Intersections and Innovations

Change for Canada's Voluntary and Nonprofit Sector

The Muttart Foundation

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ISBN: 978-1-897282-30-4

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Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada's charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada's charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

It is difficult to express adequate appreciation to Dr. Susan Phillips of Carleton University for her leadership of this project. She has been a source of encouragement, persuasion, cajoling and improving authors from across the country. Her efforts now bear fruit as we make this material available to students, academics, practitioners and others interested in the history and future of Canada's charities.

Amanda Mayer of the Lawson Foundation volunteered at the outset to be the administrative overlord of the project, keeping the editors and authors up to date and keeping track of various versions of articles. We are so grateful for her skills, her patience and her friendship.

None of this would have been possible, of course, without the work of authors, themselves academics and/or practitioners. They took time from their schedules to contribute to a resource we hope many will find valuable.

Lesley Fraser did an incredible job in editing the various chapters and ensuring consistency. And Don Myhre of P40 Communications has again brought his talent to the fore in providing an attractive design for a Muttart publication.

The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada's charitable sector.

Malcolm Burrows, President

Bob Wyatt, Executive Director

The Muttart Foundation

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This book may be cited as:

Phillips, Susan D. and Wyatt, Bob (Eds) (2021) *Intersections and Innovations: Change for Canada's Voluntary and Nonprofit Sector.* Edmonton, AB, Canada: Muttart Foundation

Individual Chapter Citations

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Phillips, Susan D. and Wyatt, Bob (2021) Intersections and Innovations: Change in Canada's Voluntary and Nonprofit Sector. In Susan D. Phillips and Bob Wyatt (Eds.), *Intersections and Innovations: Change for Canada's Voluntary and Nonprofit Sector.* Edmonton, AB, Canada: Muttart Foundation

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Part III Innovation and Intersections

Community and Corporate Intersections

Chapter 26

The Business–Community Interface: From "Giving Back" to "Sharing Value"

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Mount Royal University

The terrain of social benefit and social change in Canada is not the exclusive domain of the nonprofit sector. Private sector businesses are a vital part of the social economy landscape – not only by way of investment in nonprofit activity, but also because a growing number of businesses are investing in, and even leading, social change. The boundary between for-profit and nonprofit is increasingly obscured. In addition, there are many variables that affect how a company exercises its philanthropic activities and engages in community partnerships and social change efforts. Such variables include legal structure, industry, maturity, relationship to customers, public profile, and leadership. The combined effect of these variables means it is difficult to generalize about the business-community interface; each company's approach is unique.

At a basic level, the public accountability of companies that emerges through legislation, regulation, and common law provides for certain forms of activity directly relevant to community safety, equity, sustainability, and prosperity. Take, for example, safety compliance, labour codes, and the necessity for consultation and consent: these requirements come from environmental and socioeconomic policies, trade agreements, Indigenous rights and title, et cetera. Many civil society actors (such as consumer advocacy associations, labour unions, citizen science groups, and environmental organizations) play a watchdog function that serves as one external check on businesses' compliance with public policy and regulation; a business's need to protect its reputation acts as an additional check and balance.[1]

This chapter explores what lies beyond legal requirements and compliance to propel corporate philanthropy and citizenship, recognizing that each company's approach is unique. Specifically, this chapter considers these questions: How do companies in Canada practise philanthropy and sponsorship? How do they engage their employees in community giving and volunteering? How do they exercise corporate citizenship and invest in positive social change? By understanding these dynamics, trends, expectations, new values, and principles, community practitioners can more effectively engage with companies and identify opportunities for partnership. Throughout this chapter, we draw from examples across Canada, from start-ups and small and medium-sized enterprises to well-established behemoths, across many industries and of every legal structure – private enterprises, publicly traded companies, co-ops and credit unions, chartered banks, and crown corporations.

A Brief History of Business–Community Relations in Canada

Before the 1990s, the nature of business–community partnerships could, at best, be described as "ad hoc." For the most part, financial and in-kind contributions to nonprofits came from individual philanthropists, the service clubs they participated in, or their foundations. These philanthropists were typically successful in business but did not generally use their businesses as philanthropic vehicles.

In fact, there was a strong consensus, or at least a thread of mainstream business writing, that companies should *not* engage in any philanthropic activity. As neo-liberal economist and Chicago School founder Milton Friedman argued, the role of business is to make money for shareholders, period. It must only abide by laws and regulations, employ people (if necessary), pay taxes, and make profit for shareholders. "There is one and only one social responsibility of business. To use its resources and engage in activities designed to increase profits" (Friedman, 1970). Friedman's argument was that a company's money is its shareholders' money, and the role of a company is to increase value for shareholders; any other use of the company's money is taking away value. The Friedman doctrine was tidily summarized in a 1989 opinion piece, "Three Good Reasons Why Firms Shouldn't Support Good Causes," by Terence Corcoran in *The Globe and Mail*. Such a position was strongly held and was regularly taught in business schools through the 1990s, and it is a position many businesses continue to hold today, supported by the legal concept of "fiduciary duty" to shareholders.

When Friedman and others took their position, they were also criticizing the deficit-addled welfare state, and their combined effect was ultimately to create a persistent lack of social infrastructure. By the time the Liberal government received its deficit-slashing mandate in the 1993 federal election, a powerful new "small government" Reform Party was asking tough questions. It was clear that community organizations were about to witness a massive increase in their responsibilities for self-financing their social and human services, arts programming, human rights advocacy, and other common-good pursuits. Nonprofits were forced to find new ways of fundraising and began looking to the business sector to help fill the gaps in their finances. As a result, the role of fundraising officers flourished and became professionalized.

A third piece of context from the 1990s came with the United Nations Brundtland Commission's *Our Common Future* report, the 1992 Rio Summit, and Canada's *Green Plan*. Companies encountered an unprecedented push from society to incorporate sustainable development ideas, principles, and practices into their work. Umbrella organizations and think tanks like the

International Institute for Sustainable Development (IISD) and Canadian Business for Social Responsibility were established to integrate sustainability into business. In the natural resources sector, the language of "social licence to operate" began to emerge.

Further, the *Delgamuukw v. British Columbia* Supreme Court of Canada decision was rendered in 1997 and became a watershed moment in describing the nature of Aboriginal title in Canada, and the related imperative for consultation and accommodation. Since then, the relationship that Indigenous communities have with business has been both challenged and strengthened, with it ultimately becoming integral to understanding the business–community interface in Canada. The founding of the Canadian Council for Aboriginal Business demonstrated this shift when it began by stating, "For decades, corporate Canada had assumed that government was in control of the situation and therefore eschewed any responsibility for helping Aboriginal people to participate in the mainstream of this country's commerce" (Canadian Council for Aboriginal Business, 2018). More recently, some companies, corporate foundations, and business associations have signed on to the Philanthropic Community's Declaration of Action, which commits to continued, positive action on reconciliation.

