Groupe Convex: Measuring its Impact

Ushnish Sengupta Caroline Arcand, and Ann Armstrong,

J’aime mon travail parce que je sens qu’on a besoin de moi, ici.
I love my job because I feel that I am needed here.
Jennifer Cyr, Groupe Convex

Groupe Convex (GC) is an innovative nonprofit organization under which there is a group of diversified social purpose enterprises, employing people with various abilities, including people who are at great risk of unemployment and others from the rural community of Prescott-Russell, in Eastern Ontario. The term ‘convex’ was selected to highlight the fact that when individuals look into a convex mirror, they are magnified. Therefore, the organization aims to increase their employees’ self-esteem by their assuming a valued role at work and by developing and maintaining significant relationships with other members of their community. The intention of GC is to help the employees to become active and equal members of local civil society.

The purpose of this case study is to apply a Social Return on Investment framework to one of the social purpose enterprises within GC and to try to understand the utility of that approach for an organization like GC. This chapter first describes GC in more detail, then discusses Social Return on Investment (SROI), followed by its application to GC.

Groupe Convex (GC)

GC is a network of eight social enterprises employing over 160 people, 70% of whom face serious obstacles on the job market. Most of GC’s targeted employees have an intellectual disability. The employees work at one of the following businesses: a printing shop, a café, an antique refurbishing shop, a woodshop, a three-location transfer site for recyclable materials, a packaging and assembly facility, a service business offering indoor-outdoor maintenance, moving and painting services, and a farm labour pool that operates vegetable stands in various villages.

GC is located in the Prescott-Russell region of Eastern Ontario, which is about 60 kilometers due east of Ottawa. It is an area where French is the primary language of work and life. The Prescott-Russell region has a disproportionate number of individuals with intellectual disabilities. While the reasons are unclear, it is a pressing social challenge that GC and others address (EOHU, 2009; Ministère des Services Sociaux et Communautaires, 2009).

GC’s focus is on providing good employment for people with intellectual disabilities as they are frequently unable to participate in the workforce. According GC’s Executive Director, Caroline Arcand, and according to other various reports, it is particularly hard to secure employment as the community’s unemployment rate is high and the rural part of the community lacks public transportation (Broad & Saunders, 2008). The unemployment rate in Hawkesbury, one of the region’s communities, is
and the unemployment rate for individuals with intellectual disabilities is significantly higher than that of the general population (Smith & Butterworth, 2009).

GC was created by another social organization, Valoris for children and adults of Prescott-Russell, a multiservice agency that includes services to adults with developmental disabilities. The service leadership at Valoris came to believe that a social service agency was ill-suited to create an employment milieu for people who are otherwise its clients. Valoris meets its mandate to provide day activities to adults with disabilities by subsidizing each individual who is employed by Groupe Convex (Valoris, 2011).

GC’s approach is grounded in and supported by social role valorization theory developed by Wolf Wolfensberger at Syracuse University (Wolfensberger, 2000). Wolfensberger was a pioneer in recognizing the social value of individuals with disabilities and promoted the use of typical and valued social opportunities (i.e., social roles) as a way of putting an end to their social exclusion. His work contributed to the establishment of community services and was invoked to support de-institutionalization. Osburn (1998) goes on to note that the major goal of social role valorization is to create or support socially valued roles for people in their society, because if someone holds valued social roles, that person is highly likely to receive from society the opportunities for good things in life that are available to that society and that can be conveyed by it. In other words, all sorts of good things that other people are able to convey are almost automatically apt to be accorded to a person who holds societally valued roles, at least within the resources and norms of society (Osburn, 1998, paragraph 2).

In a moving tribute, Etmanski (2011) notes that Wolfensberger’s approach ... led to a conceptual breakthrough on the importance of challenging cultural stereotypes about people with disabilities if you want to make profound change. Otherwise your change will rest on shaky ground and become merely tactical. That’s why we no longer, for the most part, call adults with disabilities, children. If you want people to act like [adults], treat them accordingly (Etmanski, 2011, paragraph 4).

