

STRENGTHENING CANADIAN COMMUNITIES



Lessons from Fogo Island and Beyond



CENTRE FOR
SOCIAL IMPACT

Strengthening Canadian Communities

LESSONS FROM FOGO ISLAND AND BEYOND
BY ALAN MORANTZ

Executive Summary

In May 2017, the Centre for Social Impact (CSI) of Smith School of Business brought together a diverse group of social entrepreneurs, philanthropic leaders, economic development experts, researchers, and others to learn how struggling communities could be revitalized. The group met on Fogo Island, off the east coast of Newfoundland — home to resilient outports that bounced back from the damaging closure of the cod fishery in 1992.

The driver of change on Fogo Island has been the Shorefast Foundation. Set up as a private-public partnership to promote cultural and economic resiliency for Fogo Island, Shorefast reinvests all operating surpluses from its initiatives into the local communities. These initiatives — from the renowned Fogo Island Inn and a micro-lending fund to an online shop selling locally-crafted furniture and textile products — help to build the economic strength of Fogo Island and keep alive the islanders' traditions, skills, and knowledge. They are ideal examples of Asset-Based Community Development; this framework seeks to build the capacity of local people to drive their own development based on the existing strengths of the community.

As in Fogo Island, private foundations provided leadership and direction in Detroit to help the U.S. city fight back from bankruptcy in 2013. Detroit's experience shows the importance of looking not only at the local community but the regional economy and system-wide dynamics. And, as the CSI group learned, communities in distress need both adaptive and distributed leadership. In Detroit, foundation leaders were willing and able to step up without knowing the solution and then adjusted to the reality on the ground. They were also willing to share leadership with other foundation leaders.

MasterCard provides another model for how the private sector can play a productive role in developing sustainable communities. MasterCard created an independent subsidiary known as the Center for Inclusive Growth. Its mission is to advance sustainable, equitable economic growth and financial inclusion around the world. Its tools are expertise, data, technology, and philanthropy. It also set up an R&D facility in Kenya, the Mastercard Lab for Financial Inclusion, that developed a digital platform to connect smallholder farmers to agents, buyers, and banks. MasterCard gets a percentage of the intellectual property created in the lab.

Other themes that were aired during the CSI meeting:

- Banks and other financial institutions can do a better job at providing entrepreneurs with seed capital to start community enterprises.

- The most effective partnerships with Indigenous communities are those that involve Indigenous-led organizations such as Canadian Council for Aboriginal Business and Indspire and are based on mutual respect and reciprocity.
- On everything from financing to partnerships, governments are essential actors in community development. Governments want you to give them something that they can say yes to.

Coming out of the event, the Centre for Social Impact has a range of possibilities to consider, including:

- Get students out of the classroom to experience social enterprises and community development first hand.
- Boost Indigenous content in the curriculum.
- Prepare case studies on Canadian and Indigenous communities.
- to building networks with community activists and other business schools across Canada.
- Create work-study programs on Fogo Island to enable Smith students to learn from community members and help them write proposals or develop the economic label.
- Research communities that have similar development processes to see what works and is transferable.

In July 1992, Canada's federal government imposed a moratorium on the catching of northern cod, putting an end to a global industry that had endured for close to five centuries. It was a cataclysmic event for many communities in Newfoundland, throwing 30,000 people out of work and upending a way of life.

Yet it was hardly a bolt out of the blue. The spawning biomass of northern cod had dropped by more than 90 percent in only 30 years. Back in 1968 — the year of Peak Cod for the mid-shore and offshore fisheries — the signs of ecological and community stress were already evident.

Stress certainly was a fact of life in the 11 outport communities of Fogo Island. Twenty-five kilometres long and 14 kilometres wide, Fogo squats like a rock east of the island of Newfoundland. Its tundra-like barrens, bogs, and wind-swept forests of balsam fir and black spruce make for a moody home for 2,700 souls.

Fogo Island's history has always been tied to cod, seal, and other fisheries. As a result, its people, drawn over the millennia from England and Ireland, have learned to be resilient: the island's outport communities know how to adapt to changes without losing their essential, defining qualities. But even in 1968, there were questions about how far that resilience could be tested without snapping. The inland cod fishery was showing signs of stress, at the same time as massive factory-freezer trawlers were harvesting and processing catch at sea, 24 hours a day, 365 days of the year. All around Newfoundland, outports were under pressure to resettle into larger areas where services could be offered more efficiently. For those communities that did dissolve, it was a gruesome process; the people, it has been said, "moved without leaving and never arrived."

