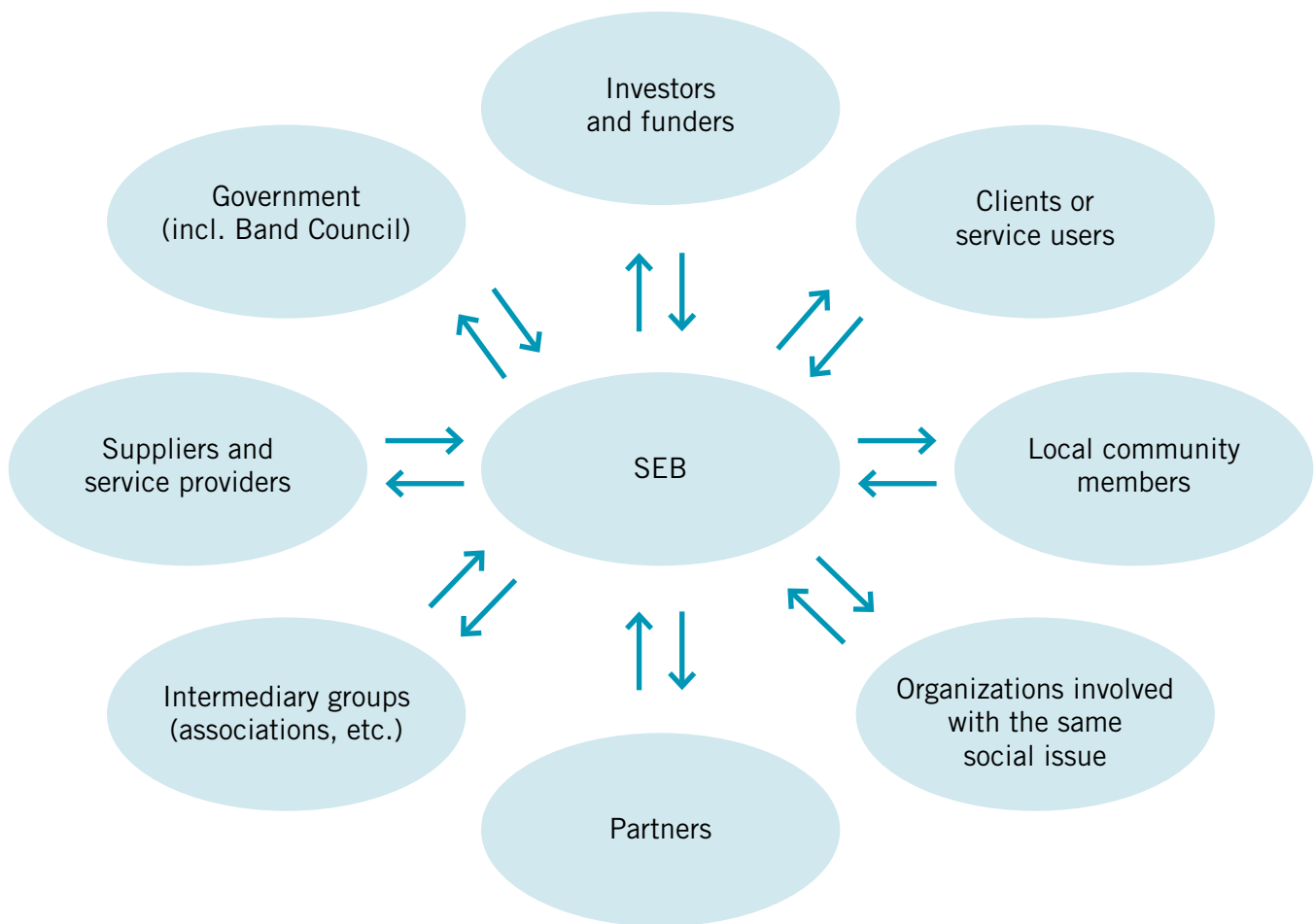


Figure 16. Main Stakeholders of your Social Economy Business

Here are a few ideas for determining who are the main stakeholders in your SEB project:

- › Talk about your collective business project around you. Ask around to know who are the **like-minded people** you could talk to. Search your network for people and organisations in that area.
- › Each community hires a **Community Organizer**, who typically works at the health clinic. Get in touch with them, as they are community engagement professionals, and their mandate is to help organisations and businesses network and create collective projects!
- › Each community's **Economic Development Officer** can also put you in contact and make you think of relevant stakeholders.

It is important to consider each of the main stakeholders and ask yourself a **series of questions**, included in the chart below, with two examples from an arts and crafts cooperative project:

Table 29. Stakeholders' Analysis Grid

Name of the main stakeholders	Their objectives and/or interest in my SEB	The power they have to influence the project	Our strategies or actions to consider these
<i>Cree Nation of Chisasibi</i>	Interested in local economic development	Chief and Council has to pass a Resolution of Support for my business project to move along	Invest time in developing a good presentation for Chief and Council and ask my EDO's help for feed-back on that presentation.
<i>Cree Cultural Institute</i>	Interested in preserving Cree culture	They could be a good partner for my arts and crafts business project, they could sell crafts at the Gift Shop, they could be a support member of my cooperative	Organize a meeting with the Executive Director to present my business project.
Main conclusions: Our SEB will really benefit if Chief and Council understand the social and economic impacts of our SEB project!			

Remember to keep track of your networking efforts by making notes of potential items and **following-up quickly!** Stay in touch and update partners on your progress by phone or email periodically, to keep their interest.

Further Reading:

- › The Community Engagement Toolkit: <http://www.nordikinstitute.com/wp-content/uploads/2012/11/Community-Engagement-Toolkit.-July-25.-2006.pdf>
This Toolkit, based on the Medicine Wheel, has been designed to improve communications within communities, to promote a common understanding, and strengthen community partnerships that share community goals.

6 FINANCIAL MANAGEMENT



6.1 BASIC FINANCIAL MANAGEMENT FOR NON-FINANCIAL MANAGERS

Good financial management makes maximum use of resources and enables a quick and easy assessment of the financial situation of a SEB. This aspect of the management of a SEB is very important, and it is essential that managers, even if they are non-financial managers, understand the basics. It is crucial to do so to know the “big picture” of where the SEB stands financially, in order to be able to allocate resources towards your objectives, and re-orient if needed to achieve results. Good financial management is often the difference between sink or swim! SEB managers may consider pursuing further practical training in this area, especially because the number of people with those skills in the Cree nation is limited. CHRD, colleges or universities sometimes offer accounting training in the communities, which can give options for managers wanting to upgrade their skills. Do not hesitate to contact your local EDO for contacts on who can help you do your books, and for information on further training.

This section presents the main useful information for understanding basic accounting elements in order to assist entrepreneurs with building better businesses based on the accounting cycle.