GC describes itself as ‘A mission based on true values. A socio-economic engine. Devoted workers. Affirmative enterprises’ (Groupe Convex, n.d.). GC is a nonprofit organization, created in 2004, that creates and incubates social purpose enterprises (see chapter 1). Not only is GC an employer, it is a catalyst for change. It forces the community to see those with intellectual disabilities, not as clients or second-class citizens, but as equal and contributing members of the community. GC is committed to generating work of value, described by the organization as team-based fairly-compensated work that occurs in a stimulating environment, that recognizes good employees and that provides them with responsibilities and rights and opportunities for skill development (Groupe convex, n.d.).

For each of the social purpose enterprises that form GC, the following are important principles for their overall operation:

- Number of jobs created for targeted employees;
- Number of positions filled by very ordinary people who are not targeted by the social mission per se, and the positive influence of these “Joe Average and Joe Above Average” on targeted employees;
- Opportunities to develop skills and knowledge;
- Employees can contribute to the best of their abilities;
• Work areas are stimulating;
• Working conditions respond to the needs and capacities for each targeted employee;
• Tasks that allow the dignity of risk while being within a safe environment;
• Functions that provide opportunities for employees to interact with ordinary people and stakeholders whether its customers, other employees, suppliers, walk-in clients, business partners, etc.

GC has measured its impact on a variety of indicators. For example, in 2010, it concluded that it had positively affected the community on several dimensions ranging from economic capacity to learning (Arcand, 2010). However, GC does not currently monetize its quantifiable social impacts and costs into a SROI metric. GC would like to adopt a method for determining a quantified SROI of its social purpose enterprises. Ideally, the SROI method adopted should provide a bottom line number that can be published e.g., for every dollar invested to support a social enterprise, the government gets a return on its investment of approximately X%. The end goal is to use the SROI to determine the impact of every dollar invested into GC for funders and other stakeholders. The results of the SROI would enable additional growth in the capacity of the organization to maintain, support, diversify, and start new enterprises.

**Social Return on Investment**

While there are many formulations and definitions of social return on investment (SROI), we favour the one developed by Lingane and Olsen (2004). It is clear and builds from the better-known metric return on investment. They define SROI as

A term originating from Return on Investment (ROI), as used by traditional investors. It describes the social impact of a business or nonprofit’s operations in dollar terms, relative to the investment required to create that impact and exclusive of its financial return to investors. (p. 118)

*Social*—This term refers to all of the non-investor stakeholders affected by business: individuals, employees, communities, and society. These stakeholders may also be described as those affected by market externalities. (p. 117)

Historically, a method for calculating social return on investment in the context of a social purpose enterprise was first documented in 2000 by Roberts Enterprise Development Fund (www.redf.org), a California based fund that makes long-term grants to social enterprises. The use of SROI has now spread across multiple organizations and the Foundation Center website on Tools and Resources for Assessing Social Impact ([http://trasi.foundationcenter.org/](http://trasi.foundationcenter.org/)) lists over 60 tools. A number of classification schemes for classifying the different ROI methods have been developed (Clark et al, 2004; Mass & Liket, 2011) In selecting a method for SROI analysis for RA, a simplified classification scheme was utilized by comparing related methods along the following dimensions: a ‘time’ dimension, a ‘vertical’ dimension and a ‘horizontal’ dimension. The time dimension indicates the long-term versus short-term nature of the method. Some
methods are useful in shorter term applications, while other methods are more useful over a longer term application. The vertical dimension of SROI indicates the completeness of the method. A vertically integrated method is more useful than a method that requires additional supplemental analyses. Vertical integration in the context of SROI methods indicates the level of dependence or independence each method has from other related activities. The horizontal dimension of SROI method comparison indicates the applicability across different sectors and sub-sectors of the social economy. A method with a broad range of applications is more useful than a method with a narrow range of applications.

