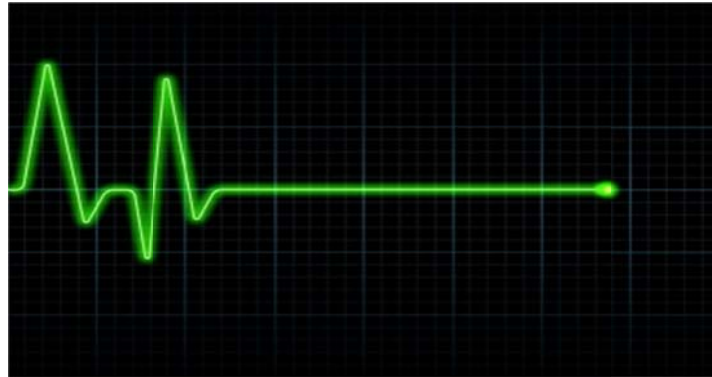


The Joys and Pains of Growing a Social Enterprise

by Latha Sukumar



Today May 13, 2011, MCIS suffered a minor stroke. I was in the middle of my early morning yoga, which I practice at the office before starting work, and another staff, an early bird like me, interrupted the session with the ominous words “we have a serious problem. Our server is beeping and I believe the power is down. Our call-center and database are all down”. I realized in that moment that this was our number one enterprise risk. We were nothing without our system. We had suffered a major attack. The system had gone down automatically and we had no clue how to start it up. It made me realize how vulnerable we were. Luckily, this time, after an hour’s business interruption we were humming, the problem fixed. However, it brought to light two issues. One, agencies can suffer fatal strokes, especially where technology is involved. Two, an attack is not necessarily bad because it serves as an impetus for some dramatic change and often for the better. So my paper will describe the process of growing a social enterprise through growth spurts that were often triggered by near fatal blows to its existence.

What were those crises and how did we get to where we are from being a struggling non-profit dependent on government funding?

Who are we now?



MCIS Non-Profit Language Services established in 1989, offers clients a full suite of language services. It offers **free** interpretation services for victims of domestic violence, sexual abuse, elder abuse and human trafficking to eligible agencies. Services include:

- **Interpretation** (Spoken) to and from English & French to over 200 languages (including Aboriginal languages)
 - Immediate telephone interpretation, connection in less than 30 seconds
 - Scheduled in-person interpretation
 - Scheduled contract full-time interpreters
 - Scheduled ASL interpretation
 - Scheduled video (Computer, Tablet or Smartphone) or phone interpretation
- **Translation** (Written)
- **Transcription** (Spoken to Written)
- **Language Testing for** a customer's bilingual employees
- **Professional Interpreter Training** for a customer's bilingual employees

MCIS has over 5000 qualified professional interpreters that are language-certified, trained, covered by Errors & Omissions Insurance, and bound by confidentiality agreements. Every year 250 interpreters are trained through a combination of face to face sessions and online tools totally over 300 hours of instruction and practice.

This number is likely to go up exponentially given the increased demand for our online training and the proliferation of our telephone interpretation service Canada wide. We are the preferred service provider for over a 1000 agencies mostly in the public sector and including emergency services such as the Police and Children's Aid Societies. We have large contracts with the City of Toronto and Province of Ontario and recently won our bid to deliver services to Legal Aid Ontario and all the legal clinics province wide.

Where have we come from and what are the crises we faced?

Crisis one:

Prospect of funding cuts

Solution: Moving towards a Social Enterprise Model



About 14 years ago when our story begins we were a struggling nonprofit wholly dependent on government funding. In fact the very day I joined MCIS as its Executive Director, in September 1996, I was told we were on the chopping block. The government was not going to continue funding an agency that was unable to demonstrate need for its free service. We were providing language interpreters for victims of domestic violence who did not speak English or French. Even when the victims who often lived in isolation reached out, agencies within the criminal justice and child protection systems did not call us to access interpreters. It was counter-intuitive and the first order of business for me was to demonstrate the need for a free service that would help agencies do their work better. With 40 interpreters on our roster and about \$140,000 in funding at stake, I went about promoting a free but brokered service. It was awkward to say the least when the provider of the direct service did not take the initiative. Many questions came to mind. How were these individuals being served? What did we have to do to convince agencies that served them of *their* need? We set about rallying agencies one at a time and slowly but surely they began to call and the demand for the service was convincingly established within the next 6 months to ensure continuation of the funding for the next year.