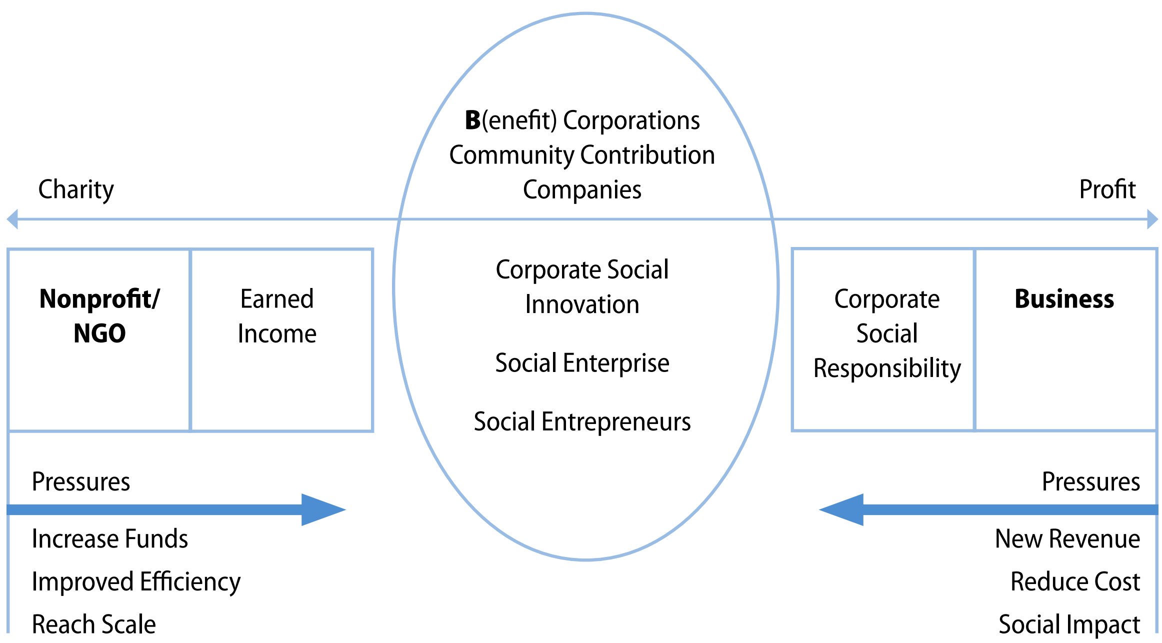
Finally, parallelling several of these developments, Canadian companies took an increased interest in cause-related marketing (CRM). Although corporate sponsorship was already on the Canadian scene in the form of large sporting or arts events (such as the Molson Indy or the DuMaurier Jazz Festival), CRM had emerged in the United States in the early 1980s, and followed in Canada (Daw, 2008). As one example, CIBC's Run for the Cure campaign launched in 1992 as a partnership with the Canadian Breast Cancer Foundation.

All these forces and changes, in turn, encouraged companies to respond constructively – in a more professional, strategic, rigorous, and programmatically defined manner than had previously been the case. As one result, large companies began to consider corporate social responsibility (CSR) in a broader sense. Although there were earlier arguments for CSR, such as the case made by Canadian management guru Henry Mintzberg (1983), it was not until the late 1990s that most large companies developed full CSR strategies and began reporting on these strategies in the form of environmental, social, and governance (ESG) pledges, commitments, and standards.

As a subset of CSR, many companies also developed community investment (CI) programs, sometimes referred to as corporate giving or corporate citizenship. As fundraising professionals began to solicit funds more aggressively from companies, there was a corresponding need inside companies to determine how to respond. This shift resulted in the emergence of a more professional and strategic approach to companies' management of community investment. Some companies created separately governed charitable foundations, such as the RBC, Suncor Energy, and TD Friends of the Environment Foundations. Many personnel in public relations or marketing roles were reassigned to manage community investment portfolios, and some companies hired fund development staff from their nonprofit investees – a field that was also increasingly professionalized during this period (Crane, 2018). About the same time, the Canadian Centre for Philanthropy (now Imagine Canada) initiated its Caring Companies program, which challenges companies to give a minimum of 1% of pre-tax profits to community initiatives.

These emergent practices and fields of community investment, sustainability, sponsorship, CRM, and CSR have evolved and adapted during the 21st century. Notably, the ideas of "shared value" and "corporate social innovation" are gaining traction and are the focus of much of this chapter. We will also discuss some of the trends found within hybridization of businesses and social purpose mandates. While these agendas have a long history embodied in the co-operative movement and within nonprofit-run enterprises like museum shops, thrift stores, and YMCA recreation centres, they have recently become far more varied and sophisticated. Consider the onset of "B-Corp" certification, which sees companies seek certification that affirms they are meeting enhanced standards of social and environmental performance, accountability, and transparency; more than 200 companies have so far reached B-Corp status as a next-level commitment to community and corporate citizenship (B Corporation, 2018). As shown in Figure 1, the boundaries between business and nonprofits in the pursuit of social purpose and value are becoming increasingly blurred.

Figure 1: Blurred Boundaries of Social Value Between For- and Nonprofit



(Source: Adapted from the Lewis Institute, Babson College)

Key Dynamics of the Business–Community Interface

There are four main trends and dynamics that underscore how we look at the business–community interface in Canada:

1. Much like individual giving, the *level* of corporate philanthropy, measured narrowly in terms of reported charitable contributions, grew steadily from less than $100 million per year in the early 1960s to more than $1 billion per year through the early 2000s (Chouinard, 2007; Ayer, 2011). On a per capita basis, this amount is about half the estimated level of giving in the United States (CECP, 2017). Measured as a percentage of pre-tax profit, giving has remained relatively static in Canada during the past two decades: from about 0.6% to just over 1%. Further, fluctuations in giving correspond closely to industry/economic cycles: when there is a recession (causing increased demand on many nonprofits), corporate giving tends to decline.
2. The *nature* of how companies engage with community is far more nuanced than charitable contributions. Most companies do not claim charitable donations on their tax returns, as there is often no advantage to doing so (Ayer, 2011). One consistent trend over the past three decades has been a rise in corporate *sponsorship* rather than donations. In these cases, the nonprofit organization accepts funding in exchange for providing profile to the company. Sports and recreation organizations have especially benefited from such sponsorship (Chouinard, 2007). Beyond sponsorships, the array of other tools used by companies to invest in communities is shifting rapidly and radically. Companies are increasingly moving from a combination of self-interested sponsorships and passive, transactional donations to engaging in shared conversations – and occasionally catalytic action – about the world we collectively want. "Purpose-driven enterprise," "social businesses," and "humane" or "awakened" companies are terms that are being used to explain this new hybrid company–community ethos (Yunus, 2010; Bell, 2015; Pontrefact, 2016). As one sign of this trend, Babson College (US) is using its position as North America's leading entrepreneurship-focused business school to create a host of learning products and experiences for "C-suite" (executive level) business leaders to transform companies into social-purpose enterprises (Kiser & Leipziger, 2014).
3. Relative to other countries, extractive and agricultural industries are significant players in Canada, so a commitment to *sustainability* is a third driver of the business–community interface. The imperative to work with Indigenous communities here is increasingly important.
4. Finally, there has been a change in *public expectation*. Polling data show that the social responsibility imperative of business has moved in three decades from the margins to the mainstream (Edelman, 2017). The notion that companies have a right to accumulate profits without a robust sense of public purpose or responsible citizenship is becoming untenable. Milton Friedman's maxim that business has no social responsibility is an idea now met with increasing public revulsion. Pressure to identify a social purpose or responsibility now also comes from investors, including activist shareholders (faith groups, pension funds, and others), for business to change. Laurence Fink of BlackRock, for example, has demanded that companies contribute to society if they want to receive his investment firm's support (Ross Sorkin, 2018).

The Community Investment Continuum

In addition to the generalized drivers and trends mentioned above, a number of models strive to describe how companies make decisions about how and why to invest in community, and these models incorporate a variety of factors and considerations. The *type* of company is one such factor. Crown corporations, for example, often have community accountability legislated into their mandates. Cooperatives subscribe to community-forward principles. Private enterprises have more leeway in risk-taking and experimentation than publicly traded companies, although smaller companies or start-ups may lack the fiscal room to enact well-intentioned social aims. A company's industry sector is another factor (finance, energy, mining, retail, technology, etc.). Large banks, for example, tend to have large profits, which enable them to create robust, highly visible, and long-term community investment strategies. Energy and mining companies are often engaged in Indigenous community partnerships or overseas investments. Consumer-facing companies require visible marketing tie-ins, whereas other companies are business-to-business focused, which can allow for experimentation or a low-key strategy. In addition to the type of company and industry, other factors include a company's maturity, broader CSR commitment(s), orientation toward customers versus shareholders, supply-chain challenges and ethics, organizational culture, and leadership.

All of these factors affect where a company sits on a continuum of community investment strategy. One of the best-known descriptions of this continuum was developed by Brad Googins, founder of the Boston College Center for Corporate Citizenship. He and his co-authors proposed a model of community investment involving five stages: elementary, engaged, innovative, integrated, and transforming (Googins, Mirvis, & Rochlin, 2007). Companies are evaluated across seven different dimensions of citizenship to determine where they fit on this elementary-to-transforming continuum (Googins et al., 2007):

- *Citizenship concept:* How does a company define its role in society?
- *Strategic intent:* Is citizenship embedded in the company policies, processes, and plans?
- *Leadership:* To what extent is leadership supportive and engaged?
- *Structure:* How is citizenship structured within the organization?
- *Issues management:* Is the company proactive or reactive to issues?
- *Stakeholder relationships:* How does a company communicate and engage with its stakeholders?
- *Transparency:* How open is a company about finances, risks, and performance?

A few years after this continuum was published, Michael Porter and Mark Kramer used the *Harvard Business Review* to introduce the idea of "creating shared value" (Porter & Kramer, 2011). They argue that business success is tied to social progress and should be at the core of business strategy. This means that business should create economic value in ways that simultaneously create value for society by addressing issues, needs, and challenges. Within this stance, they identify three ways to create shared value: 1) by rethinking markets and products, 2) by looking at the value chain, and 3) by enabling development in local clusters. Many large multinational companies have begun operationalizing this strategy, and significant shifts are beginning to occur in Europe and North America as more companies follow suit. In such cases, community investment is not something at the periphery of a business, but instead becomes completely integrated into the core mission, products, and services.

In an attempt to incorporate the above perspectives, Canadian social impact consultant Jocelyne Daw adapted the Googins continuum to include additional dimensions incorporated from Porter and Kramer, Coro Strandberg (2015), and Cathy Glover. This continuum (see Table 1) outlines increasingly sophisticated modes of socially purposeful or community-engaged activity: from *compliance* through *philanthropic, strategic, integrated*, and, ultimately, *social innovation*. This latter category hybridizes Googins's "transforming" stage with Porter and Kramer's "shared value" concept.[2] Of note, companies rarely fit neatly into one column; instead, they move back and forth between columns and operate at several different levels at once.

Table 1: Community Investment Continuum

	1.0 Compliance	2.0 Philanthropic	3.0 Strategic	4.0 Integrated	5.0 Social Innovation
Motivation	Comply	Give back	Be responsible	Be more competitive	Create new value
Resources	Cash & in-kind	Grants	+ Volunteering & staff skills	+ Other assets, functions, products, services	+ Leveraged collective resources
Investment Models	Meet obligations	Share value/give back	Share and make value	Deliver value across the company and community	Create shared value
Issue Selection	Ad hoc	Reactive – address community needs	Focus areas	Strategic partnerships	Address complex social challenges
Lead	Front line	Executive/public relations	Community relations/ investment staff	Cross-functional	Embedded
Employee Role	None	None	Donate	Donate and volunteer	Skills-based volunteering
Customer Role	None	None	Customers can donate	Customers can participate & donate	Empower a community of committed citizens
Stakeholder Engagement	Responsive	Reactive	Consultative	Proactive	Collaborative

Structure	Business-driven	Responsive – part of other role	CI role created, governance established	CI-led with business support	Cross-functional with business lead
Brand Promise	Compliant	Quality: aware company donates money	Pride: aware of company's socially beneficial impacts	Trust: aware of how company contributes to community	Purpose/ meaning: believe society is better off if they do business with the company part of a social movement
Marketing	None	Paid advertising tells story	Earned media/ cause marketing tells story	Customers tell story	Everything you do tells story
Participation	Limited	Passive	Funding relationships	Win-win partnerships	Strategic cross-sector partnerships
Timeline	One-offs	< 1 year	Multiyear	Medium-term	Long-term
Measurement	Dollars	Inputs	Activities	Outcomes	Social change
Business Value	Regulatory	Goodwill & relationships	Reputation – licence to operate	Mitigate risk & profitability	Long-term viability
Strategy Connection	Requirement	Outside of strategy/ executive preferences	Strategy for community investment program	Integrated into CSR/sustainability strategy	Drive strategic direction for enterprise

(Developed by JS Daw & Associates based on other continuums, including Bradley Googins, Michael Porter, and with input from Cathy Glover and Coro Strandberg.)