According to the dimensions of analysis presented, the most vertically complete SROI method found is the UK SROI method (Nicholls, Lawlor, Neitzert, & Goodspeed, 2009), which includes a stakeholder analysis as well as a theory of change analysis. The UK SROI method includes sufficient time factor calculations since it is an expansion of the REDF model, which includes these factors. The UK SROI method has been applied to a number of projects with some examples published on the SROI network website (www.thesroinetwork.org).

Nicholls suggests the following stages for carrying out an SROI analysis (Nicholls et al., 2009):
1. Establishing scope and identifying key stakeholders;
2. Mapping outcomes;
3. Evidencing outcomes and giving them a value;
4. Establishing impact;
5. Calculating the SROI;
6. Reporting, using and embedding.

As the guidelines make clear, calculating an accurate and meaningful SROI is not an easy task. Further, it is important to note that there are limitations to the SROI methodology. There will be some benefits that are important to stakeholders but which cannot be monetized. Determining SROI remains more of an art than a science, and it is important that any caveats are stated in its reporting. (Sample SROI analyses are demonstrated in subsequent sections of this case study.)

One of the dangers of SROI is that people may focus on monetization without following the rest of the process, which is crucial to proving and improving. There is no external accreditation, and no brand or mark is available. SROI can be relatively time intensive the first time it is deployed by an organization, as an organization may not have easy access to information. Some outcomes and impacts (for example, increased self-esteem, or improved family relationships) cannot be easily associated with a monetary value. The following are some possible outputs of completing an SROI analysis: a stakeholder analysis; a well defined value chain of inputs and activities; a quantifiable monetary value; a comparative ranking of different projects; a comparison of risks and rewards for different investment options.

**SROI in Practice at Recycle Action**

Recycle Action (RA) is one of the social purpose enterprises in the GC portfolio. RA is a recent initiative for GC and is the largest collection site for recyclable materials in the area. GC bid and won a multi-year contract to handle municipal recycling for five towns.
Recyclable materials collected include the Blue Box materials, paper products, plastics, metal products, and electronics. Recyclable material is sorted, processed, packaged and shipped for additional processing at RA. One indication of the quality RA’s work is that it has also been recognized by the Ontario Electronic Waste Recovery program.

RA is used here to demonstrate an SROI process due to the substantial financial investment required to start up and operate the business. RA is GC’s largest capital investment, including bank financing. RA required long-term investment in land/building infrastructure through community partners and capital investment for acquisition and replacement of equipment. Finally, RA is currently the largest employer among GC’s businesses.

Recycle Action enhances the portfolio of GC businesses by creating new and different opportunities for employment of individuals with intellectual disabilities. GC is able to further its mission of social role valorization though meaningful work, by a broad range of work opportunities, from conveyor-paced work such as sorting recyclables to more individual-paced work such as recycling books and documents or operating the press and the styrofoam densifier. GC is able to find work that appropriately fits a person’s ability, and RA is an integral part of the network of businesses and serves to broaden the portfolio of work opportunities. RA also enables employment of additional individuals who would be otherwise unemployed. The assumption behind making available opportunities to work and socialize with different types of co-workers is that it benefits individuals with intellectual disabilities by normalizing their work environments, as well as increasing valorization through interaction with other coworkers who may previously had little contact with individuals with intellectual disabilities.

**Scope of Analysis**

According to the process outlined by Nicholls et al. (2009), the first step in SROI analysis is a delineation of scope and a stakeholder analysis. Scope can include multiple dimensions such as organizational boundaries, geography and time horizon.

*Organizational Scope*

As a subsidiary business of GC, RA benefits from centralized services from GC. Centralized services include management accounting services, classroom training for managers and employees. Both costs and benefits from corporate services provided by GC to RA should be included in SROI calculations.