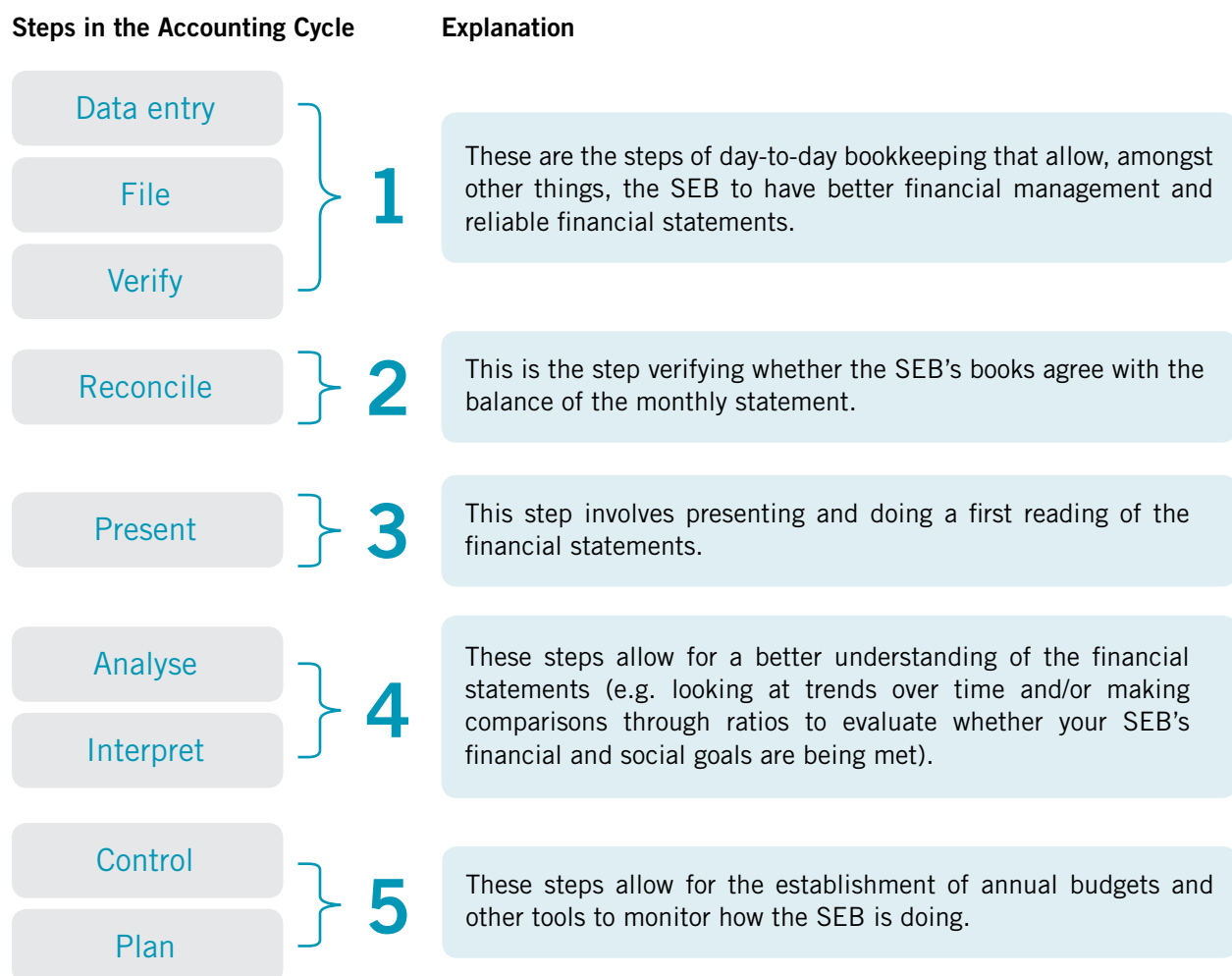


Figure 17 . Basic Elements of Accounting

Accounting

In a NPO, accounting is generally undertaken by a person, employee or volunteer, with expertise in this area. S/he must be strictly supervised by the person appointed for that purpose and who has that responsibility on the Board of Directors (usually the Treasurer). In a cooperative, accounting is directly under the Executive Director, who either takes care of it her/himself in small co-ops or mandates a staff person with the appropriate skills.

To avoid losing control of the finances of the SEB, the books should be regularly updated and remain accessible. Following a few basic rules can help a lot for bookkeeping:

- › Enter as much information as possible and always keep a paper trail
- › Ensure that you can easily identify each source of data from the others
- › Establish an effective filing method to keep all relevant documents readily accessible
- › Ensure that all information is accurate and correct
- › Take the time to balance everything

Banking

Deposit slips

Deposit slips contains written information necessary for the SEB and the financial institution (bank or credit union) to accept a deposit. It provides information on the **amount** of cheques and cash, the **origin** and **reason** for the amounts deposited as well as the **invoice number**. Always keep copies of cheques and receipts, match them with the stamped copy of the deposit cheque from the bank.

Cheque Book

Ideally, you should write **a cheque to pay for each purchase** and maintain control over the use of funds. There are two basic parts in the cheque book, the **cheque stub** and **the cheque**. Once written, we enter the cheque number on the invoice that has been paid. One should **never destroy a void cheque**; rather, indicate “canceled” on the cheque and stub and tear off the signature portion of the cheque. Invoices, cheque stubs, cash register receipts and receipts must be kept, because they are **supporting documents** or evidence that prove that each operation in the books corresponds to a real operation. It is essential to keep such a **paper trail**.

The Chart of Accounts

The chart of accounts is a list of accounts that include:

- › The types of revenue and expenditure of the organisation
- › What the organisation possesses (assets) and what it owes (liabilities)

Each account (asset, loan, grant, salary, printing, etc.) receives a code (usually a number) which enables one to identify it more quickly in the books. A SEB may change its chart of accounts to suit its needs by increasing or decreasing the number of accounts or grouping them differently. However, your SEB should take great care in developing its first chart of accounts; do not change it every year, because the notion of continuity is very important here.

Journals

In your accounting system, there should be one journal that tracks all the inflows of funds (cheques, cash, money orders or bank loans that were deposited into the bank account) and one that tracks all the outflows (paid by cheque or debited directly to the bank account), bank charges and cheques written from the cheque book (whether they are cashed in or not) must also appear there.

Monthly Statement and Bank Reconciliation

The monthly statement

At the end of each month, the bank or credit union shall send a monthly statement with a “withdrawal”, a “deposit” and a “balance” column. Copies of cheques will be printed out on the reserve side of the bank statements. Sometimes, banks will also send you copies of the withdrawals.

Bank Reconciliation

The monthly bank statement shows the balance of the bank account at the end of the month, but some operations may not be included (“outstanding deposits” and “outstanding cheques”). To check if the books agree with the balance of the monthly statement, a **bank reconciliation** report must be made. Here are the steps:

- Compare cheques appearing on the monthly statement with those in the journal; assign the letter C or O/S (for “cleared” or “outstanding”) to each outstanding cheque
- Make a list of outstanding cheques from previous and current months
- Verify that all deposits listed in the journal are listed on the monthly statement
- Write the report, preferably on the last page of the journal or in your accounting system, each month (the amount of the bank statement must be equal to the report)

General Ledger

The general ledger is the register that provides a summary of all accounting transactions of the SEB. It contains as many sheets as there are accounts and each bears the name and number (or symbol) that is assigned to the account in the chart of accounts. These sheets are in numerical order. We can trace all increases and decreases that have affected each account, which gives a fairly accurate picture of the financial situation of the SEB.

Petty Cash

Money from petty cash is used to pay for small purchases or incur expenses that must be paid in cash (meals, bus, taxi, etc.). The amount of this fund must be fixed (e.g. \$ 50) and only one person, usually the manager, has access to the petty cash.

Creating a petty cash:

- Issue a cheque in the amount fixed in the name of the manager
- Enter the amount of the cheque in the journal and save the column distribution “petty cash” to the code number written in the chart of accounts
- Deposit the money collected in a box

Management of petty cash:

- Request a **voucher** for each amount of money paid by petty cash
- Enter the date, amount, nature of the disbursement, name of the person who receives money, etc. on the voucher
- Have the person receiving money from petty cash **sign** the voucher
- Keep vouchers in the petty cash box with the money (total vouchers plus money must **always equal** the amount set for the fund)
- Replenish the petty cash fund by issuing a new cheque in the total amount of vouchers, the petty cash fund is still **equal to the initial amount set**
- Enter the amount of the cheque in the journal and save the column distribution «petty cash» to the code number written in the chart of accounts
- Gather the vouchers in an envelope bearing the date and the cheque number, or staple all vouchers and invoices to the copy of the cheque or to the cheque stub

Financial Statements

Financial statements are numerical reports that enable one to know the financial situation of the SEB. Audited financial statements must be prepared once a year for governmental and funding agencies, but they should be prepared on a monthly basis to ensure good control over revenues and expenses. There are several types of financial statements, including the income statement, the cash flow statement and the balance sheet. The data is usually presented in comparison with one or more periods to identify trends. Financial statements are compared with the budget to detect variations. The audited financial statements are submitted to the Board of Directors and presented at the Annual General Assembly once a year. They should be presented to the Board of Directors on a monthly basis, or at least a quarterly basis.