A number of Canadian companies have moved along the continuum to operate beyond the "compliance" or "philanthropic" modes.[3] Publicly traded giants like Bell and RBC, for example, are working to change our attitudes toward mental health and water conservation, respectively. Credit unions like Vancity and Assiniboine have underwritten action on issues like Indigenous–settler reconciliation and predatory payday lending. Credit unions collectively hold $3.5 billion in social impact investment assets. In Alberta, ATB Financial has championed LGBTQ rights. Some companies are helping to spark and support bold, imaginative possibilities for Indigenous Peoples, such as Agnico Eagle's embrace of the idea of an Inuit university. Suncor Energy partnered with The Natural Step and other nonprofits, researchers, and others through an "Energy Futures Lab" to look at how an entire industry can be transformed during this century. Other industries – craft brewing as a leading example – are starting to embed cultural norms and expectations with respect to community-building and ecological stewardship into their "DNA."

Compliance

The compliance stage of development might also be called the "Milton Friedman approach to community investment." This is the stage where most companies have historically begun their CI strategy development, and where they have predominantly operated through to the 1990s. This way of thinking about a business's responsibility to community is relatively simple, characterized by compliance with rules and regulations. There is limited, or no, involvement with stakeholders, and any contributions to stakeholders are the result of a requirement. Engagement is thus often defensive and focused on risk mitigation.

Shifting to the next stage might happen as companies begin to think about their role in society beyond providing a product or service, earning a profit, ensuring jobs, and paying taxes. They may be pushed into this kind of thinking because of an incident involving community, human rights, or environmental damage that leads to public or industry pressure. The 1980s, for example, saw multinational companies like Nike and Shell face pressure regarding human rights issues in their supply chains and operations in developing countries. Even now, Shell's past experience in the Niger Delta affects how the company manages its corporate citizenship programs. Shell's past issues moved the company from believing it need not be concerned with human rights and sustainable development to becoming an industry leader in the creation of corporate social responsibility practices and policies that involve new ways of engaging with stakeholders, assessing risks, and communicating (Manby, 2005).

In short, the past 40 years have seen higher expectations placed on companies, such that it is increasingly difficult for companies to remain at the compliance stage of investment. With that in mind, the next section will take a closer look at each stage.

Philanthropic

A *philanthropic* mindset on the CI continuum includes the expectation that wealthy companies share with others in need, and do so beyond regulatory requirements. This mindset is certainly not new; business leaders in Canada have been contributing to charitable and community causes for hundreds of years. Those who experienced business success, like the Molson and the Eaton families, played key roles in developing our largest cities in the late 1880s and early 1900s, and such individuals continue to be generous philanthropists. Along the way, philanthropists with business roots created the United Way of Toronto and York Region in the mid-1950s, led by the Toronto Trades and Labour Council in response to pressure from workers who were constantly asked for contributions to fundraising campaigns by welfare agencies in the community. Creation of the United Way also led to the 1956 establishment of charitable payroll deductions (Labour Community Services, n.d.).

Through the 1980s and 1990s, characteristics of the philanthropic stage evolved from being "the right thing to do" to a relationship-based response to the idea of community investment. Engagement typically comes through established programs such as United Way campaigns or pertains to causes of importance to the CEO, senior leadership, close supply-chain partners, or valued customers. Funding is often ad hoc and implemented by communications or public relations staff. There may be an established budget line for charitable contributions, but it is not typically a plan for strategic spending or a direct connection to branding or marketing strategies.

Another characteristic of this stage is that philanthropic engagement is typically measured only in the total number of dollars donated, and most employees and customers are not actively engaged. Instead, many companies at this stage may join external networks that encourage corporate giving. Mountain Equipment Co-Op, for example, has been part of 1% for the Planet since 2006 and has used this connection to commit to giving at least 1% of annual sales to environmental organizations.[4]

Strategic

From the philanthropic stage, two key triggers may advance a company to the next stage on the continuum: 1) the philanthropic workload becomes too significant to be combined with other roles, or 2) the company has either a great success or significant failure in a funding relationship. These triggers prompt organizations to understand that there is significant reputational benefit to managing community investment differently and that there needs to be greater oversight and governance in the decision-making, stewardship, and scaling of grants.

In the *strategic* stage, CI begins to develop in response to the number of requests an organization receives or to a need to make better decisions about what to fund and what not to fund. As lessons are learned in the strategic stage, organizations shift from simply reacting to funding requests to beginning to develop focus areas, or "buckets," of funding (e.g. education, environment, health) to determine which requests to support or decline. It is during this stage that companies begin to develop signature programs and new relationships with stakeholders. Sponsorship programs connected to causes and organizations are designed. Cause-marketing campaigns with customers may emerge. Annual budgets for funding are created against a plan, and there is greater pressure to build a business case for community investment, which may also begin to include in-kind contributions beyond the financial donations. Also at this stage, companies begin to see mutually beneficial opportunities: it is not only the community or nonprofit organization that benefits, as some funding relationships garner strong, positive reputation results and brand recognition (such as CIBC's Run for the Cure, Ronald McDonald Houses, and Tim Hortons camps). Similarly, the strategic stage also sees the beginning of customer contribution programs that involve proceeds or donations from customers on a specific day or with a specific purchase (e.g., McHappy Day, Safeway Cares, Indigo Love of Reading). Employee programs also often emerge at this stage, to support volunteerism and employee engagement. These programs are often created in the form of "dollars for doers" programs, providing grants to charities that employees volunteer for, or providing employees time off to do volunteer work. A common example here is the United Way's Days of Caring program.

As successes occur more frequently in the strategic stage, the community investment professional can begin to understand the conditions under which success occurs and start to be more strategic in looking for the right partnership and investment opportunities. Seeking such potential begins the shift to the next developmental level.

Integrated

In the *integrated* stage of the continuum, a CI program becomes much more proactive, and the company begins to look for specific opportunities that address business risks and issues and social needs. The program also is integrated into the company, engaging more than just the

CI professionals; there is active employee involvement, and co-development of initiatives with stakeholders begins to form key elements of the program. Strategies at this level are also more often integrated with a business's overall sustainability or CSR strategy, and accountability for implementing the CI strategy often moves to increasingly higher levels within the organization – the CEO or senior executives are often engaged – and employees and customers become integral.