*Geographical Scope*

As an environmental service, the benefits of RA’s collection and processing of recyclable materials extends beyond the simple geographical boundaries of the collection area. For example, there may be secondary benefits to processors downstream from RA and tertiary environmental benefits. Since environmental benefits are difficult to calculate accurately, the geographical boundaries of analysis are assumed to be limited to the Prescott-Russell region itself.
**Time Horizon**

The time horizon is assumed to be 10 years. The capital invested in RA is anticipated to lead to a positive return on investment after the first few years. As the operation matures and costs stabilize, there is an expected increase in both financial and social return on investment.

**Stakeholder Analysis**

RA interacts with the following stakeholders: individuals with intellectual disabilities (employees), Valoris (social service agency), family members of employees, local businesses, the municipal government, the regional government (combination of eight municipalities), the provincial Ministry of Environment, the provincial Ministry of Community and Social Services, federal government departments such as Human Resources and Skills Development Canada, citizens, and schools.

The following table summarizes the stakeholder benefits.

**Table 1 Stakeholder Benefits**

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Stakeholder Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>1. Greater financial independence</td>
</tr>
<tr>
<td></td>
<td>2. Higher level of self-confidence</td>
</tr>
<tr>
<td></td>
<td>3. Increased social network</td>
</tr>
<tr>
<td></td>
<td>4. Development of social skills</td>
</tr>
<tr>
<td></td>
<td>5. Development of job skills</td>
</tr>
<tr>
<td></td>
<td>6. Public speaking roles</td>
</tr>
<tr>
<td></td>
<td>7. Valorizing social role as employee rather than client</td>
</tr>
<tr>
<td></td>
<td>8. Ownership in the success of a business</td>
</tr>
<tr>
<td></td>
<td>9. Increased role in environmental stewardship</td>
</tr>
<tr>
<td>Valoris</td>
<td>1. Increased quality of life for clients including reduction of potential harmful situations through employment at GC.</td>
</tr>
<tr>
<td></td>
<td>2. Ability to meet the mandate of valorizing individuals with intellectual disabilities</td>
</tr>
<tr>
<td></td>
<td>3. Ability to provide services in a cost effective manner, i.e., with GC earning market revenues, the cost of contracting with GC is lower than providing the same services in house by Valoris</td>
</tr>
<tr>
<td>Family members of employees</td>
<td>1. Greater respect in the community for individuals with intellectual disabilities</td>
</tr>
<tr>
<td></td>
<td>2. Confidence that family members are treated with respect and responsibility in the workplace</td>
</tr>
<tr>
<td></td>
<td>3. Ability to work rather than stay at home as a concerned parent or caregiver</td>
</tr>
<tr>
<td></td>
<td>4. Reduction in the number of family member's health issues due to improvement in overall mental health</td>
</tr>
</tbody>
</table>
| **Local Businesses** | 1. Availability of local recycling facility reducing transportation and waste management costs  
2. Increased customer traffic for local businesses from customers dropping off materials for recycling  
3. Increase in revenues due to increase in local employment  
4. Availability of a trained and experienced labour force  
5. Local businesses are suppliers of RA and therefore increase their business |
| **Municipal Government** | 1. Save on recycling costs by contracting with GC/RA instead of with an out-of-region facility  
2. Local job creation with economic spinoffs  
3. Funding provincial government  
4. Taxes and business permits costs (over $70,000 per year) |
| **Regional Government (combination of eight municipalities)** | 1. Increased revenues due to increase in local employment  
2. Increased job creation provides ability for individuals and families to stay in region  
3. High level of prestige with organizations such as GC and valorizing individuals with intellectual disabilities through employment |
| **Provincial Ministry of Environment** | 1. Reduction in waste management costs for the area  
2. Increased compliance with recycling requirements  
3. Achieve goals for diversion of waste from landfills |
| **Provincial Ministry of Community and Social Services** | 1. Better and more effective method of investing public funds  
2. Savings in costs per client over long run  
3. Potential reduction in healthcare costs  
4. Reach their goal of social integration |
| **Federal Government** | 1. Enhancement of local competency and diversity of industry  
2. Job creation resulting in additional tax revenues  
3. Greater mobility of workforce |
| **Citizens** | 1. Have a place to dispose of their old electronics 6 days a week  
2. Provide a positive business model for children increasing awareness about recycling  
3. Regular sponsor of golf tournament, charities fundraising, and contributes to local events as an exhibitor |
| **Schools** | 1. Employer for student job placements and co-op placements  
2. $1/tonne recycled special fund for educational programs  
3. Option for work after school for students who will not pursue |
Sample SROI Calculation

