



A Multi-Purpose Business Model

Social Enterprise

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PREPARED BY

SASKATCHEWAN ECONOMIC
DEVELOPMENT ALLIANCE



Saskatchewan Economic Development Alliance (SEDA) has been working since 1984 to support communities by enabling them to become investment-ready and by promoting economic, environmental, and social well-being through collaborative development.

Focused on strategic solutions and outcomes, SEDA engages stakeholders to coordinate and innovate. As a systems convener, we drive economic development in Saskatchewan by creating synergies between communities and sectors, promoting transformative change and innovation.



The Saskatchewan Investment Readiness Initiative (SIRI) engages industry and communities to determine investment and growth opportunities, build more capacity through investment readiness initiatives, and identify industrial and commercial sites for business development in Saskatchewan.

Working within designated geographic areas, SEDA assesses economic development and investment attraction opportunities. Financial support for SIRI is provided by PrairiesCan and the Province of Saskatchewan.



With respect and gratitude, we serve Treaty 2, 4, 5, 6, 8, and 10 territories, the ancestral lands of the Cree, Saulteaux, Dene, Dakota, Lakota and Nakoda peoples, and the traditional homeland of the Métis.

The intersection of community and market forces.

SOCIAL ENTERPRISES SIT AT THE INTERSECTION OF COMMUNITY RESILIENCE AND INVESTMENT READINESS.

Community resilience strengthens a region's capacity to withstand shocks. Investment readiness signals to investors and funders that the community can execute opportunities responsibly and at speed. Social enterprises are deliberately positioned at this critical intersection of community and market forces.

- ✓ They leverage business strategies to achieve social outcomes, creating a model where financial viability and social impact reinforce each other.
- ✓ They preserve or restore essential local services (e.g., training, retail, food, care) where private markets struggle, closing service gaps and stabilizing the local economy.
- ✓ They generate market revenue while reinvesting surpluses into community outcomes.



This intersection matters.

Social enterprises are often described as hybrid organizations that combine the social mission of non-profits with the market-driven strategies of businesses. This dual orientation means they exist at the intersection of public interest and private enterprise, sometimes referred to as the “fourth sector”.

Mission Meets Market: Social enterprises aim to solve societal problems while maintaining financial sustainability. For example, a company producing affordable solar lamps for off-grid communities is not just selling a product—it’s addressing energy poverty.

Community Wealth Building: Community-owned social enterprises keep wealth local, ensuring profits, jobs, and supply chains benefit the community rather than distant shareholders.

Procurement and Policy: Social procurement frameworks show how government and corporate purchasing can create market opportunities for social enterprises, reinforcing their role in both community development and economic systems.

Social Purpose First: Profits are reinvested into social or environmental goals rather than distributed to shareholders.

Community Orientation: Many social enterprises are deeply embedded in local contexts—such as Prairie Harm Reduction or Eden Care Communities in Saskatchewan—providing health, housing, and cultural services while sustaining themselves through earned income.



Business succession.

THE MAJORITY OF SMALL BUSINESS OWNERS ARE APPROACHING RETIREMENT IN SASKATCHEWAN. WITHOUT SUCCESSORS, SUCCESSION PLANNING IS NO LONGER OPTIONAL, IT IS ESSENTIAL.



Traditional succession options (family transfer or external sale) often fail in rural settings due to limited buyer pools and lower valuations, making alternative models critical.

Rural communities face a wave of retirements among small business owners, creating a risk of closures and loss of essential services. Without successors, businesses wind down, reducing local employment and weakening the economic base.

The majority of small business owners in Saskatchewan are over the age of 55 with 76% in non-agricultural sectors (Source: Saskatchewan Small Business Report 2022). CFIB (2023) maintains that only 10% of Saskatchewan businesses have succession plans. As these individuals reach retirement age or are forced into early retirement due economic instability Saskatchewan communities are at risk of losing hundreds of essential small businesses.

At the same time, non-profits are experiencing decreases or recurring instability in grant funding and are looking for new sources of income that would allow them to scale their impacts. Municipalities themselves are facing increasing costs without new sources of revenue.

Social enterprises provide a practical, community-centered solution to rural business succession challenges. They ensure continuity of essential services, retain local wealth, and create sustainable economic opportunities—all while advancing social goals. Vital services such as grocery stores, pharmacies, and transport businesses have the potential to remain operational under community ownership.

Succession Steps.

The acquisition of small businesses by non-profit organizations (or start-ups based on gap analysis) has the potential to address succession challenges; safeguard essential goods, services and job opportunities in communities; and generate local/regional wealth. Here are twelve basic steps.

1. Strategic Assessment

- Confirm why acquisition aligns with the community organization's mission and community needs.
- Evaluate alternatives (e.g., partnerships, co-ops) before committing.

2. Board Approval & Governance

- Secure a formal board resolution approving the acquisition and conversion.
- Document fiduciary duty compliance and rationale for public benefit.

3. Due Diligence

- Review financial statements, liabilities, contracts, and tax compliance.
- Assess cultural fit and mission alignment. Use nonprofit merger and acquisition checklists for legal and financial review.

4. Conflict of Interest Review

- Identify potential conflicts among board or staff.
- Require recusal for any insider benefiting from the transaction.

5. Valuation & Negotiation

- Obtain independent valuation of the business.
- Structure the deal as an arm's-length transaction.

6. Legal Structuring

- Decide on entity form: keep within nonprofit, create a subsidiary, or hybrid.
- Ensure compliance with relevant legislation and regulations.

7. Financing the Acquisition

- Explore loans, grants, community impact funds, and social finance tools.

8. Develop a Social Enterprise Business Plan

- Include mission alignment, market analysis, revenue model, and social impact metrics.

9. Transition & Integration

- Retain key staff where possible.
- Communicate changes to customers and stakeholders.

10. Build Market & Social Procurement Strategy

- Leverage social procurement opportunities to secure buyers.

11. Monitor Impact & Financial Performance

- Track both social and financial KPIs.
- Report outcomes to funders and community.

12. Continuous Improvement

- Adjust business model based on performance and community feedback.
- Explore scaling opportunities for greater impact.



Why it Matters.



Business Succession

Social enterprises can act as hybrid models, combining social goals with market-based strategies to address gaps left by traditional businesses. They foster inclusive growth and community empowerment, making them ideal for succession scenarios where local identity and service continuity matter



Workforce and Leadership Continuity

Integrating social enterprise into succession planning can address labour shortages and leadership gaps, especially in rural areas where attracting skilled workers is difficult. Without successors, businesses wind down, reducing local employment and economic activity.



Community Economic Development

Succession strategies—such as social enterprises, investor co-ops, and youth engagement—can retain essential services and stimulate local investment. These models also align with community-driven development goals.



Preservation of Essential Services

They preserve or restore essential local services (e.g., training, retail, food, care) where private markets struggle, closing service gaps and stabilizing the local economy.



Contribution to the Local Economy

They generate market revenue while reinvesting surpluses into community outcomes.



Stability Signals for Investors

Investors seek communities with stable business ecosystems. Utilizing social enterprise as a business succession tool ensures continuity, reduces risk, and signals that local enterprises - and communities - are prepared for long-term sustainability.



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