Suncor Energy offers an example of CI programming at this stage. As an energy company, Suncor must attract and retain employees for work in remote communities such as Fort McMurray, Alberta. Particularly during "boom" years, when competition for employees is high, it has been difficult for Suncor to meet its recruitment needs, with prospective employees declining positions because of concerns about their quality of life in Fort McMurray. Suncor and other companies in the region have funded significant infrastructure, but the Suncor Energy Foundation took a more proactive approach during one of the boom periods by examining what could be done with the nonprofit community in Fort McMurray to enhance the quality of life. The foundation identified that the capacity of the nonprofit sector was very low in the area, with rapid turnover of executive directors, poor funding, and less-than-desirable workspaces. It also identified that without a strong social sector, many of the programs of importance to prospective employees were suffering (in areas such as sports and recreation, after-school care, education, health, and special interests). This social gap was also a business risk, and the foundation was able to co-create a program with the community – Social Prosperity Wood Buffalo – that addressed both. Its success has further encouraged Suncor to consider how the company might engage differently with all its transformative partners (Capacity Canada, 2015).

Social Innovation or Shared Value

The *social innovation* stage refers to the emerging focus on corporate social innovation, which is "a strategy that combines a unique set of corporate assets (innovation capacities, marketing skills, managerial acumen, employee engagement, scale, etc.) in collaboration with other sectors and firms to co-create breakthrough solutions to complex economic, social and environmental issues that bear on the sustainability of both business and society" (Mirvis, Googins, & Kiser, 2012). Three considerations drive companies toward social innovation: decreasing opportunities for revenue growth; increased expectations from stakeholders, customers, and the public to meet economic, environmental, and social challenges; and an increasing challenge to engage and retain employees. These three factors combine to create the following realizations for business (Mirvis & Googins, 2017):

- social concerns such as climate change, human rights, poverty, and Indigenous reconciliation are all pressing (and potentially destabilizing) issues;
- traditional charitable giving and CSR practices are insufficient to address such issues;
- meeting social challenges requires "innovation in innovation";
- employees want to be involved;
- social innovation involves collaboration with many external partners; and
- social issues are business opportunities.

As companies come to grips with these imperatives and begin to explore where they might play a social innovation role, they examine and build upon past CI successes. But they also explore how identifying key risks to their businesses might lead to the identification of opportunities that can help mitigate those risks. They look at how their products might be associated with specific issues or issues that are prevalent in their manufacturing or supply chains. They examine issues of importance to employees and customers and seek out places to collaborate with those people. Some companies look to the United Nations Sustainable Development Goals as a potential framework under which they might approach social innovation with communities, nonprofits, and governments. Similarly, the Calls to Action within the Truth and Reconciliation report can serve as a guide for Canadian businesses.

Shared value and social innovation are where engagement in the community creates value for a business and begins to profoundly transform the nature and role of a business – through new products, new distribution lines, local employment, or industry collaboration. A key characteristic that defines this stage is a company's focus on collaboration with others outside the business; the company is not creating CI initiatives on its own but is instead working closely with stakeholders who are affected by the field of interest or considered expert in those fields. Engagement is proactive, and the company uses its abilities to convene various, diverse stakeholders. Such collaboration with governmental actors and other nonprofits becomes key because the issues being addressed are increasingly complex. For this reason, social innovation or shared-value community investment typically requires the *active* involvement of a company's CEO or president and support from the company at many levels. This may even take the form of secondment of employees to work within community organizations.

The Bell Let's Talk campaign provides an example of working at this stage of the continuum. While mobilizing customers to use their cellphone texting to raise funds for mental health may not be innovative, it is unique for a company to use the power of its marketing capability to raise awareness and change behaviour related to mental health. Nonprofits do not have the financial, human resources, or technological capacity to create the type and size of campaign that Bell has supported since 2011. In fact, according to Bell, 87% of Canadians report greater awareness of mental health issues. This change is reportedly even higher among people aged 14 to 18 (Bell Canada, 2018). Much like the CIBC Run for the Cure did in 1997, Bell has used its CI programming to help define a new way for companies to engage in complex social issues, as well as address the growing business concern about mental health issues in the workplace; for instance, it has implications for lost productivity, absenteeism, presenteeism, and employee turnover (Lim K.L. et al., 2008). Indeed, the difference between this campaign and previous cause-marketing efforts is the extent to which mental health awareness has been driven into Bell's culture: the Let's Talk campaign is not just an external initiative, but one where Bell also tracks its own progress in support of its 48,000 employees across the country. This focus has resulted in mental health policy being embedded in the company's code of conduct (reviewed annually by all employees); almost 4,400 leaders participating in mental health training; increased use (by 162%) of the company's employee family assistance program; more than 900 mental health events for employees; the use of a "return to work" program that has meant a 50% reduction of relapses during one month and one year; and the early corporate adoption of the voluntary National Standard for Psychological Health and Safety in the Workplace (Bell Canada, 2016).

ATB Financial and Cashco present another example of companies working with community organizations to develop new products and systems that address social issues. Collaborating with Momentum and other charities that support low-income and new Canadians in Calgary, these businesses have partnered in a way that allows customers of Cashco to open accounts with ATB and use ATB's ATMs to obtain short- and medium-term loans at lower costs than what payday lenders typically offer. This development of a new business product to target different markets simultaneously helps to support marginalized populations in urban centres. "When we really dug in and listened to these customers and what they need, we heard loud and clear that, as an industry, the problem has been us," said Dave Mowat, ATB Financial's president and CEO. "By our actions or inactions, we've either said these customers' arrangements with their payday loan companies could never change or that they had to come to us and buy some product with a fancy name, when really what they were saying is that banking doesn't really work for them." Jeff Loomis, executive director of Momentum, added that "by working with Cashco and meeting customers where they are at, ATB is pursuing an innovative approach to increase access to safe and affordable financial products so Albertans can build savings and achieve longer-term financial stability" (ATB, 2017).

Location on the Continuum and What It Means for Investment in Nonprofits and Charities

The reality is that most companies operate in several of the above stages at any given time. While the structure of a community investment program might be integrated, for example, there are still times that investments will be made because they are "the right thing to do" (e.g. response to a natural disaster or local issue). Each company must therefore identify the values and practices that anchor its business strategy, and then manage this strategy as is appropriate to the company's history, industry, workforce, and other aspects of its context. In addition, the last stage of the continuum is not necessarily where every company will (or should) aim. While some companies may work toward this stage, and some emerging social enterprises might even start at this stage, other businesses may continue to operate at the philanthropic or strategic levels, for reasons related to their culture, mission, leadership, organizational structure, budgets, or maturity.