Table 1 presents a complete list of stakeholders with projected qualitative benefits for each of the stakeholders. Selected quantitative benefits for a subset of stakeholders are analyzed in this section. The following is a sample SROI calculation for demonstration purposes. Assumptions are made wherever the data are not available and therefore the numbers used for calculation are examples and not necessarily factual statements.

To determine the Social Return on Investment, the main elements to be considered are the quantifiable investments and returns for the major stakeholders. The social return on investment for following stakeholders is presented below:

- Valoris (social service agency)
- Municipality (Hawkesbury)
- Families of individuals with intellectual disabilities
- Individuals with intellectual disabilities

**Valoris Social Investment Calculation**

As identified in the stakeholder analysis, the social service agency Valoris is one of the major stakeholders of Groupe Convex and Recycle Action. Valoris makes a direct financial investment as wage subsidy for targeted employees of GC who are also clients of Valoris. Valoris provides a direct financial contribution to GC since it is the most cost effective solution to achieving its mission for the targeted employees, allowing Valoris to reallocate remaining funds to complementary programs for individual needs that are not employed by GC. GC utilizes the subsidies contributed by Valoris across all its enterprises, including RA; however, the following section focuses on the costs and benefits related to RA.

An exercise conducted by GC demonstrated that 60% of GC’s managers’ time is spent resolving issues with employees with intellectual disabilities. Some examples are the repetition and supervision of simple tasks; assistance for personal care and for transportation, communicating with family members and social workers; creating flexible shifts according to needs; and evaluating the environment. An equivalent business that does not employ individuals with intellectual disabilities would not typically incur these costs; therefore, it is a social cost for RA that is partially subsidized by a direct financial contribution from Valoris. The direct financial contribution from Valoris to cover social costs for RA was $315,200 for the fiscal year 2012/2013.

Valoris also contributes indirect support that can be quantified and monetized. For example, Valoris supports Groupe Convex by employing the Executive Director, who has oversight over all enterprises including RA, and Valoris also offers social support services for targeted employees. The annual wages and benefits for the Executive Director are estimated to be $120,000. GC divides administrative costs evenly over its
eight enterprises; therefore, the portion of Valoris social support allocated to Recycle Action is assumed to be $15,000 ($120,000/8).

There are additional Valoris employees, such as social service workers, who support targeted RA employees. As an estimate, four Valoris employees spend 25% of their time supporting targeted employees at all Groupe Convex enterprises, including RA. Assuming the average wages and benefits are $80,000 per Valoris employee, it is estimated that there is a contribution to GC of $80,000 (80,000 x 4 x 25%). GC divides administrative costs evenly over its eight enterprises; therefore, the portion of Valoris social support allocated to RA is assumed to be $10,000 ($80,000/8).

Valoris also covered some startup funding costs for RA. These costs are estimated to be $20,000 for RA. Distributed over a 10 year time horizon, we assume the startup costs amortized on an annual basis are $2,000 per year. In a more refined calculation, a relevant interest rate can be used to determine the value of the initial investment on an annual basis.

The direct investments from Valoris over a year to RA include: $315,200 wage subsidies for the targeted employees at RA; $15,000 wages and benefits for GC Executive Director; $2,000 per year startup costs amortized over 10 years. Indirect investment over a year by Valoris to RA include: $10,000 in additional social support to targeted employees; $10,000 in transit for some employees.

The total direct and indirect investment by Valoris for RA over a year is therefore estimated to be $352,000.