The financial statements are useful in several ways:

- › They give people holding different roles of the SEB essential information for planning activities and making appropriate management decisions
- › They allow an evaluation of the accuracy of estimates made in the budget and make the necessary adjustments

They generally must be included in grant or bank loan applications. **Types of Financial Statements**

There are three main types of financial statements:

1. Income statement

Think of this statement as a video of your finances between dates A and B. This report presents the results of operations of the SEB in a given period taking into account all income and expenditure, including amounts receivable or payable, such as grants not yet received or bills to pay. Total revenue minus total expenditure indicates whether there is a surplus or deficit for the period ('excess of revenues over expenses' or vice-versa for the NPO or net loss/net income for cooperatives).

2. Cash flow statement

Unlike the previous report, the cash flow statement includes amounts actually collected and disbursed and does not include accounts receivable or payable. It is mainly used to assess how much money is available at a specific time.

3. Balance sheet (also known as 'Statement of Financial Position')

While the income statement teaches what the SEB has done during a certain period, the balance sheet **portrays a snapshot of the financial position of your SEB at a specific time**. It shows what the organisation possesses (assets), and whether that equals what it owes (liabilities) plus what remains (cumulative net income or loss taken from the income statement since the beginning of operations).

We can summarize what the balance sheet is in the following formula: $\text{Assets} = \text{liabilities} + \text{net assets}$

Tips to Improve Financial Management

- › For healthy financial management, it is necessary that the division of tasks be well thought out, and, even more so, that everyone knows who is responsible for what. Having the work of one person being controlled by another also minimizes the risk of error... which can lower your audit bill at the end of the year! The following image synthesises the roles of each entity in financial management; do not hesitate to share and discuss it with your Board!

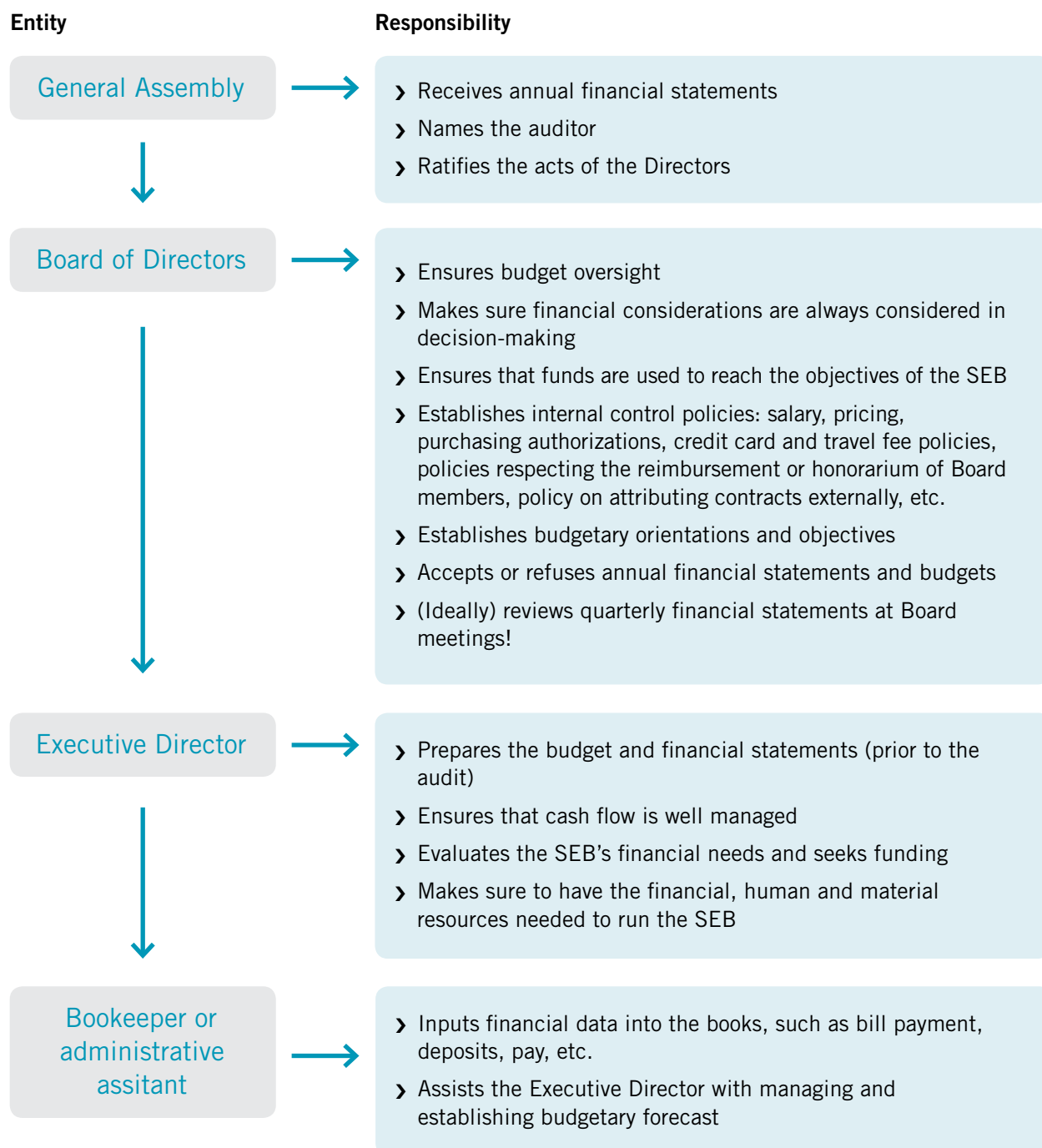


Figure 18: Roles in Financial Management

- › Having internal control mechanisms using simple rules, such as:
 - a) Putting financial data in a chronological and numerical order, and inputting it as soon as possible, daily if possible, take the first half-hour of your morning to input your data!
 - b) Using computer software is recommended to minimize errors! (e.g. accounting software such as QuickBooks or Sage50 (Simply Accounting), from which you can export the information to spreadsheet software such as Excel to analyze different accounts) See our *Further Resources* section for a link to free management templates available for download from Microsoft Office.
- › Establishing financial policies: One of the roles of the Board is to adopt good financial management policies, which will guide action. These have to be very clear. The following policies should be considered: Salary (cover bonuses), pricing (how much are our services worth? how do we make sure we sell at a price higher than our break-even point?), purchasing authorizations (how much can the ED spend before going to the Board?), credit card and travel fees policies (who has a credit card? what is considered reasonable travel for staff?), policies respecting the reimbursement, honorarium or bonuses of Board members (how are these decided/reviewed?), policy on attributing contracts externally (what kind of bidding process do we want to use?), etc.
- › Budgetary control is one of the main tasks of the treasurer or director, and it should be done at least on a quarterly basis. It consists in studying the difference between the financial projections and reality. Following analysis, a decision would be taken on modifying the budget or not. This goes for your business as a whole, or for any project. Be especially careful of special events, which can carry their share of 'unexpected costs', especially related to travel, with attendees seeking travel reimbursement, costs of external service providers being higher than expected, etc. Remember: When there's no more money, there's no more money!
- › Speaking of travel, as we know, it is very costly for people to get around in the North. For that reason, it is essential to be conservative when calling a Board or Executive Committee meeting: Is that meeting really necessary, what are its objectives, or could it happen by teleconference?
- › For special projects of your SEB or business, do not start or commit resources to the project before having gotten confirmation of where the project funding is coming from. We know the funding process for special projects may take a long time with funders deferring their meetings or decisions, but it is better to wait than to start a project and have to stop it halfway, having dug into your core funding!
- › Sometimes the cost of external resources can add up quickly for a SEB. Before going to an external resource for a project or hiring a private corporate secretary, for example, ask yourself if your existing staff could be doing that task.
- › Your SEB may be solicited to contribute financially to a wide variety of endeavours; from golf tournaments to charity races, the opportunities to give to your fellow Cree organisations and individuals are endless! It is important to be especially careful with these unsolicited requests and assess your SEB's realistic capacity to contribute. Giving is great, but not if it brings you under!
- › Cash flow being one of the biggest challenges of small businesses; controlling it is essential to avoid the SEB running into a situation where it lacks liquidity. If that happens, the SEB will likely have to pay interest or penalty on late payments, and its reputation and credibility could be negatively impacted if the SEB is late in paying suppliers or loans, or if it goes into overdraft on its line of credit. The main tool in managing cash flow is the monthly cash budget; be sure to use it!
- › Make sure your SEB complies with all government regulations and deadlines, for example with respect to paying payroll deductions for employees by 15th of every month, as well as applicable taxes (GST and QST)! This is important because Board members are jointly and individually responsible for 100% (each) of unpaid amounts (payroll deductions, GST and QST) in case the SEB cannot pay. The late penalties can be high! See our *Further Resources* section for links to detailed checklist on the obligations of SEBs.
- › For more tips and a complete accounting glossary, see our *Further Resources* section!