However, we continued to operate under spectra of funding cuts. Our situation was particularly precarious under the “common sense” revolution of Mike Harris, the then Premier of Ontario. We realized that his law and order agenda would find resonance in bringing abusers to task. Our campaign proved to be successful. However, we realized that this was a temporary reprieve since we had to apply every year for our grant. Year to year applications made planning ahead impossible. We were relegated to being conduits for government funding which brought no value addition. It took several years of lobbying to bring about the 3 year funding cycles which were finally put in place in 2004. Those years of uncertainty spurred board and management to look at “fee for service” alternatives and our sheer need to survive resulted in the creation of MCIS as a Social Enterprise.

Crisis two:

Funding delays

Solution: Short-term funding for innovative projects



Total dependence on government funding brought with it a bevy of problems, not the least of it was the threat of cuts mentioned above. Funder budgets were extremely restrictive leaving very little room for maneuverability. With annual applications due at the beginning of the new fiscal year and funding decisions not coming in until six months into the fiscal year, there was the challenge of managing our cash flow crunch. Our existence was precarious especially in those years when we had no money to meet payroll during those intervening months. We had to beg the bank for a line of credit on

the weight of our track record of continuous funding from the Province. The only other thing we could do, to tide us over, was to design projects that we could receive funding for, in the short term. Project funding, unlike core or program funding is time limited. We had to craft projects that met funding criteria. We created projects that would help build agency capacity. However, given the money for project coordination was usually inadequate, staff had to put out with “in kind” contribution of time and effort. Some useful projects included an “assessment” of the interpretation needs within the public sector and creation of a database of volunteer interpreters for a hospital. Given we paid interpreters for the work they did, we did this project in the hope that hospitals would recognize that the volunteer solution is not a sustainable one and would actually recognize the need and then set aside money in their budgets to pay for interpreters. It worked and we won one fee for service contract with a hospital.

One of our seminal projects was a technology based system to store our interpreter database. We pitched the idea of an internet based database to manage interpreter scheduling and to store their information. We were one of 10 agencies around the Province competing on a call for proposals. We found a technology start- up looking for a break that was willing to partner with us and had them respond to the technical elements in the proposal as well as to help us with the presentation to the funders. This was a huge risk since the grant was for a large sum of money and we had embarked on this venture with little knowledge of technology, just an abundant willingness to learn. We were successful in the bid and ultimately in the project which lasted 2 years. The funding served the primary purpose of helping us tide over our cash flow crunch and the collateral purpose of creating a database that was scalable and that automated our scheduling and reporting functions. We now were on firmer ground to bid on fee for service interpretation contracts.

With more interpreter resources and greater capacity to manage intake, we undertook pilot projects. An important one which has since converted to a program which receives core funding was with homeless refugees accessing City of Toronto shelters. We were able to demonstrate the contribution of interpretation services in helping people move from temporary to permanent housing thus cutting back on the City’s shelter expenses. These projects bought us time, some profile and contacts but the momentum building the social enterprise was not where we wanted it to be. We still had not won any big contracts and the requests for fee based services were ad hoc and unpredictable.

Crisis three:

Budget deficit

Solution: Fee for Service public sector contracts



At my first board meeting as Executive Director, in 1996, MCIS' Board asked me to build its "fee for service" capacity. We had one client at that time which hired our interpreters for tribunal hearings and paid for our interpreters' time. We invoiced them monthly and paid interpreters from our earnings. However building our "fee for service" revenue meant capacity building and acquiring a new mind-set, not to mention the talent to go out and win new business. Here we were struggling to peddle a free service and now we had the daunting task of convincing customers to pay for this service.