Valoris Benefits Calculation

At an organization level, the main quantifiable benefit for Valoris is the cost savings generated by GC employing individuals with disabilities by operating RA as a nonprofit income-generating enterprise as opposed to a traditional nonprofit. If Valoris were to operate a daycare centre/sheltered workshop with full day services for the same clients, the cost is estimated to be $15,000 per client annually, or $525,000 for 35 clients employed by RA for Valoris. Therefore Valoris gains $525,000 in savings from an investment of $352,000, or a 49% return on investment.

Municipality Investment

The municipality pays a direct fee of $58 per tonne to RA. At an estimated 10,000 tonnes per year, the fees paid by the municipality to RA over 10 years are $5,800,000 ($58 x 10,000 x 10). Pre-existing investment in waste removal transport and equipment are considered to be historical sunk costs and are therefore not included as a calculation of investment costs. In a more refined calculation, the remaining value of the equipment would be amortized over 10 years. Advertising and promotion costs paid by the municipality to promote recycling activities are estimated to be $20,000 per year for a total of $200,000 over 10 years.

Municipality Benefits
The municipality gains direct savings by paying $58 per tonne to RA, instead of $60 per tonne paid to a service provider outside the municipality. With an estimated volume of 10,000 tonnes per year, the saving over 10 years is $200,000 ($2 x 10,000 x 10). Another direct benefit is the increase in property taxes to $60,000 per year instead of $35,000, now that a vacant building is occupied by RA. The total increase in property taxes over 10 years is estimated to be $250,000 ($25,000 x 10). Increased revenue from business permits is $200 a year for RA, or $2,000 over 10 years.

A secondary savings is the cost of transportation to a processing plant closer rather than further away. The reduction on distance travelled is 120 kilometres per round-trip; saving on fuel and maintenance may be calculated at $0.49/km; transportation is required five days per week, 50 weeks (accounting for holidays). With an estimated 10 trips required per day, the savings are $1,470,000 over 10 years (120 x 10 x 0.49 x 5 x 50 x 10). Another indirect savings is in waste cleanup and enforcement. With an increase in volume of Blue Box recycling (2%) and electronics (43%), the estimated reduction in cleanup and enforcement is $5,000 per year; therefore, a savings of $50,000 over 10 years.

A tertiary benefit is property taxes from employees who are able to live in the five municipalities rather than relocating to find work. RA employs one manager, one project co-ordinator, 35 employees who are part of the target population and 19 employees who are not part of the target population. We estimate that half of the employees who are not part of the targeted population, 10 employees, would be required to relocate for employment purposes if employment were not available at RA. Out of the estimated 10 employees who are able to stay in the 5 municipalities, we estimate that half, or 5 employees, are home owners paying municipal property taxes. Property taxes are estimated to be $50 per month or $600 per year. The total gain in property taxes over 10 years is calculated to be $30,000 ($600 x 5 x 10). A related tertiary benefit is service revenues from employees who are able to live in the 5 municipalities rather than relocating to find work. Based on the previous calculation, we assume that 10 employees would be required to relocate for employment purposes if employment was not available at RA. Municipal services and fees are estimated to be an average of $50 per person per year. The total gain in service fees over 10 years is calculated to be $5,000 ($50 x 10 x 10).

Therefore the municipality gains $1,962,000 in savings from an investment of $6,000,000 or a 33% return on investment. This calculation is specific to the local municipality. If a calculation were to be made at a provincial or federal level, property taxes and service revenues from individuals would not be included, as they would be paid in a different municipality within the province and country.

Local Business Community Investment

The investment required to benefit from RA activities is specific to each business. For example, a local business is able to sell recyclable material to RA where it would normally be waste sent to a landfill site. The benefit calculation is calculated as follows: RA purchases 294 tonnes at $60/tonne of cardboard in a year from a local business. The cost for the local business to send the same quantity of cardboard to a landfill site would be $200/tonne. Therefore the annual savings of avoiding sending cardboard to the landfill
is $58,800 ($200 x 294 tonnes). The annual benefit of selling the cardboard to RA is $17,640 ($60 x 294 tonnes). Therefore the total annual benefit for the local business from savings and sales is $76,440.