Budgeting

The budget is meant to establish the estimated revenues and expenditures for a fiscal year. It is a management tool that enables the SEB to follow the evolution of its financial situation, compare it with the forecasts and make adjustments at any time.

A budget for a business can be similar to a budget for a family or an individual. In fact, some EDOs, in their Business Application Form, will ask individual entrepreneurs to provide details on their personal financial situation (past repossession or bankruptcy, monthly expenses, estimated current value of personal property and investments/assets and liabilities/loans/credit cards). In reality, much like a personal budget for a family or an individual, a budget for your SEB can also help you guarantee that you can comply with your commitments, enable you to take financial decisions with confidence, to meet your objectives and to ensure that you have enough money for your future projects. As you know, lack of equity is one major obstacle for people to start a business; for example, if the future collective entrepreneurs do not collectively save money to invest in equity (shares) for their cooperative, it is likely that the cooperative will have a much harder time getting off the ground. So, much like for your own personal financial management, it is useful to plan to 'save' a surplus to invest in future development projects.

It is therefore recommended to prepare a yearly budget that is then broken down into a monthly budget.

The budget is prepared for the upcoming year (often April 1st- March 31st) at the end of the previous year (usually in February-March) and based on the proposed economic activities in the annual action plan. To facilitate the task, it is recommended to rely on revenues and expenditures of the previous year.

Typical Budget

A typical budget includes three parts:

1. Income: conservatively evaluate sources of funding and income for the fiscal year
2. Expenditure: assessment of what could be the needs of the SEB
3. Projected balance at year end: it can be positive (surplus) or negative (deficit)

Categories of income and expenditure used in the budget should be the same as in the books and financial reports; this will allow comparing forecasts with the actual situation.

A budget is said to be **balanced** when revenues equal expenses, but it can also provide a surplus or a deficit. Due to the demands of donors and lenders, it is preferable to add explanatory notes for a **surplus** or a **deficit** (but it should always be a surplus!).

Creating, monitoring and managing a budget is crucial to the success of the SEB. This should help you to allocate resources where they are needed, so that your SEB achieves the expected results. It does not need to be complicated. You only need to calculate what you are likely to earn and spend during the budget period.

Start by asking yourself these questions:

- › What are the **projected sales and other income** for the fiscal period? Be realistic, if you overestimate, it will cause problems later.
- › What are the **direct costs** of goods sold, e.g. costs of materials, components or sub-contractors who will produce the product or provide the service?
- › What are the **fixed costs** or overhead?
- › You must detail **fixed costs and overhead** by type, such as:
 - › Costs related to staff, such as wages, benefits, premiums for Employment Insurance, Quebec Parental Insurance Plan, contributions to the CSST, Quebec Pension Plan²³, Quebec Health Service Fund²⁴, group insurance (if applicable) and the financing of the Commission des Normes du Travail
 - › Costs related to special allowances such as Northern Allowance
 - › Costs related to the place of business, including rent, municipal taxes or user fees and service charges
 - › Tax expenses (if your SEB is not 100% tax exempt, you have to provide for 50% of unclaimed taxes, including GST or QST)
 - › Board of Directors' and, if applicable, EC's expenditures
 - › Services, such as heating, lighting, phone
 - › Printing, postage and stationary
 - › Expenditure on vehicles (if they belong to the SEB)
 - › Cost of equipment
 - › Advertising and promotion
 - › Travel expenses (including mileage, meals and accommodation)
 - › Legal and professional fees
 - › Insurance
 - › Subscriptions, membership fees, donations and sponsorships
 - › Interest and bank charges

Once you have prepared a budget, stick to it as much as possible, but examine it and revise if necessary. In SEBs, it is common to have a dynamic budget that evolves with the progress of activities.

Key Steps in Preparing a Budget

There are several key steps that you must follow to ensure that your budgets and plans are as realistic and useful as possible:

- › Take the time to really think about your budget
- › If you invest time in creating a detailed and realistic budget, it will be easier to manage and, ultimately, more effective
- › Use the figures for the previous year or a previous activity to guide you in establishing benchmarks
- › Collect historical information on revenues and expenditures of similar activities. If they are available, they may give you a good indication possible scenarios
- › Try to be as realistic as possible
- › It is always recommended to do more than one scenario. Estimating a very optimistic or very pessimistic scenario is often easier. Then finish with a middle-ground scenario, which will probably be the most realistic
- › Involve the right people
- › Do not hesitate to ask people who have experience with a similar activity to help you in estimating income and expenditures

²³ No Quebec Pension Plan is paid for First Nations employees.

²⁴ Band-empowered entities do not pay Quebec Health Service Fund, and other entities pay it.

Consider your Budget Periodically

In order to use your budget effectively, you will need to review and revise it frequently. This is especially true if your resources are limited, such as when your SEB is just starting out or undertaking restructuring.

Using a budget which is updated and regularly reviewed allows you to be flexible and gives you more flexibility to manage the money and identify what needs to be prioritized in terms of expenses, if any. Aside from the financial management tasks discussed above which happen continuously, Table 30 describes some of the main periodical financial management tasks and their frequency.

Table 30. Summary of financial management tasks and their frequency

Every two weeks	
Timesheets	Receive timesheets from employees
Pay	Prepare pay sheet, pay cheques and transmit pay stubs to employees
Every month	
Payroll deductions (on the 15 th)	Prepare and transmit payroll deductions report, pay them online and archive report
Credit cards	Attach bills to credit card statements, produce a tax report, associate expenses with charter, pay credit cards
Financial monitoring	Prepare monthly financial statements for Board meetings, compare actual figures with the budget and create forecasts, adjusting the budget where necessary (if possible)
Quarterly	
GST and QST (if your SEB is not 100% tax-exempt)	Pay sales taxes to government (this could also be on a monthly basis)
Annually	
Prepare financial statements	Management and/or the treasurer work with an auditor to prepare and undertake the production and audit of the annual financial statements, <i>before the AGA</i>
Adjust benefits rates	Update benefits rates for the first pay period in January
Vacation pay	Pay the vacation pay (usually 4 or 6%) to staff, usually around May or when the employee takes their holidays. Remember that vacations are earned, then taken!