The critical point for nonprofits is that to work effectively with or receive funds from a business, it is important to understand where those companies are working along the continuum. It is worthwhile to know, for example, that companies at the beginning stages of the continuum are going to be more open to unsolicited grant requests. They will often have "buckets" or categories of funding to guide their community investment, sometimes matrixed across different issues or communities. For example, a company might have identified education, environment, and health as its three funding buckets and might then budget funds to each so that 20% is national, 50% gets split across several operating communities, and 30% is in support of its employees. When unsolicited grants are reviewed, they have to fall within one of these nine categories and be considered against what is already committed. Usually, companies with established focus areas and budgets will have commitments for future years and often will begin the budget year with only 20 to 25% of their budget available for new funding opportunities. Most companies will clearly post criteria and funding parameters online so applicants can better understand the processes. That said, it is always important to research the company so that time is used effectively, for the staff of both the company and the requestor. (The best predictor of what a company at these stages will fund is what they have done in the recent past.) While not all information is public, fundraisers can often find such information on company websites, social media feeds, or through sustainability/community reports. Researching similar charities to see who their lead funders are can also determine which companies might be interested in becoming supporters.

As companies move through the later stages of the continuum, it is not always easy to understand why they are focusing their efforts on a specific issue – but there is always a strategy and linkage to business operations behind community investment spending. As companies get to the stages where successes are no longer measured only by dollars invested or hours of employee volunteerism, companies expect greater impact, new business lines, more significant supply-chain partnerships, and new business relationships. In Canada, we have seen several leaders in this space emerge over the past 10 years with very different experiences behind their strategies. In addition to the earlier examples, Canadian Tire's Jumpstart program and Home Depot Canada's Orange Door initiative have changed the way that these businesses engage with customers and community issues. Since Home Depot Canada started the Orange Door Project in 2009, it has invested more than $10 million in housing and community improvement projects across the country, collaborating with leading charities focused on youth homelessness and with young people directly. The company has also engaged its suppliers as advisory council members, thus expanding the program's impact. Employee- and customer-engagement programs have been aligned to the initiative and are beginning to result in outcomes such as at-risk youth securing employment. Ultimately, Home Depot has identified a group of charitable partners to work closely with, not only by providing funds, but by continuing to be engaged in research, impact assessments, and collaborative efforts aimed at ending youth homelessness (Home Depot Foundation, 2018).

As a company moves through the stages of the continuum, the alignment of community investment strategy to the business becomes more critical (i.e., in terms of mission, vision, values, attitudes, and practices). In assessing the way a company is building its program – and when proposing a partnership with the company – it is useful to understand the organization's history, workforce, geography, industry, ownership, and competitive environment, because the organizational structure of a business and its industry will influence the type of CI program it develops. Consider, for example, a B-Corp or a cooperative, which will be more likely to operate with societal needs at the core of its business strategy, right from inception. A sole proprietor as an entrepreneur, on the other hand, will often be more reactive to funding requests and will often rely on the philanthropic stage (unless they have structured their company at the shared-value stage from the beginning). Corporations can be publicly traded or privately held but are accountable to shareholders or stakeholders who may influence CI strategy. When companies are regional operators of larger multinational corporations or joint ventures, they will need to adhere to overarching strategies from their head offices, rather than having the ability to create their own independent programs. Similarly, franchised businesses may think differently about CI than independent retailers. At any size, CI programming may also be affected by whether a business is focused on consumer products, commodities, or serving other businesses. And regardless of all other factors, companies will always work to minimize business risks. By understanding what these risks are, nonprofits can identify the possibilities and opportunities that may attract a company's CI spending. Finding an alignment (or "win-win") between a nonprofit and a business is one of the key components of strategic community investment.

As mentioned earlier, there are some companies that may *start* their work in the continuum's final stage. Indeed, the characteristics of social innovation and shared value are perhaps best embodied in a type of business that is broadly termed "social enterprise." While the definition of social enterprise remains contested, one Canada-wide analysis observes that "the dominant elements of social enterprise are seen to rotate around 1) economic operation in the market, and 2) provisioning a social good of some kind, namely environmental, community, social, or economic." (Brouard, McMurtry, & Vieta, 2015).

There are many forms of social enterprise. "One-to-one" social enterprise models such as Tentree apparel (committed to planting 10 trees for every item purchased), Local Laundry (donating 10% of profits to causes chosen by their customers and attempting to ensure that their products are made in Canada), and Twenty One Toys (producing toys and workshops that support learning through creativity, collaboration, and empathy) have integrated shared value into their business models from the outset. Indigenous enterprises also embody social enterprise, for instance Manitobah Mukluks, the Kinngait artist co-op in Nunavut, the former Indigenous retail co-op known as Neechi Commons in Winnipeg, and the Manitoba-based enterprises BUILD and Aki Energy, initiated with the support of Ashoka Fellow Shaun Loney.

Community Investment as Employee Engagement

Employee engagement is a critical risk for all companies in Canada. To attract and retain employees, especially millennials and people with diverse backgrounds, companies must compete. Potential employees may size up companies based on culture, opportunities for giving back, development through volunteer involvement, and available time for secondments or leaves. In a 2015 study of millennials, 60% said that they joined their current employer because of the organization's sense of purpose (Antoniadi, 2017). An employee-engagement or volunteerism component within a community investment strategy, then, can be a draw for a business. Beyond talent recruitment, employee engagement is important for how it supports performance, efficiency, and other business priorities. A 2017 Gallup report of US employees, for example, found that a 10% improvement in employees' connection to the mission and values of their organization could reduce safety incidents by more than 12%, increase profitability by 4.4%, and decrease staff turnover by 8.1% (Gallup, 2017).

Fortunately, employee engagement is not new; it has been core to CI programs since the 1950s, with the creation of the United Way of Toronto. Many companies in Canada choose employee volunteerism as their primary demonstration of commitment to community, often through annual United Way fundraising campaigns and various "dollars for doers" programs. Increasingly, however, companies are designing more comprehensive and business-specific programs that include skills-based volunteering, family volunteering, global and service-leave volunteering, incentive programs, and the engagement of employees in creating initiatives that address complex social issues. As companies move through the CI continuum, their employee programs become increasingly integral to the overall CI strategy. In fact, at the social-innovation or shared-value stage, employees are critical to the success of an initiative, and the human resources department becomes more involved in managing the employee aspects of a program. Figure 2 illustrates this point: similar to the push toward the middle that we see in organizational structures, we see similar movement in employee development. On the nonprofit side, there is a pressure for recruiting skilled talent, and on the business side there is a pressure for employee engagement. As both pressures push toward the centre, demands for different types of volunteerism are emerging that are more skills- and development-based.