Other benefits to local businesses which could be quantified include: savings in reduction of travel to a processing plant further away; savings in waste management costs; increased customer traffic for local businesses near RA; increase in revenues due to greater local employment; reduction in training expenses for the local labour force; and increase in revenues as suppliers of RA.

*Family Investment*

It is assumed that family members for individuals working at RA incur no additional direct costs. For example, we assume that if an individual with an intellectual disability was part of a sheltered workshop program, the transportation requirements for the family member would be the same, whether the individual was transported to the sheltered workshop or RA. We also assume that there are no claw-backs of family government financial supports as a result of employment of a targeted individual at RA.

*Family Benefits*

The main family benefit is an increase in income through working additional hours rather than staying at home as a concerned parent or caregiver. RA employs 35 individuals who are part of the targeted population. We assume that 20 of these targeted employees live at home with family members, and the others live independently. Of the 20 targeted employees who live at home with family members, we assume that half have family members who are able to find employment if they do not have to stay at home. Ten family members able to find part-time employment (20 hours a week) at minimum wage ($10.25), resulting in an average gain of $10,250 (12 x 20 x $50) per year.

A secondary family benefit is the reduction in the number of family member’s health problems due to improvement in overall mental health. We estimate that there is a reduction of one medical appointment per year. In most cases, the cost of a medical visit is a cost absorbed by the healthcare system rather than being a direct cost to the family member. An average cost of a medical visit could be estimated to be $200 per visit. Since the investment per family member is difficult to quantify, no return on investment is calculated.

*Individual Investment*

Individuals who are part of the target population do have to invest additional time and effort through employment at RA. But we assume that the opportunity cost of employment at RA is minimal, i.e., employees from the target group would not be able to find other paid employment and therefore there is no loss of employment income. The majority of targeted employees are assumed to be recipients of Ontario Disability Support Program or ODSP, estimated to be $900 per month or $10,800 per year. The average earnings for the majority of employees will exceed the claw back threshold of $200 per month and therefore will result in a loss of government funding for many individuals. For
the majority of individuals employed by RA, the increase in income is significantly greater than the loss of government benefits, therefore leading to additional disposable income that would not have on government funded social assistance.

**Individual Benefits**

The future employability of targeted individuals is a long-term benefit that can be calculated for RA. We assume that one year of full-time employment at RA increases employability. We also assume that 5% of employees with intellectual disabilities will be employable in a different business after one year of employment with RA. Employment for a targeted individual at a different business will typically be at minimum wage ($10.25 per hour). Employment will on average be half time, 20 hours per week, 50 weeks (since ability to work ranges from 2 hours per week to 48 hours per week). Therefore a potential increase in annual income per employee from one year of employment at RA is $10,250 (10.25 x 20 x 50). Note that is an average benefits calculation. For example, some individuals will remain on government assistance and work limited hours to maintain government benefits. Others will be able to work significantly more hours a week where regular income will be greater than remaining on government assistance.

The Sustainable Livelihoods Framework (Ferguson, 2003), applied in some of the case studies in this book, represents a useful starting point for further analyzing impact at the individual level. It represents a somewhat different approach to understanding the impact of social purpose enterprises.

**Environmental Benefits**

There are a number of environmental benefits of having a recycling plant in the local community including: an increase in recycling materials that may have otherwise been sent to a landfill; reduction in land and water pollution from illegal or unethical dumping; and reduction in carbon emissions due to reduced transportation requirements.