Would Fogo Island's outport communities suffer a similar fate? As part of the centennial celebrations, the National Film Board launched an inspired film project driven by the idea that film could be tools of social change and give voice to the voiceless. Fogo Islanders were given cameras and invited to tell their own stories. In 1967, 27 films about life on Fogo Island were produced. Fogo Islanders spoke of the inability to organize among themselves, of the resentment felt towards government bureaucrats deciding their future with no consultation, and of concern for the future. It was a cathartic community experience. Seeing and hearing their fellow islanders speaking from the heart, the people of Fogo Island finally realized they were all experiencing the same problems and fears.

The film project itself was considered such a success that it became known as The Fogo Process and replicated around the world. Back on Fogo Island, the first indications of change came that year, in 1968, with the creation of the Fogo Island Co-op. The Co-op is a community-based enterprise that became the backbone of the island's economy. It took over processing facilities abandoned by private enterprise, built more boats and fish processing plants, and sought new markets. In another sign of the communities coming together, in 1973 Fogo Island's high school was the first in Newfoundland to be integrated.

Then 1992 happened. When the cod fishery was closed, the population on Fogo Island collapsed to 2,000. Those who remained found it hard to shake the old feelings of defeat and depletion. But then, some green shoots appeared. The first, tentative efforts of social entrepreneurship started to change the narrative. These efforts were driven by private initiative and developed with a uniquely Fogo Island sensibility.

The lessons and experiences from this "new" Fogo Process can give other down-on-their-luck communities a model for renewal.

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It is here on Fogo Island that a diverse group of social entrepreneurs, university researchers, philanthropic leaders, economic development experts, media professionals, and interested others came together to learn how communities could be reshaped and revitalized to stand the test of time. Brought together by the Centre for Social Impact (CSI) at the Smith School of Business of Queen's University, group members wanted to understand the journey of community revitalization on Fogo Island and other challenged communities — from Atlantic Canada and First Nations reserves to Detroit and St. Louis — to see if these ideas were portable to other settings. If promising research projects or partnerships could be formed, all the better.

Fittingly, the group met at the Fogo Island Inn. Looking like an X-shaped spaceship alit on a lunar landscape, the 29-room Inn is both otherworldly and profoundly Fogo. It is located on the northeast corner of the island near the village of Joe Batt's Arm, and sits a perilous 100 metres from the high-tide of the North Atlantic. Its east and west ends are supported by steel columns anchored directly into the rock; they mimic the wooden piles that support the homes hugging the coastline.

Opened in 2013, The Fogo Island Inn has raised the profile of the island as an international tourist destination. The Inn clearly is an important engine of economic growth for Fogo Island, yet it is only one part of a much larger enterprise. The Inn is a social business operated by a business trust whose beneficiary is the Shorefast Foundation. Shorefast is a registered Canadian charity with the mandate to promote cultural and economic resiliency for Fogo Island. All operating surpluses from Shorefast's initiatives are reinvested in the neighbouring communities.

These initiatives help to build the economic resilience of Fogo Island and to keep alive local traditions, skills, and knowledge. They cover a wide area of island life:

- Fogo Island Shop, an online store selling locally-crafted furniture, furnishings, and textile products;
- Fogo Island Arts, a residency-based art venue for artists, designers, and thinkers from around the world;
- a micro-lending fund for small businesses on Fogo Island and neighbouring Change Islands;
- heritage building preservation initiatives;
- and sustainable fishing research that cares for the health of the ocean.

Shorefast — including the Fogo Island Inn — was set up by siblings Zita and Anthony Cobb. Zita personally pitched in more than \$6 million, and the provincial and federal governments contributed another \$10 million.

Zita Cobb is an eighth-generation Fogo Islander who likes to say that she has lived in two centuries. “Until the age 10, I lived in the eighteenth century,” she told the CSI group at the Inn. “Fogo Island of my youth was almost all cut off from mainland. No electricity or running water. When I was 10, the worst of the world came down on us with the industrialization of the fisheries. Everything we knew was useless overnight, apparently.”

Cobb left Fogo Island and became a highly successful executive with the Ottawa-based fibre optics company JDS Uniphase. In 1992, the year of the northern cod moratorium, she received a letter from the town councilor informing her that the Cobb's abandoned family home had become rundown and would need to be either fixed up or torn down. Over the next 10 years, Cobb wrapped up her corporate life and began forming her ideas to help revitalize Fogo Island. She moved back for good in 2002.