Further Reading and Resources:

- Self-assessing your NPO Financial Management: http://coco-net.org/wp-content/uploads/2012/08/faq_TACS_Financial_Mgmt_Self_Assessment.pdf
- Generally Accepted Accounting Principles for small NPOs: http://coco-net.org/wp-content/uploads/To%20add%20to%20media%20library/nonprof_accounting_infosheet.pdf
- Glossary of Financial Terms for Non-profits: <http://nonprofitfinancefund.org/financial-terms>
- Reporting Checklist for NPOs in Quebec: <http://coco-net.org/annual-requirements-checklist-for-a-non-profit-organisation-in-quzbec/?lang=en>
- Reporting Checklist for Cooperatives in Quebec: http://www.economie.gouv.qc.ca/objectifs/conformer/cooperatives/page/conformite-14947/?tx_igaffichagepages_pi1%5Bmode%5D=single&tx_igaffichagepages_pi1%5BbackPid%5D=49&tx_igaffichagepages_pi1%5BcurrentCat%5D=&cHash=ed6d2b2584db541dcc8aab53fe1e9202&tx_igaffichagepages_pi1%5BparentPid%5D=10686 (in French)
- Microsoft Office has a wealth of free financial management Excel templates available here: <http://office.microsoft.com/en-us/templates/results.aspx?qu=business&av=zxl>

[illegible]

6.2 SOCIAL REPORTING

SEBs pursue a double mission: economic and social. This sets them apart from other businesses, and it impacts every decision they make. By considering the social aspect in every decision, the SEB does important and essential work in the community. However, in the financial statements, this may mean that the profits are lower. To someone who does not know SEBs and is used to judging businesses solely using financial statements, this could appear to be due to bad management. In general, the public and decision makers are not well-aware of the social economy. There are some perceptions that it is 'the poor people's economy' or unfair competition to other businesses.

One common example of how SEBs can be misunderstood is daycare centres: There is widespread misunderstanding among the general public and decision makers regarding the nature of day care centres. Some people think: "they are not part of the Band, nor the CRA... they must be part of the Québec government!" They do not understand that daycares are NPOs governed by an elected Board of Directors! Others tend to think that the contracts given to daycare centres by the government to provide childcare services are subsidies! This creates the false vision that daycare centres are heavily subsidized; some would even think that parents should not have to contribute for the service.

While a lot of cases of misperceptions can be addressed through communications activities at the local, regional and national levels, each SEB can make a difference in influencing perceptions of their work through including a "Social Report" as part of their Annual Report. That is important because we know financial statements do not take into account the mission of SEBs and its democratic character.

This section will help your SEB to elaborate, on top of your financial statements, the social report which will highlight what your SEB has done to contribute to the social development of your community.

There are a number of intangible assets that are hard to measure. Most fall in three categories:

- Human capital: skills acquired by management and staff
- Organisational capital: skills developed and invested in the SEB
- Relations capital: good and privileged relations that the SEB has with its environment, the synergies developed within a network

These are the main things that you may want to highlight in your social report, which could take the following form:

1. Social purpose and community ownership
 - a. Community ownership:
 - i. Support testimonies (from influential people; local, regional or sectorial organisations; local or regional businesses)
 - ii. Logistical, services or marketing relations with local and regional organisations and enterprises
 - iii. Authorisations acquired from government entities
 - iv. Background of Board members (their belonging to other organisations; level of implication; belonging to sectorial, territorial or other groups linked to the client-base)
 - v. Funding engagements predicted or approved
 - b. Local and regional development
 - i. Participation in social, economic and cultural development of the community such as:
 1. Revitalization of the community (e.g. by renovating an unused building)
 2. Local and regional purchasing policies
 3. Contributions to and sponsorships of local and regional events or causes

- c. Community networking
 - i. Presence on local, regional or sectorial tables and committees
 - ii. Participation in public consultation process
 - iii. Participation in public interest endeavours
 - iv. Representation on other organisations' Board of Directors
- 2. Democratic governance and volunteering
 - a. Membership
 - i. Number of members, where they come from (regional, local), their degree of participation (e.g. at the Annual General Assembly, during other information or discussion sessions), selection criteria
 - b. Board of Directors
 - i. Its make-up, the election process, communications and training methods, division of work between Board and management, number of Board meetings, presence or not of EC or other working committees, length of terms of office, turnover in key officer positions (such as president), number of hours spent on Board and in committees, main achievements during the year
 - c. General Assembly
 - i. Number of people attending, diversity of participants, opportunity for the members to share and have their voices heard, the organisation process (convocation, welcoming, documents provided, etc.)
 - d. Volunteers
 - i. Number of volunteers, number of volunteered hours, volunteer committees, training of volunteers, volunteer recognition events
- 3. Employment
 - a. Number of paid jobs created and maintained
 - b. Local and regional hiring
 - c. Quality of jobs: revenue levels and work conditions, training offered, employment status (part time, full time)
 - d. Employee seniority
 - e. Level of participation of staff in decision-making
 - f. Qualifications and functions of employees
 - g. If *applicable*, socio-professional insertion mission

It is interesting to note that, as we talk more and more about sustainable development, many SEBs now have an 'Environmental Report' in their Annual Report as well! Here are a few things you may want to consider including in such a report:

- Use of energy efficiency measures at the office
- Waste management: Reuse-Rethink-Recycle
- Safe disposal of ink cartridges
- Use of ridesharing for attending meetings
- Use of teleconferencing and videoconferencing to diminish travel
- Calculation of your SEB's travel carbon footprint and purchase of carbon offsets
- Etc.

Further Reading:

- Mountain Equipment Co-op's summary of their 2012 Accountability Report: http://www.mec.ca/media/Images/pdf/accountability/accountability-2012-summaryreport_v2_m56577569831501421.pdf
This is a good example of a sustainable development report.

[illegible]

6.3 FINANCING YOUR SOCIAL ECONOMY BUSINESS

Essential information

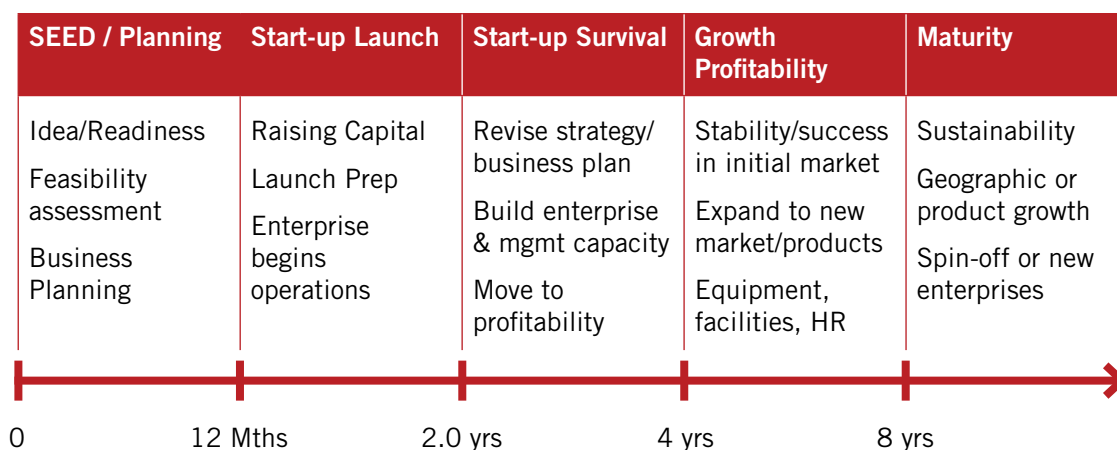
Adequate capitalization is one of the essential building blocks of any SEB. Access to capital can make small SEB start-ups possible, fund enterprise expansion and create significant long-term investment in infrastructure capacity. Lack of capital investment limits development and growth. It also forces reliance upon non-diversified operating funds, and put at risk ideas before they are allowed to succeed or fail in the marketplace.

Raising capital is **time consuming**. Social entrepreneurs can save themselves a lot of trouble and improve their success rate by understanding the life cycle of their sector and the resources available to them at different stages of development. Grants and equity equivalents are common forms of capital in the earliest stages. The **appropriate mix of financial instruments** will vary, depending on the business and its stage of development, but it is usually best if the capital base is somewhat diversified, with a mix of grants, debt, equity and equity equivalents. The balance between debt and equity determines the capital structure of the enterprise and the debt to equity ratio is one of the main indicators used by lenders to determine credit worthiness.

Grants are often seen as free money because there is no interest charged on them and they don't have to be paid back. In reality, the strings attached to some grants can make them a very expensive form of finance. For example, grants that fund new or expanded program offerings may create extra costs, such as in staffing for managing grant proposals and reports.