The reduction in carbon emissions can be calculated as a demonstrative example. The previous calculation for the municipality indicated that there was a reduction in distance travelled of 120 km/round-trip. Transportation is required five days/week, 50 weeks (accounting for holidays). With an estimated 10 trips required per day, the total kilometres that are saved is 3,000,000 over 10 years (120 x 10 x 5 x 50 x 10). The website www.timeforchage.org estimates a range of 60 to 150 grams of carbon dioxide emitted per metric tonne of freight and per kilometre of transportation. Assuming each truckload is 20 tonnes, and using the lower value in the range of 60 grams of carbon dioxide, carbon emissions avoided is 3,600 tonnes (3,000,000 km x 60g x 20 tonnes /1,000,000 g/tonne). The monetizable benefits of reduced carbon dioxide emissions can be calculated using the costs of purchasing equivalent carbon offsets. The pricing for carbon credits is well established; there is a wide variety of providers and projects. The website www.carboncatalog.org estimates a range of $10-$45 cost per metric tonne of carbon offset for Canada. Using the lowest value, the environmental benefit of reduced transportation over ten years is $36,000 (3,600 x $10).
Discussion and Conclusions

GC provides meaningful employment principally to members of the Prescott-Russell communities who have intellectual disabilities. The work of GC is grounded in the belief that everyone can – and should be – valued for their abilities to contribute to their communities.

The focus of this analysis is on SROI, a complex metric that needs to rest on sensible assumptions and be assessed by rigorous analysis. What was perhaps the most important in determining the preliminary SROI for GC was the long, detailed, and participative process that the research team followed. Assumptions were specified and data were collected. While SROI is useful to quantifying social impact, it requires a critical evaluation of the many assumptions that are built into the SROI calculation. These are estimates, not calculations that can be presented with total certainty.

The results of this research will become a tool to inform funders and contributors. But the results are also very important in demystifying the role of organizations in the social economy, as these are often stereotyped as dependent takers rather than positive contributors. This analysis of GC and RA illustrates the positive value that they contribute. In the past 5 years, the market share of the enterprises within Groupe Convex has increased at a rate of $250,000 annually. Although the majority of companies in the region support this socio economic initiative, the social purpose enterprises among the GC network compete with other ordinary businesses. This subsidy leads to legitimate questions and criticism. Some of them are not familiar with the reality of GC social enterprises, which employ very limited and vulnerable people. For some clients of these enterprises, the social objectives of Groupe Convex are an incentive to purchase. For them, a purchase or supply from a company under GC becomes a vote for a cause they believe in. But in most cases, clients base their decision to purchase on market considerations such as price and quality.

Invoking the SROI is a more positive way to demonstrate not only the need for social purpose enterprises, but also the savings generated by government from investing in this type of firm. Thus, GC can say, according to the results of this analysis, that the funds received by Valoris from government are not an additional expense (since Valoris already receives monies from the government to provide services to persons with disabilities), but are an effective avenue to move people from a role of a welfare beneficiary, to a role of an employee. This investment is lower than the alternatives and generates other societal good – for example, the positive impact to the family and the community, including the business community.

Further, SROI serves as a tool both to measure social impact and to drive organizational decision-making. The process of conducting SROI calculations forces the organization to assess many of the internal and external variables that can have an impact on its effectiveness. As it is nearly a truism that what gets measured gets done, the process and the outcomes of SROI calculations can alert the organization to the key components of its work and the relative importance of its activities in achieving its mission.

The UK SROI method applied to RA has resulted in the development of a stakeholder analysis, a program logic model; and quantifiable monetary costs and
benefits for a subset of stakeholders. The method can be further applied for comparative ranking of different projects; or a comparison of risks and rewards for different investment options. Further development of the method for RA can include a detailed enumeration and monetization of SROI utilizing individuals with intellectual disabilities as the unit of analysis.

In addition, it has been a valuable process of mutual learning for the research team and GC to engage in the case thinking and writing process. The researchers learned about the realities of managing a complex and innovative organization while GC learned, in more detail, how to apply some tools to measure its impact. We see this case study as a good example of action research where both researchers and community leaders worked together to generate knowledge in a process of mutual influence.

NOTES

1. We would like to acknowledge the time and effort contributed by the employees, staff, and management of Groupe Convex, Recycle Action, and Valoris, and the CURA project team.

REFERENCES