PLACE IS NOT A COMMODITY

From the start, Zita Cobb held firm to the idea that “place itself is not a commodity,” that the last thing Fogo Island needed was to be turned into Disneyland North. Many communities position community projects as economic engines and many fail by going down that road. “The very thing that makes them authentic is trivialized by turning it into something that’s consumable quickly,” she said. “Then the very thing you’re trying to protect dies. It’s a very delicate dance.”

Cobb’s experience and success in the business world only partially prepared her for community development. For one, she respected the tension between drilling deeply to understand an issue and zooming out for a holistic view. “Being on a small island, you’re always aware of your relationship with the mainland.” But while she excelled in the corporate world, she told the CSI group, “it doesn’t prepare you for community economic development.” As she put it, you need to know “where the rocks are *not* to get out of the harbour. If you overly focus on the rocks, you won’t get out.”

And there are certainly many rocks in Fogo Island’s harbours. The divisions and defeatist attitudes that The Fogo Process uncovered in 1968 were hard to erase. Tellingly, the island’s 11 communities long struggled to amalgamate. Each community provided its own firefighting service; at one point, there were six firefighting trucks on the island but not enough people to staff them. As Cobb said, Fogo Island was one economic community but 11 cultural communities. In February 2011, islanders finally voted for their first amalgamated council.

What Fogo Island has in spades is a wealth of skills, know-how, and craft that have been undervalued. Pam Hall, an interdisciplinary artist in Newfoundland, spent three months on Fogo Island and neighbouring Change Islands to pull together a collection of local place-based knowledge on ecology, fishing, baking, animal care, punt-building, knitting, gardening, textile practices, and foraging for berries among many other things. The material, brought together in the publication *Towards an Encyclopaedia of Knowledge*, is like a Fogo Island finishing school.

**“LOCAL KNOWLEDGE AND HUMAN IMAGINATION ARE ALWAYS
AT OUR DISPOSAL AND CAN NEVER BE USED UP”**

“Local knowledge and human imagination are always at our disposal and can never be used up,” she told the CSI gathering. “But they have been forgotten, marginalized, erased, undervalued in our wholesale commitment to Western reductive science as the only kind of knowledge worth including.”

The work of Cobb, Shorefast, and many community developers on Fogo Island is to tap into those unheralded riches. They used a framework known as Asset-Based Community Development (ABCD), which is based on the work of American academics Jody Kretzmann and Jon McKnight. ABCD asks: What do we have? What do we miss? What can we do about it? It seeks to build the capacity of local people to drive their own development based on the existing strengths of the community. Development can come from outside a community so long as it is *for* the community.

You can see this ABCD playbook in action with the development of the Fogo Island Inn. “Once the architecture was figured out,” said Cobb, “we did the hardest part, which was the interior. One consultant said that we

couldn't possibly use furniture from Italy or somewhere else. They said, You people have been making stuff all the time. You just have to figure out how to make it. If you can build a boat, you can build anything."

So in 2010, Cobb invited international designers to learn about Fogo Island and collaborate with local craftspeople. Initially, the plan was to design furniture for the Inn but it has since grown into the online Fogo Island Shop. The items for sale can best be called high design meets the Fogo vernacular. A punt chair echoes construction practices used in building local rowing punts, such as the curved timber gathered in the local woods and the planking of the interior. Other items such as the Sweetheart Puppy Table or the Get-Your-Feet-Up Chair could not come from anywhere but Fogo Island.

The furniture shop is a growing enterprise itself and is partnering with the local high school to help the island's youth build wood-working skills.

WHERE BUSINESS FITS IN THE CAULIFLOWER OF LIFE

Zita Cobb frequently uses the metaphor of a cauliflower to explain what she believes is the role of private enterprise in community development. "We are all bound together on the cauliflower, and Fogo Island is one floret," she said. "The stem has to hold us together and bring nutrition to floret." The job of business is to hold cauliflower together and deliver the nutrition.

"I think business is the best tool we have for organizing our value and getting things done but every single business should not be just for profit," she said. "Finding a way for businesses to be part of our lives is the challenge of our time. I think every business in the future is going to become a social business."

Perhaps the best example of this on Fogo Island is a social enterprise that aims to reinvent the fish business to serve the community. Fogo Island Fish was established in 2015 by Anthony Cobb and wife Janice Thomson. Originally, they had no intention of getting into the fish business. But these days, the economic realities for cod fishers are worse than they were back in the 1960s. As Anthony Cobb told a reporter in 2016, "We could not reconcile the fact they were getting 20 to 50 cents per pound for their fish, while the retail price is \$12 to \$15 per pound."