Figure 2: Rethinking Organizational Boundaries in Employee Terms

(Source: adapted from the Lewis Institute, Babson College)

Take Keurig Canada (formerly Green Mountain Coffee Roasters) as one of many examples of employee engagement as core to CI. Based in Montreal, this coffee company sources and sells coffee to consumers while priding itself on having a socially and environmentally sustainable business. Its signature program, launched in 2012, is called Community Action for Employees (CAFE), and it entitles every full-time employee to 52 paid volunteer hours each year. Its employees are involved in a wide range of activities – from cleaning up beaches and rivers to planting gardens to organizing and distributing food at food banks. The company is expanding the CAFE program to include more skills-based volunteering and strengthen connections to Keurig's CI themes (Volunteer Canada, 2017). Similarly, RBC employees are able to leverage their skills as financial services professionals. As part of the RBC Emerging Artists Project, employees provide financial-planning sessions for artists in the early stages of their careers (Volunteer Canada, 2017).

Technology is also a driver of change in employee engagement and CI strategies. Benevity, a Calgary-based B-Corp established in 2008, provides a software platform for businesses to manage employee programs such as volunteer involvement, grant processing, and incentive programs. The portal also incorporates standard metrics for the CI staff, such as participation rates and up-to-date snapshots of employee giving and volunteering trends (Volunteer Canada, 2016). Benevity's tools allow companies to design and develop volunteer-management and payroll-deduction programs that they can manage on their own (rather than relying on the Volunteer Centre Network or organizations such as the United Way). While Benevity's first clients included large American companies such as Google, Microsoft, Apple, Coca-Cola, and Nike, Canadian businesses are now using the service. One of the first was Meridian, a financial co-op based in Ontario that in 2015 launched a Benevity employee-engagement portal to support its employee CI programming. Using Benevity, instead of Meridian's previous reliance on manual processes, led to increased employee engagement, reaching more than 24% of the employee base.

The Professionalization of Community Investment

The CI field has become increasingly professionalized, with implications for both companies and nonprofits. Professional management of data and grant processing is one area of expertise that CI professionals require, but it is only one. The people in these roles also need to be skilled translators, influencers, and storytellers who can bring the outside into the company, and vice versa. It is no small task to develop relationships and build bridges between complex issues in the community and business priorities inside the company. While it may seem that CI professionals act as gatekeepers to grants processes, they also act as champions for the community. They work hard to develop influence internally that leads to creating budgets and processes for investing in and leading change.

A 2018 study by Imagine Canada asked CI professionals what had changed over the past 10 years and what was on the horizon in the field over the next five years (Ayer, 2018). Among the emerging issues were increased transparency, implementing technology to improve efficiency and effectiveness, collaborative grants, more long-term commitments to partners, new ways of measuring social impact, increased disaster funding, and alignment to the United Nations Sustainable Development Goals. These trends and emerging issues provide further evidence of the internal and external pressures that are shifting the relationships between business and the charitable sector. CI programs are becoming more strategic, more integrated with business, more efficient, and more transparent – all business drivers. At the same time, they are seeking social impact, enhanced partnerships and collaborations, longer-term commitments, alignment to social goals, and new ways to measure impact.

While achieving all these targets at once can be managed in different ways, a focus on social innovation can support increased understanding of, and comfort with, complex social systems, design thinking, empathy, and experimentation to drive change. Moreover, it can mean working and learning alongside external stakeholders and others with similar interests, including community and government practitioners and leaders.[5]

The emphasis on social impact that has come with this evolution of the field – coupled with heightened societal expectations of greater corporate transparency and external accountability – has generated a multitude of initiatives that provide performance standards, resources, and accreditation. Nonprofits can use companies' transparency and sustainability reports to become more familiar with a potential corporate partner's social and environmental goals and its impact (see Appendix A for examples). And companies now have a battery of off-the-shelf or customizable standards, benchmarking tools, and measurement methods to help support greater external accountability. The presence of such initiatives and indices, however, has also meant increasing pressure for companies to perform: the measurement and tracking associated with these tools is something that executives take seriously. A CI strategy that involves nonprofit partners in ways that address gaps identified through CSR reporting could be particularly valuable to companies trying to improve their performance. As more businesses engage with governments and the nonprofit sector to co-create and collaborate on solutions to complex issues, the need for *shared* measurement processes to better understand the impact of their combined actions has also become more pronounced.

Whatever the form of evaluation, it is worth agreeing on an approach with businesses from the outset. Especially as impact and benefits agreements are becoming more common (they are increasingly signed between resource companies and Indigenous communities, for instance), it is also becoming more common to work with a corporate funder to outline a range of benchmarks, practices, and partnership features that will define the relationship.

Conclusion

We have seen an evolutionary development within the stages of community investment, ranging from "doing the right thing" and contributing philanthropic dollars to becoming more sophisticated and strategic, using investments to transform relationships. This progression has been partly due to outside expectations and pressures and is partly related to learned experiences that demonstrate benefits to a business. One overarching trend is clear: the chasm between business and community is shrinking significantly. In the coming years and decades, we can expect to see even more integration, new hybrid business models, new standards of ethics and practice, and a continued blurring of the definitional lines in pursuit of a shared sense of value and a collective pursuit of social innovation. As businesses move to become increasingly proactive; as community investment becomes further connected to the missions, visions, and values of the organizations; and as employees play increasingly important roles in strategy and product development, the potential for shared social and business impacts will increase.

To take advantage of these opportunities effectively, it is important that nonprofits understand the considerations that go into a community investment strategy, as discussed in this chapter, and use these considerations as points of connection with businesses. As companies move to a shared-value or transformative approach, the "how" of community investment is becoming more important than the "what." Business leadership is becoming less reactive and more proactive, with the community strategy integrated into the overall company strategy. This disruption to the conventional relationship between charitable organizations and business marks a profound shift in the relationship. In some cases, the change will also see relationships become narrower and deeper, and not measured primarily by charitable donations or employee volunteer hours alone. In other cases, the business may take an active role in bringing together various players to create collaborative multi-stakeholder partnerships, marking "success" as the overall impact and contribution.