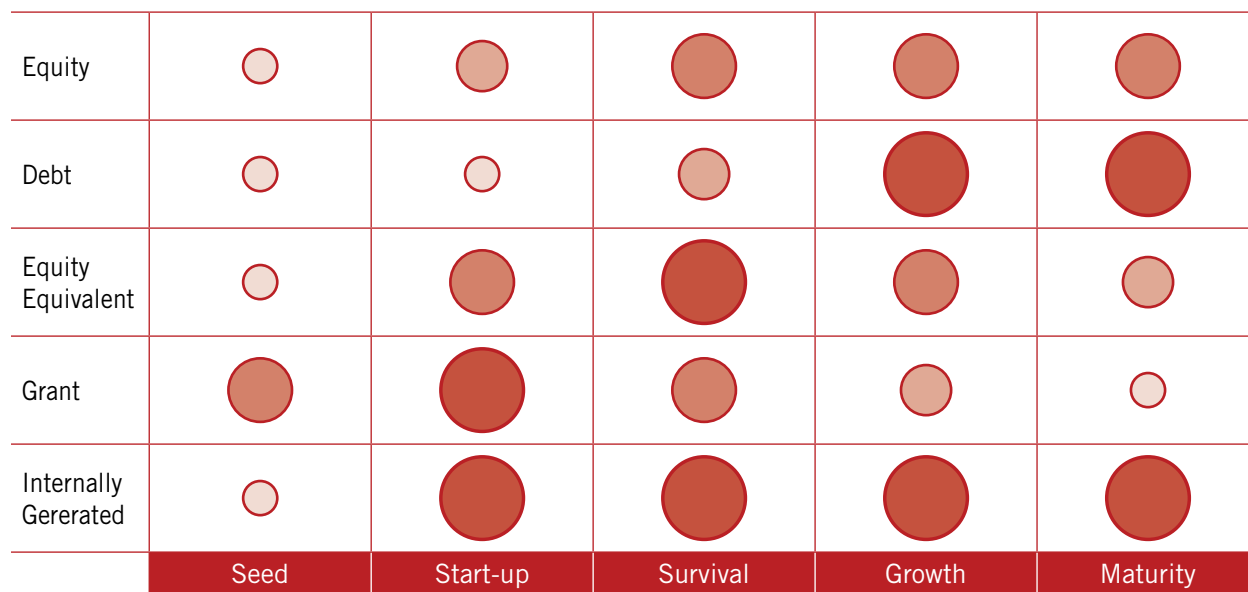
Growth capital, also known as **patient capital**, is a very particular and important form of capital for SEBs, and one that is in short supply. It provides the means to build production capacity. Sources of patient capital include friends and family (love money), developmental lenders, (i.e. Community Futures Development Corporations such as Eeyou Economic Group), Social Venture Capitalists and private 'Angel' investors. Patient/growth capital investors are in for the long haul, and they usually expect lower rates of return than most investors. This form of funding can support the enterprise (and cover the deficits) until it reaches financial sustainability.

Each development stage has its own set of financing challenges and potential solutions! Figures 19 and 20 on the next page summarize how the life cycle of the SEB typically relates to their financing needs.



Source: Van City Community Foundation

Figure 19. Community Enterprise Development Path



Source: Van City Community Foundation

Figure 20. Importance of each type of funding at each stage of business development

The **Planning and Start-up (Launch) stages** can be likened to birth and **infancy**. The SEB requires a lot of nurturing (usually through grants and internal resources) before it can walk on its own. Development grants, primarily from government, are one of the main sources of external funding for the feasibility and planning activities. Operational grants may also provide start-up financing in some cases.

Many SEBs desperately need **equity** to finance the launch, and “lack of equity to sufficiently capitalize the business and support operations during the initial period until the business generates revenue (is) a significant problem”. The initial equity base for a start-up enterprise frequently comes from sweat equity and ‘love money’ (from friends and family).

Unfortunately sweat equity does not scale well and most SEBs look to external sources to move to the next level. This is a good time to begin seeking out long term investors who may be interested in providing patient growth capital to support the enterprise through the long term.

During the **Start-up (Survival stage)**, revenue and organisational capacity are developing and it is starting to feel like a real business. Growth either accelerates through this stage, or the venture withers. As the enterprise develops and matures, debt and equity take on a more important role.

At the **Growth** stage, **demands for capital increase considerably**. Normally the finance options grow too. With an established market and sustained cash flow, debt financing becomes more readily available, providing there is sufficient cash flow to support it.

At the stage of **Maturity**, the organisation is able to tap mainstream financing. It will qualify for **lines of credit, major capital and equipment loans** and other forms of traditional lending.

Questions to ask when thinking of going out for funding²⁵

Step 1) Are you starting a new SEB or an initiative emerging from within an existing non-profit/charitable organisation?

- › If you're a new enterprise, are you a first-time social entrepreneur?
- › If so, you should ask yourself: Do you have the characteristics to be successful?
- › Will those attributes be recognized by prospective funders or lenders?
- › If not, perhaps you need to consider partnering with another more experienced entrepreneur or organisation to launch your SEB. Is there an existing charity or NPO that might be interested in your idea to further their social mission that may be a logical partner for you?
- › If this is a new revenue-generating initiative to support the core mission of an established charity or non-profit organisation, will this initiative be spun out as a separate legal entity?
- › If so, with what human, financial and other resources?
- › If it will be an internal initiative, how will it be funded and tracked internally within the existing organisation structure?

Step 2) You have concluded from the above questions, either individually or as an existing organisation that you are going to seek outside funding to launch your SEB. Now, you need to determine what types of financing might work and how much money you will need.

- › Another crucial factor will be how much funding you can access based on your track record and the network of contacts you have with prospective funders?
- › A key consideration for the SEB, emerging from an existing charity/non-profit organisation, is whether the Board and management will be willing and able to provide any funding or guarantees for loans to the SEB?
- › This last consideration will very much depend on the culture of the existing organisation. Today many groups are risk averse and therefore not willing to take on or support a SEB unless it is a direct fit with the organisation's mission and a project of reasonably small scale to mitigate some of the inherent risks in a new venture.

²⁵ Source : MaRS (2012). *Being a social entrepreneur*. Retrieved January 14th, 2014 from <http://www.marsdd.com/articles/financing-options-for-social-enterprises-non-profit/>

Step 3) If you are unsure of your ability to attract outside funding or if you want to approach a new SEB in a more cautious way that may be more appealing to your Board and current funders, then a bootstrapping strategy may be effective. Bootstrapping is a common sense approach to a frugal launch of your business using your existing assets or a small subset of an established organisation's assets to launch your business idea and test the entrepreneurial waters. For SEBs, bootstrapping might involve generating funding from donors (individuals or businesses), private foundations or early customers for the service or product you're going to launch in your SEB. Corporate funding may be available from businesses or their related foundations where their business objectives are a good match with your social mission or where their employees/other stakeholders share a passion for your social cause. Finally, customers may be willing to purchase an early prototype; provide an advance for future services; or purchase consulting services from your team, based on your area of expertise, particularly, if they see significant potential in your idea. These early revenues can be an effective way to get your enterprise off the ground, contributing social/environmental benefits and building value until you can secure additional financing.

Bootstrapping can be augmented in SEBs by the effective use of volunteers to operate the enterprise.

Step 4) You have made a decision to approach outside funders and/or lenders about your business plan for the SEB.

- › You need to determine if your enterprise will be in a position to provide any financial return to the funder from the operation and if so, on what timeline.
- › If applicable, you should ask your parent organisation: Are they willing to accept the risk associated with funding that may involve repayment over time and provide some level of return for the funder or lender?

If there will be no anticipated return of funds to the lender or funder, then traditional funding sources of donors (corporate and individual), foundations and government agencies will be your targets.