If Cobb and Thomson were to ignore the naysayers and try to reinvent the business of fish, it would be by taking two bold steps.

First, they wanted to destroy the existing business model for the industry. Typically, fish that is caught fresh can go through five to seven companies in the supply chain before reaching grocery stores or restaurants. Cobb and Thomson stripped down the supply chain to one: they work with 65 Fogo Island fishers and deliver their cod directly to restaurant customers in Montreal, Ottawa, Toronto, and elsewhere. The catch is put on ice on the boats, and then filleted and frozen on Fogo Island before being shipped to markets. "Sixty-nine cents of our fish sales come back to Fogo," Anthony Cobb told the CSI group. "And we pay fishers double the market rate."

Second, Fogo Island Fish wanted to support traditional and sustainable fishing methods. All the fishers supplying cod are hand-liners who catch individual fish the traditional way, by jigging on a short monofilament line. Fogo Islanders have been hand-lining for generations, Cobb said, "until weapons of mass

destruction (offshore trawlers) arrived.” Hand-lining is a much more labour-intensive and skilled method that yields a much higher quality catch. Cobb and Thomson are playing up this angle to restaurateurs and, as a result, “Fogo Island cod” is becoming a premium item on menus.

The Shorefast enterprises are performing the important community-building tasks of creating employment, building capacity, and providing a new narrative. They are also proving the adage that economic actions drive social realities. Their attitude is, If we can make

it on Fogo Island, we will. Whenever possible, they avoid importing what they can produce themselves. It can be as simple as sourcing hangers for the Fogo Island Inn. When the Inn’s managers decided that they needed to provide more than pegs in their rooms, they opted to design and manufacture their own hangers rather than source them from off the island. Now, the designer hangers can be purchased through the Fogo Island Shop for \$65 each.

This is “import replacement” at its best, said Robert Cervelli, executive director of the Centre for Local Prosperity and a life sciences entrepreneur. A community focused on import replacement seeks to produce goods and services locally that are currently imported, keeping money circulating in the region. Speaking to his fellow CSI group members, Cervelli compared local economies to buckets filled with water. “Ideally you want the water to circulate as much as possible within the bucket,” he said. “If you have leakage you need to have new water coming in or plug the leaks by fostering new businesses or helping existing businesses diversify their production to meet local demand.”

Jane Jacobs, the urban economist who developed the concept, has said that import replacement is a better economic development strategy than expanding exports, because it leads to greater self-reliance, greater diversification, and more export industries over time. “It tends to be easier to grow local businesses around local markets, which are well understood,” said Cervelli, “than global markets, which are more unpredictable.”

To help visitors to the Fogo Island Inn understand the link between economic actions and social realities, Zita Cobb and her team made a novel connection between food nutrition and economic development. They devised what they call “economic nutrition labelling.” These labels show how visitors’ purchases impact the local and global economy by detailing how the money they spend is distributed.

Economic Nutrition©			
A Stay at the Fogo Island Inn			
Where The Money Goes			
<i>Actual 2016</i>			
Ingredients	% Financial Value		
Compensation	50%		
Food & Room Supplies	14%		
Commissions & Fees	5%		
Operations & Admin	16%		
Sales & Marketing Expenses	5%		
Contribution to Shorefast Foundation	10%		
Reinvested in Community			
Geographic Distribution			
Fogo Island	63%	Canada	22%
Newfoundland	8%	World	7%



THE STORY IN DETROIT

For Fogo Island, it was the collapse of the cod fishery that set in motion a new collective narrative and involvement of private foundations to get job done. In the case of Detroit, it was the collapse of the auto industry; the population fell from a high of 1,850,000 in 1950 to 677,116 in 2015. Local crime rates are among the highest in the United States, and vast areas of the city are in a state of severe urban decay. In 2013, Detroit filed the largest municipal bankruptcy case in U.S. history, and it had the look and feel of a failed state. The city emerged from bankruptcy in December 2014.

As in Fogo Island, private foundations provided leadership and direction in Detroit when local governance broke down leading up to and during the bankruptcy. But even in the presence of stable governance, politicians and bureaucrats are not good at taking risks or placing big bets, said James Ferris, a professor at University of Southern California and founding director of The Center on Philanthropy and Public Policy.