So what was this journey about and how did we go from being reactive to proactive, ad hoc to planned, subsistence based to dynamic and entrepreneurial? Our journey was marked with

- Courage and persistence
- Creativity and leaps of faith
- Dumb luck
- Partnerships with people and organizations who brought complementary skills

Our journey began in earnest once we had our technology in place. It had taken courage and persistence to develop the database. While still bidding unsuccessfully for contracts, we took a leap of faith and used our creativity to build our interpreter database by engaging in a testing and training blitz. Our training team was paid from fees we charged trainees who were qualified newcomers who were also bilingual and looking to enter the labour market. It ended up being a "win-win" for both MCIS and the trainees. We were looking for interpreters who would populate our database and would be available for "on-call" work and they were looking for their first paid opportunity, a referee for their

“Canadian” experience and a network of contacts. Unbeknownst to us, we had hit the mother lode. Our entry into training, risky though it was, was our biggest coup. Today we are the largest trainers of interpreters in Canada and train over 250 every year and perhaps will train exponentially more numbers in the near future over our E-learning platform. Given the service we offer is only as good as our database of interpreters, this decision of ours has held us in good stead.

By 2006 we had a database and a large roster of interpreters but no big contracts. Our projects had come to an end and our efforts to win fee for service contracts had not seen much success. Six months into the fiscal year we were faced with a huge deficit that we knew would grow with every additional month of operation. In September 2006, it seemed like we were doomed for closure. It was then that luck knocked on our door. A request for proposals for a large contract was posted on Merx and we put all our effort and countless hours preparing a response for it. It seemed like a lifeline had fortuitously been flung our way and we had to work to catch it or sink. However, this contract was much larger than anything we had handled and our phone and technology systems would have to be immediately upgraded to meet the required volume. We put ourselves on the line once again. We won the contract and through those anxious first months built our technology capacity, which I shall elaborate on in a few moments.

Crisis four:

Lack of Knowledge of Technology Systems to meet our demand

Solution: Finding Partners



Winning a large contract meant moving immediately to a Call Centre operation and an Enterprise Resource Program that was scalable. Our internet based scheduling software was Mickey Mouse and would collapse under the anticipated volume, spelling our immediate doom.

Our partnership Rotman School of Business' Community Experience Initiative which began in the summer of 2006 saved us. That first year, Rotman co-sponsored our first MBA intern to serve as a Consultant over the summer. The intern helped us clarify our vision, streamline operations and identify technology solutions that were scalable. Ever since we have had these salaried interns work with us every summer for up to 16 weeks. This year we have three. It costs us about \$5000 per intern and is entirely worth the investment we make. Our interns have helped us identify and design technology systems and websites, assign metrics to our social benefits initiatives, build our client list, write winning proposals and create new technology products that have given us the edge. In the wake of that first large contract, it was the interns who helped staff and board identify and implement Call Centre software (volunteering over the school year) and then design and implement our ERP system by picking the software vendor and detailing for them all our business processes to ensure proper design and appropriate customization. Both systems are being upgraded now to meet our service volume which has grown exponentially since that first contract.

Another partnership worthy of mention, that was recently struck was with CanTalk an instantaneous telephone interpretation provider. Rather than invest in expensive technology we decided to partner with this provider of a complementary service to great advantage. This partnership helped us land a major province wide contract to serve Legal Aid Ontario.

Crisis five:

Confusion around our Business Model and Social Purpose

Solution: Creating a matrix that measures business and social outcomes



Initially we had an interpreter service that it seemed no one would really miss, if it went into obscurity. However we persisted since we knew there was a social problem which

would only compound as the number of newcomers to this country increased. This problem was the social isolation that individuals who faced linguistic barriers experienced. Once our financial stability was assured, in or around 2006, we formally articulated our social purpose and vision as “creating a world without language barriers”. We interacted with conviction no longer “add ons” and “tokens for inclusivity” at every stakeholder meetings dealing with access to services. We did all this while keeping our eye on the financial bottom-line. For this we achieved a paradigm shift, creating a new operating model based on business principles, market characteristics and values.

We were now earning revenue and needed to know how best to deploy our income. So it was after the money came in that we put our mind to creating formal operating and resource strategies and a business model committed to the creation of social and economic value. We have a integrated model whereby our business activities overlap with the social programs we offer and the business is a funding mechanism that expands and enhances MCIS’ vision.