Additional funding for SEBs

Réseau d'investissement social du Québec (1997):

- › Pre-start-up, start-up, consolidation and expansion
- › Capitalization or technical assistance
- › Offers non-guaranteed loans up to \$50,000, for 5 years
- › <http://www.fonds-risq.qc.ca/>

Chantier de l'économie sociale Trust (2007) :

- › Start-up and expansion
- › Patient working capital / patient real estate capital
- › \$50,000 to \$1.5 million loans, up to 35% of project cost
- › No reimbursement before 15 years, set interest rate for 15 years
- › Operations funds (working capital) and loans for investments in overhead costs meant to develop new business activities
- › <http://fiducieduchantier.qc.ca/>

Investissement Québec IMPLIQ Financing

- › Loan and loan guarantees at start-up, and growth stages
- › Minimal amount: \$25,000, up to 100% of project cost
- › Up to 10 years for projects to improve working capital, and up to 20 years for purchase of assets
- › Eligible expenses: working capital, financing for financial commitments, acquisition of intangible assets, product or market development, fine-tuning and marketing of products and services, etc.
- › <http://www.investquebec.com/en/index.aspx?page=1291>

Investissement Quebec SEB Equity

- › Has to fulfill a need in equity
- › Having another equity partner is desirable, and necessary for amounts over \$100,000
- › Total financing cannot exceed 35% of project costs
- › Maximum length is 10 years, with a possible five year extension

Filaction Fonds de développement

- › Development capital at all stages of entreprise development
- › Interventions for 5-8 years, with a capital reimbursement break of two to three years
- › Amounts between \$50,000 and \$250,000
- › <http://www.filaction.qc.ca/economie.php>

Fondaction

- › Financing for start-up, marketing and expansion
- › Amounts: \$250,000 and more, for 5-8 years
- › <http://www.fondaction.com>

Caisse d'économie solidaire Desjardins

- › Similar business services from Desjardins Business Services Centre, with a particular expertise in social economy acquired over 40 years
- › Development funds for social economy projects and for SEBs experiencing temporary difficulties
- › <http://www.caissesolidaire.coop/prets/entreprises-collectives/>

Capital regional et cooperative Desjardins

- › Financing for start-up, marketing and expansion
- › Amounts: \$250,000 and more, for 5-8 years
- › <http://www.capitalregional.com/En/index.asp>

First Nations, Métis and Inuit Cooperative Development Program

- › Grant program (between \$5000-\$10,000) available for consultation, pre-feasibility and feasibility studies and training

Others:

- › Cree Nation (Band Councils, Cree Nation Government Regional Development Fund, CHRD, Board of Compensation, Niskamoon, CSERT, Cree Nation Youth Council)
- › First Nations funding (Aboriginal Business Canada, First Nations of Quebec and Labrador Economic Development Commission, etc.)
- › Provincial & federal ministries in relation to project sector (such as Secrétariat à l'action communautaire autonome et aux initiatives sociales: http://www.mess.gouv.qc.ca/sacais/soutien-financier/soutien_sacais/FAACA/index_en.asp)
- › Non-profit funding sources : United Way, Foundations



Remember! SEBs are eligible for regular business funding! This means you can apply for loans at Eeyou Economic Group!

Further Reading:

- For fundraising and grant writing:
 - Grantseeking Fundamentals: <http://sectorsource.ca/managing-organisation/fundraising>
 - Grant writing basics: <https://4good.org/carol-geisbauer/grantwriting-basics-for-beginners-001#asset-3849>
 - Grassroots Institute for Fundraising Training (GIFT)'s website has many tools and tips on fundraising: <http://www.grassrootsfundraising.org/>
- Programs and Resources Guide for Aboriginal Entrepreneurs from the First Nations of Quebec and Labrador Economic Development Commission : http://www.cdepnql.org/pdf/Publications/programs_list_ENG.pdf
- This guide gives information on raising finances (including from banks) and provides seven detailed case studies: http://www.smallbusinessbc.ca/pdf/guidetofinance_june05_eng-2.pdf
- CSMO-ÉSAC's *Financial Management Toolkit* has a section on financing SEBs: <http://www.csmoesac.qc.ca/outils/gestion-financiere> (in French only)

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7 APPENDICES



7.1 RESOURCES AND FURTHER READING

Aboriginal Resources

Aboriginal Entrepreneurship and Business Development Multimedia Learning from Captus Press: <http://www.captus.com/>

This multimedia resource focuses on two major aspects of entrepreneurship: opportunity identification and the management tools and techniques necessary to create and operate successful new venture.

The Council for the Advancement of Native Development Officers: <http://www.edo.ca/>

The Council for the Advancement of Native Development Officers is a national Aboriginal organisation involved in community economic development which builds capacity strengthening Aboriginal communities.

First Nations of Quebec and Labrador Economic Development Commission. Karine Awashish, Social Economy Advisor. (418) 842-1540 ext. 352. karine.awashish@casspnql.com

Rebuilding First Nations: Tools, Traditions and Relationships: http://www.sfu.ca/content/dam/sfu/cscd/PDFs/aboriginal_community_development_rebuilding_first_nations.pdf

This report provides a summary of a conference held in BC in 2002 to discuss the tools, traditions and relationships to re-build First Nations.

The Aboriginal Social Economy Circle: <http://www.rcaaq.info/en/social-economy/aboriginal-social-economy-circle.html>

The Regroupement des centres d'amitié autochtones du Québec (association of the Native Friendship Centres of Quebec), like several organisations involved with First Nations, have recognized the social economy as a development path responding to the needs and values of its people. The Regroupement created the Aboriginal Social Economy Circle to mobilize, share and bonify practices in social economy. The role of the Circle is to:

- Promote the practice of social economy in Aboriginal settings
- Create a mobilization around social economy
- Open dialogue with Aboriginals on the added value of social economy
- Develop our vision of social economy
- Foster the implementation of Aboriginal social economy initiatives

Our Own Vision – Our Own Plan: What six First Nations organisations have accomplished with their own economic development plans. http://www.sfu.ca/content/dam/sfu/cscd/PDFs/aboriginal_community_development_our_own_vision.pdf

This report provides summaries and contact information for the six Aboriginal economic development success stories presented at the *Our Own Vision - Our Own Plan* conference, held in BC in 2001.

General Resources

Centre for Community Enterprise/ Canadian Centre for Community Renewal: http://www.cedworks.com/socialenterprise_01.html

Whether you're new to SEB, or an experienced practitioner, this page will put you in touch with a full range of useful resources.

Canadian Centre for Social Entrepreneurship (CCSE): <http://www.bus.ualberta.ca/ccse/Publications/>

This centre is unique in Canada in its mission to work with all three sectors - voluntary, government and business - to build the foundations necessary to encourage entrepreneurial approaches to social innovation. Leaders in the new philanthropy agree that solutions to critical social issues lie in dissolving the boundaries between the sectors to share insight, knowledge and commitment for the development of our communities.

Nonprofit Enterprise Forum: <http://www.npenterprise.net/>

Where non-profits discuss earned income.

Social Capital Partners: <http://www.socialcapitalpartners.ca/>

This organisation invests in SEBs that employ populations outside the economic mainstream in Canada. The goal of these SEBs is to acquire scale, to exist without external subsidy, and to create improved social outcomes and financial self-sufficiency for the populations they employ.

Social Enterprise Canada: <http://www.socialenterprisecanada.ca/>

Social Enterprise Canada is a new portal on SEB presenting resources to learn about SEB, to plan and manage well SEB, to purchase from them and to evaluate their impacts.

Canadian Website for Social Entrepreneurs: <http://www.csef.ca/>

This website provides general information with Canadian content.

Institute for Social Entrepreneurs : <http://www.socialent.org/index.htm>

This is an American based site with leadership and other resources

Imagine Canada Sector Source: <http://sectorsource.ca/>

This website connects non-profits with resources and information that help them develop their organisations. Topic guides include: Board Governance, Finance & Administration, Fundraising, Staff Management, Starting an organisation, etc.