One thing is certain: there are increasing societal expectations about the role that corporations and businesses play in the world. At the same time, the charitable sector is trying to source sustainable funding that allows leaders to focus on the mission and work of their organizations rather than managing fundraising campaigns. This situation is blurring boundaries and is not always comfortable. As new "rules" emerge, there will be challenges for organizations at the lower end of the CI continuum, as they tend to hold on to the established system rules. At the same time, the nonprofit sector (and governments) may question business's role in social issues, creating different sorts of challenges.

Appendix A: Community Investment Measurement Resources

- The UN Global Compact was launched in 2000 as a framework and set of principles to deepen and mainstream commitment to CSR. It has 13,000 participants and the largest database of corporate sustainability or ESG reports.
- Third-party evaluators such as Corporate Knights, the Jantzi Social Index report on corporate social responsibility (CSR) measures, and the London Benchmarking Group (LBG) measure community investment as a subset of corporate responsibility.
- The Impact Reporting and Investment Standards (IRIS), created by the Global Impact Investing Network (GIIN), is perhaps the best-known attempt to standardize the assessment of social and environmental impact, specifically as a tool for social impact investors.
- The Global Reporting Initiative (GRI) has emerged as a reporting tool for sustainability practices, especially for companies in the extractive sector (i.e., mining, oil, and gas), and the Extractive Industries Transparency Initiative (EITI) also sets a global standard for good governance in oil, gas, and mining.
- ISO 26000 certification provides guidance on how businesses can operate in a socially responsible manner.
- Stakeholder groups like CERES have emerged to work with and challenge Fortune 500 companies to continually improve their environmental and societal impacts.
- Industry-specific or supply-chain certification tools, such as the Forest Stewardship Council (FSC), Fairtrade Canada, and SeaChoice, provide still other means to assess performance, and industry-led accords such as the International Council on Mining and Metals (ICMM) and the Canadian Oil Sands Innovation Alliance (COSIA) introduce industry best-practice standards for sustainability.
- The Canadian Council for Aboriginal Business (CCAB) has a certification program for Progressive Aboriginal Relations that provides an independent third-party verification of company reports, and the final level is determined by a jury of Aboriginal business people.
- Certified B-Corps must undergo their own assessment through B Impact Assessment; the tool for this assessment is available online for companies that may be considering B-Corp status but can be useful for any organization (including nonprofits) that wants to gauge its sustainability, ethical, and social commitments.

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Notes

[1] The COSO Enterprise Risk Management Framework, for example, identifies environmental and social risks and methods and strategies for responding to these risks.

[2] Michael Porter and Mark Kramer have been key thought leaders in helping businesses shift their thinking. From their first *Harvard Business Review* article on "The Competitive Advantage of Corporate Philanthropy," in 2002, through to their piece on "Creating Shared Value" in 2011, their work is an excellent place to start when looking for additional resources. Other influential articles include "Catalytic Philanthropy" (Mark Kramer, *Stanford Social Innovation Review*, Fall 2009), "Strategic Philanthropy for a Complex World" (John Kania, Mark Kramer, and Patti Russell, *Stanford Social Innovation Review*, Summer 2014), and "The Dawn of System Leadership" (Peter Senge, Hal Hamilton, and John Kania, *Stanford Social Innovation Review*, Winter 2015). By reviewing these articles in sequential order, it is possible to see how community investment programs have evolved over time, and how corporate philanthropy can be strategic and help provide businesses with a competitive advantage through a "sweet spot" that provides both social and economic benefit. Another good source is the consulting firm, FSG, that Porter and Kramer founded to work with foundations, businesses, governments, and nonprofits engaged in social change. The FSG website offers case studies, articles, thought-leader blogs, tools, and resources for those interested in collective impact, inclusive markets, and shared value.

[3] A number of the examples cited in this paragraph are based on a series of community investment "caselets" published by the Institute for Community Prosperity at Mount Royal University.

[4] This network was created in part by Yvon Chouinard, founder of Patagonia in 2002, and now includes more than 1,200 members in 40 countries.

[5] Another resource that discusses competencies for CI professionals is the Boston College Center for Corporate Citizenship. They identified broad leadership competencies that support CI professionals in developing increased corporate citizenship, including peripheral vision, optimistic commitment, personal maturity, visionary thinking, systems perspective, collaborative networking, change driver, and strategic influence (Kiser, Leipziger, & Shubert, 2014).

Biography

James Stauch, Cathy Glover, and Kelli Stevens, Mount Royal University

James Stauch is the director of the Institute for Community Prosperity at Mount Royal University, where he has developed or co-created social-innovation, leadership, and systems-focused learning programs for both undergraduates and the broader community. He previously served as a foundation executive and philanthropy and social-change consultant, and currently serves on two entities that combine business and community investment: as a director on the board of Alberta Ecotrust and as part of the leadership faculty within the Conference Board of Canada's Corporate Responsibility and Sustainability Institute. His other recent contributions to community-partnered knowledge production include *One Big Experiment: Chronicling a Nonprofit Merger in Action*, with Trellis; *The Problem Solver's Companion: A Practitioners' Guide to Starting a Social Enterprise*, co-produced with Shaun Loney and Encompass Co-op; *In Search of the Altruithm: AI and the Future of Social Good*, co-authored with Alina Turner of HelpSeeker; and *A Student Guide to Mapping a System*, co-produced with Daniela Papi-Thornton and the Skoll Centre for Social Entrepreneurship at the University of Oxford.

After 20 years in volunteer management, fundraising, and leadership roles in local and regional charities, Cathy Glover became the director of the Suncor Energy Foundation in 2001, managing one of Canada's largest foundations by disbursement. Upon retiring from Suncor in 2017, Cathy was gifted the Blackfoot name Aahpii Pitahgii, or White Eagle Woman, recognizing her leadership and support of Indigenous youth. She also joined Mount Royal University in the role of Changemaker in Residence with the Institute for Community Prosperity. Cathy has a BSc in psychology and MBA from the University of Calgary and an MFA in creative nonfiction from the University of King's College in Halifax. She is currently working on a manuscript about the changing role of corporate philanthropy and her personal reconciliation journey.

Kelli Stevens first came to know her co-author Cathy Glover at Suncor Energy, where Kelli worked in corporate communications; she and Cathy worked together on files related to corporate social responsibility. Kelli eventually left Suncor to pursue a master of social work focused on community development and to manage a multi-stakeholder youth gang-prevention project. She reconnected with Cathy and co-author James Stauch while they all worked with the Institute for Community Prosperity and the Trico Changemakers Studio at Mount Royal University. Kelli has also seen the community sector from the vantage point of a volunteer, holding several positions in both "frontline" and governance-related roles.