
RE: POINT/COUNTERPOINT ON SOCIAL ENTERPRISE MISSED THE POINT

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I AM WRITING IN RESPONSE TO *The Philanthropist's* Point/Counterpoint entitled "Social Enterprise Is a Nice Idea, But It Is Not a Panacea that Justifies Rewriting Charity Law" (Vol 23, No 2, 2010).

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After reading the polite exchange between Bob Wyatt and Don Bourgeois, I was left feeling that both authors somehow missed the fundamental point of social enterprise. Social enterprise, as a field, exists first and foremost to serve people, communities, and the environment. The approach of social enterprises is often embodied by a "whatever it takes" attitude that results in hybrid legal formations and impact-generating products and services, as well as more traditional charitable programs.

The question that we ought to be asking at the intersection of social enterprise and public policy is not just whether charity law needs to be rewritten, but also how government at all levels can support and enable those Canadians who have taken it upon themselves to serve the public good through a combination of commercial, not-for-profit, and charitable activities. This is not a matter of the policy needing to "catch up" with social enterprise as much as it is of government doing what it's supposed to do: enrich the lives of the people and the vitality of the communities it was established to serve, in this case by creating an enabling environment for scaling the impact of social enterprises.

Through their diverse efforts to "do good," those who oversee social enterprises are challenging deeply entrenched notions of how change happens. Their challenge takes the form of being sector agnostic and proficient in the best practices that have been developed across many disciplines. Regrettably, in their back and forth, Wyatt and Bourgeois support their key arguments by drawing on the very notions that social enterprise exists to challenge. Let me highlight two:

1. "There are precious few organizations that are capable of engaging in social enterprise in any significant way." Wyatt's quote reminds me of the infamous but unconfirmed statement in 1943 of IBM Chairman Thomas J. Watson, "I think there is a world market for about five computers." I would argue that the number of organizations capable of engaging in social enterprise is limited only by the creativity of their staff, board of directors, and supporters.

To flourish, social enterprise requires nothing more than an expanded sense of what is possible and the corresponding changes to organizational culture and

competencies. Changes to mindset and culture, once unleashed, can replicate themselves quickly within and across organizations focused on a range of social issues. Granted, Wyatt and Bourgeois may be correct in citing a generational dimension to the rise of social enterprise.

2. “Charities are fundamentally not businesses – they do not exist to make and distribute profits. They exist to carry out charitable activities.” Bourgeois’s statement in response to Wyatt is perhaps the most unsettling in the entire exchange. It represents a step backward in how many social entrepreneurs currently think about their work. The initiatives they create, whether commercial, not-for-profit, or charitable, exist to fulfill a social purpose primarily. When properly governed, their social enterprises assume the legal form, or forms, most appropriate to fulfilling the function they wish to carry out. In all cases, social enterprises must operate as a business while developing systems for defining and reporting back on the social, environmental, and financial value they create.

The longer our policy makers and leaders in philanthropy continue to see “doing good” through a black-and-white lens of charitable vs. profitable, the less likely it is that Canadian policy will evolve to a point where government can serve as a full partner in enabling and scaling (not necessarily funding) the country’s most promising social enterprises.

One more point while on the topic of lenses. Wyatt expresses some concern about the rose-coloured glasses that the social enterprise movement, and yes it’s a movement, appears to be wearing. The fact that proponents of social enterprise choose to see opportunity when facing a society in crisis is no basis for bottling up a conversation on policy reform. Nor is their optimism a cause for denying the slow but steady convergence of the business and social sectors. Institutions, courts, and governments should all be responsive to these changes and supportive of those people and institutions at the forefront, particularly when they are advancing a cross-sector and socially innovative agenda.

There are bigger issues at play than simply the extent to which charity law needs to be rewritten. Over the next decade, mainstream interest and understanding of social enterprise will continue to grow. Canadians will increasingly judge their government on its ability to stimulate and empower organizations devoted to generating social, environmental, and financial value.

Regardless of what happens on the policy front, the founders of social enterprises will find creative ways to work around shortcomings in the law and the incorporation options presented to them. Investors will continue to develop new ways to put their assets to work for themselves and the communities and causes they care about.

At some point in the not too distant future, policy makers and leaders in philanthropy will need to decide what role they prefer for themselves in a world reshaped by social enterprise: that of visionary enabler or sidelined naysayer.