The Harvard Business School Website for SEB: <http://www.hbs.edu/socialenterprise/>

Microsoft Office (<http://office.microsoft.com/en-ca/templates>) as well as the *Business in a Box* software (<http://www.business-in-a-box.com/>)

These links offer a wealth of templates your business can download for free or at a low cost for a variety of needs in terms of documents: financial spreadsheets, contract, agreement and letters templates, etc. Feel free to browse or search the Internet for the documents you need, it is likely that you will find a good example! .

7.2 GLOSSARY

This glossary goes over some of the main terms in community economic development.

Advocacy: Promotion of the interests of the community is one of the key economic functions to be carried out in a community economic development (CED) strategy. Since public and private policies so fundamentally affect the future of a marginalized community, improvements in such policies are a particular target of advocacy.

Assets: Properties (real estate, businesses, or other interests) that are valuable not just in themselves but also because of the revenues they can generate. Ownership of assets is one key to sustainability of the CED initiative.

Business development (or venture development): The process of fostering new or strengthened businesses (in the local economy). For a community economic development organisation (CEDO), the process can take many forms, including offering technical assistance to resident entrepreneurs, entering into a joint venture with non-resident partners, administering a micro-loan program, creating a new business to be owned by the CEDO, etc.

Community: In CED, the locality in which both the residents and participating non-residents experience an interconnectedness and a sense of common interest and destiny by virtue of their interaction in the area. Often used to refer to any group of people with a sense of interconnectedness and common interests without reference to their locality or area of residence.

Community assessment: The process by which representatives of all sectors of a locality engage in data collection and analysis to gain a common factual portrait of the community that can be used for CED purposes.

Community economic development (CED): A multi-dimensional strategy, shaped and directed by an organisation of local citizens, to improve their locality as a place to live and work.

Community economic development organisation: A local organisation, operated with broad community support and wide representation of local citizens in its governance, charged with carrying out a multi-functional initiative for community economic development. It may take the form of a single entity or a collaboration between several entities. Other terms may be used for this organisation, sometimes implying some specific structure or tradition—such as Community Futures Development Corporation like Eeyou Economic Group.

Community vision: A more positive future for a community and a path to get to that future, created by a locality-wide process of assessing the possibilities and the problems involved. It is not just a dream of what could be as it is based upon real facts and an analysis of where the community is when the vision is generated.

Community trust: A legally recognized way of holding assets in common in a non-profit structure that spreads the benefits of the assets throughout a community. Ordinarily used to hold land or structures for affordable housing.

Credit: Dollars loaned or otherwise placed at the disposal of a borrower, in return for some consideration, usually interest. In a marginalized community, credit is difficult to obtain, for local businesses and for residents. Consequently, it becomes essential to make credit more accessible in order to support the economy in such communities. This usually means changing the behaviour and policies of local banks and credit unions, but it may mean assembling funds that a CEDO itself makes available as credit.

Development system: An interrelated, interdependent, and comprehensive approach to development, as contrasted with pursuing individual and unconnected development projects. The system approach (which integrates both social and economic functions in a multi-faceted strategy) is designed to cover all bases and thus ensure the success of a wide range of projects. A development system requires partnerships in order to be fully comprehensive.

Economic functions: Activities that involve essential initiatives for improvements in the exchange of goods and services over the long term. These activities most importantly include business development but also a concern for the accessibility of financial resources for equity and credit, human resource development, physical infrastructure, environmental protection or stewardship, and the associated planning, research, and advocacy efforts. In CED these economic functions must be carried out in conjunction with social functions.

Empowerment: To enhance the capacity of residents and the community as a whole to determine their own destinies, especially through local development organisations. It is a central goal of CED and is paired with equity, the other major goal.

Environmental stewardship: Concern with the condition of the environment both for the present and for succeeding generations. While economic development and environmental protection are often deemed irreconcilable, a CED strategy is in fact managed to respect both, as it is in the nature of all CED efforts to always be engaged in trade-offs among multiple goals.

Equity: There are two meanings. In the financial sense, equity can refer to an ownership interest in an asset (which may be shared with one or more other owners). Substantial equity (ownership of assets) in the form of capital for a business is usually required as a condition of granting credit to the business; thus a CED strategy will seek to improve local access to equity capital, both for local private businesses and for its own ventures. In a completely different sense, the word equity refers to a central goal of CED, to assure fairness in opportunity and reward for a marginalized community and its residents. In this sense, it is paired with the other major goal of CED—empowerment.

Exemplary practices: These are the modes of operation and the tools and techniques that have proven in community experience to be effective ways to reach the social and economic goals of a CED strategy. They might be called the features or conditions of success. However, each community faces a different situation, and any particular practice may not precisely fit that situation. Thus, in each instance the practice has to be chosen and adapted to the specific set of circumstances involved.

Human resource development: Activities that improve the skills of community residents in order to facilitate employment and/or to encourage leadership and informed participation in community affairs.

Indicators of performance: Qualitative or quantitative measures that document to what extent goals or objectives (of CEDOs) have been reached.

Local and locality: These terms refer to a specific place or district, the boundaries of which are consensually understood by the residents of that place (and others) yet sometimes tend toward some degree of variation or even vagueness, depending upon the purposes at hand.

Marginalized local communities: These are localities that have lost (or never had) adequate participation and strong connection to the mainstream economy of the nation or surrounding region, by virtue of the joint failure of mechanisms of the market and the institutions of the state—a failure sometimes exacerbated by a paucity of local natural resources.

Merging of social and economic goals: In a CED strategy, this means combining social and economic functions in a concurrent and interactive process to achieve the goals of both. It is the basic insight of CED that long-term or sustainable gains either economically or socially cannot be achieved without attention to both social and economic functions.

Ownership: The collection of the rights to benefit from and control an asset. These rights may be shared, but the significance of local and/or common ownership of assets in a marginalized community is that it offers the control, allowing reinvestment of any returns, in the work of improving the community. Worker cooperatives and other cooperatives or joint ventures (shared by the CEDO with one or more partners) represent shared ownership that remains significantly local.

Partners: In CED, local or other private or public allies/entities that share in the CEDO's goals and efforts. The paucity of resources in a marginalized community means that working with partners is a key tool.

Research: A systematic process to gain information for specified purposes. The information may be either quantitatively or qualitatively expressed.

Social economy (CSERT definition): Social economy serves the community, it empowers and encourages individuals and communities to work collectively and cooperatively in the identification, development and strengthening of bottom-up and grassroots projects and businesses. Social economy projects and businesses create sustainable, rewarding jobs that contribute to the quality of life and well-being of individuals and the community as a whole by upholding the cultural and traditional values of the Eeyou of Eeyou Istchee. By doing so, social economy encourages collective wealth and sustainability.

Social economy business (CSERT definition): Cooperatives and non-profit organisations (NPOs) with an economic aspect, meaning that they sell goods and services on the market on a regular basis.

Social functions: Activities that strengthen the interpersonal and societal or organised resources of the community. These include fostering affordable housing, neighbourhood security and safety, educational, health, and social welfare programs, cultural and recreational facilities, and the organisational supports that enhance the sense of interconnectedness and fulfilment in the community.

Strategic plan: A carefully drafted proposal for achieving a set of interrelated objectives within the framework of a timetable and specified resources for achieving them. In the case of CED, the strategic plan involves both social and economic objectives and commands wide community support because a broadly representative community process has shaped it. There can be strategic plans for the community or for the CEDO.

Trade-off: The process of integrating two or more goals in one process that necessitates re-shaping the intended results of each goal to respect the requirements of the other. In a complex and comprehensive development strategy, such adjustments are a regular phenomenon, and making them creatively is the art of CED.

Some financial terms:

Break-even analysis: A financial schedule listing sales, fixed costs and variable costs from which contribution margins, break-even volumes and the amounts above/below break-even are calculated.

Break-even point: The unit sales volumes or actual sales amounts that a company needs to meet its expenses.

Collateral: Assets pledged in return for loans.

Corporation: A business entity created through the *Companies Act*.

Cost of sales: The cost of the goods or services offered for sale, such as materials, labour, or merchandise for re-sale.

Debt: Amounts owing by individuals or corporations.



ISBN : 978-2-9814563-0-4

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