MCIS adopts different business models for its various product lines as identified below

Business Model	How it works	Key Success Factors
Service subsidization (Interpretation)	Sells interpretation services to an external market to help fund services for victims of violence, trafficking, homeless and recipients of various other social programs. This model is integrated with the non-profit organization; the business activities and social programs overlap.	Can leverage expertise in bridging communication barriers in a range of settings to minimize liability risks; Metrics relating to range of use and volume of use
Training and Testing (Interpreters)	Provide skills training to bilinguals and sell their services in the open market.	Skills training its appropriateness and commercial viability; Metrics relating to interpreter capacity
Fee-for-service (Translation - corporate)	Selling services directly to clients or a third-party payer.	Establishing the appropriate fee structure vis a vis the benefits
Low-income client (Translation- walk in)	Similar to fee-for-service in terms of offering services to clients but focuses on providing access to those who couldn't otherwise afford it.	Creative distribution systems, lower production and marketing costs, high operating efficiencies
Organizational support (Interpreters on retainer to institutions)	Similar to service subsidization, but applying the external model; business activities are separate from social programs	Similar to service subsidization.

Our matrix

This matrix identifies how resources are deployed to ensure our ongoing commitment to the creation of both social and economic value. We have recognized the importance of technology in giving us the edge and in the future will only be as good as our technology. Given our eLearning platform and our proposed use of Skype and mobile devices to increase our global presence as a language service we may morph into a global technology company. The process of who we are and what business we are in, keeps evolving.

		Base Mnth Case	Jan	Feb	Mar	4th Quarter	Apr	May	Jun	1st Quarter
2010 Revenue (Incl Funded)										
2010 Actual Costs										
2010 Revenue Fee for Service										
Expenses										
Surplus Total										
MCIS Interpreter rate increases and service price reduction										
Contribution to Reserve										
Social Initiatives:										
Free Interpretation Services										
Training Subsidies										
Translation on sliding scale										
Reinvestment - IT										
Reinvestment - HR										
Surplus										
Staff Bonus Pool Total	0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Primary										
Direct										
Contributory										

Conclusions

We have many learnings that we wish to share, several of which I have already identified as solutions to the crises that we faced. Any agency that plans to start a social enterprise and has the luxury that we did not have must be prepared to: You hire the right people;

1. Treat the enterprise as a business;
2. Hire the right people; and
3. Improve your financial literacy
4. Use technology wisely

Based on our experience a group is ready to embark on a social enterprise if they have a marketable service and are willing to quickly learn about different business models, finance and marketing. They also need to learn to create metrics to measure social and financial returns on investment. Knowledge of basic business and employment law is critical as also of compensation models that incent behaviours that produce the most productive outcomes. Above all, the Executive Director should never fancy themselves as the one that knows the most or as the smartest person within the organization. It would bode the Executive Director to bring on board staff and board members from both private and public sectors, with a range of experience and complementary skill sets. The atmosphere should not be bureaucratic but should allow individuals to flourish and grow the organization with their ideas while also working within a framework of teams and standard operating procedures and systems.

Bio

Latha Sukumar, M.A., LL.B

8 Blencathra Hill, Markham, On L6C 1G2

Tel: 905 944 1926 (Home); 416 896 2736 (Cellular); Email: legal.latha@gmail.com

Latha Sukumar is Executive Director of the Multilingual Community Interpreter Services, (On). MCIS is a social enterprise which lowers language barriers by providing language services to over 1000 public sector organizations, province wide with 5000 language interpreters who speak over 200 languages. MCIS also trains about 250 language service providers every year and is soon launching e-learning modules and video interpretation services province wide. Latha is also a lawyer. Latha has an LL.B. from Osgoode Hall Law School, York University ("York") and a graduate degree in Women's Studies also from York.

An advocate for the rights of immigrant women, Latha has served on a number of community boards. In April 2010, the Women's Legal Education and Action Fund (LEAF), a national organization committed to advancing legal rights, recognized Latha as one of 15 lawyers in Canada who has advanced the equality rights of women. She has spoken in the media, before legislative committees and at public gatherings on victim rights issues. Besides being a social entrepreneur, Latha is an avid blogger, a yoga teacher and Vipassana meditator