Ferris offered CSI group members many examples of bold community leadership in Detroit by private foundations:

- A light rail transit was funded by private and philanthropic sectors matched by the federal government.
- Cleveland mogul Dan Gilbert purchased and updated more than 60 properties downtown, at a total cost of \$1.3 billion. He moved his own employees into many of them —12,000 in all, including 6,500 new hires — and cajoled other companies such as Chrysler, Microsoft, and Twitter to follow.
- As part of the “Grand Bargain,” 12 foundations put aside their initial reluctance and came together with the state of Michigan to protect and restore the Detroit Institute of Arts.
- Detroit Future City, which is funded by foundations rather than the local planning department, is developing a master land use plan. It involves taking land away from housing and creating public spaces to shrink the footprint and make it easier to deliver public services.

From studying the experiences of Detroit, Ferris offered several insights.

One is the importance of looking not only at the local community but also the regional economy and system-wide dynamics. “Places are embedded in larger systems,” he said. “If you focus on one level of the system you’re going to miss opportunities. . . Geography is a system. You have to think about all of the pieces while we leverage one part of it and have it ripple through the whole system.”

Second, communities in distress need both adaptive and distributed leadership. Adaptive leaders are willing and able to step up without knowing a solution and then adjust to the reality on the ground. “We have gotten much better at building the capacity of not for profit organizations,” said Ferris. “Where we can do better is leadership. It’s a willingness to be in ambiguity — you know what your goal is but you’re not wedded to how to get there.”

Distributive leadership refers to the sharing of leadership by multiple parties. Detroit’s experience “has demonstrated a critical need to balance traditional leadership structures — where a few individuals with

formal roles wield considerable power — with more distributed leadership models. In these models, individuals and institutions work collaboratively to solve critical public problems based on shared power and responsibility and the willingness to adapt as circumstances unfold.

In Detroit, distributed leadership was built on the foundation of existing networks. “You need the networks to exist before they’re needed,” said Ferris. “The foundations in the Grand Bargain had been working together, so when a new opportunity comes, they could respond. Part of it is building networks in anticipation and find uncommon allies. Build networks with people and organizations that are outside your usual orbit.”

DEMOCRATIZING DATA SYSTEMS

While financial resources are tools of choice for community development, finance is not the only lever of change. Increasingly, data systems are seen as important assets, particularly when they are democratized, said Jer Thorpe of the Office for Creative Research, a multi-disciplinary group that looks at the relationships between data and humans. The group creates visualizations, online tools, community platforms, and public interventions that increase data literacy and promote equality.

Thorpe and his New York City-based team take a holistic view of data, and it’s reflected in the projects they undertake. They have created a series of database performances at the Museum of Modern Art, analyzed ambulance traffic, and made data sculptures for public spaces. They support the largest open-data conservation project in Africa, and are building an open platform for field researchers and explorers.

***“WE HAVE NO CONTROL OVER OUR DATA LIVES.
IT IS OVERWHELMING TO US BY ITS COMPLEXITY”***

Thorpe asked the CSI group to consider what it is like to “live” in data. “It sucks,” he said. “We live as faceless commodities for Facebook and other online companies, and we have no control over our data lives. It is overwhelming to us by its complexity.”

Public data are usually only available to the technical elite. In a mapping project in St. Louis, he set out to show how public data can be used as tools for community understanding.

For the project, called St. Louis Map Room, Thorp and his team took over a shuttered school to create a pop-up community space for creating and exploring original, interpretive maps of the city that reflect personal stories and lived experiences. Residents from diverse community groups were invited to make large (10x10 feet) maps using everything from pens and markers to drawing robots to express the realities of living in St Louis — where they live, where they go to school, what they do each day.

After the maps were made, people projected various publicly-available data sets onto the canvas to reveal the context of the area that couldn’t be seen with the naked eye: an aerial photo of what a neighbourhood looked like a century earlier; changing vacancy and real estate patterns over time; redlining maps from the 1930s that marked certain white areas as non-risky for bank loans and investment and black areas as risky. The practice of overlaying current demographic and income maps on older maps revealed the racial, economic, and infrastructural impact of those past race-based zoning policies.

Thorp cites the work of fellow data visualization pioneer Giorgia Lupi, who has called for a “data humanism”, an approach that would make information serve the needs of community development. Data humanism has four principles: design systems for the well-being of the people who provide the data; build data systems that provide feedback mechanisms; honour the complexity of individual and community realities; and create real and function data public assets like library.

FINDING A PROFIT MOTIVE FOR SOCIAL PURPOSE

As the experience in Detroit shows, the private sector can play a productive role in developing sustainable communities. As far as Walt Macneee, vice-chair of MasterCard, is concerned, the private sector must play a role because of the scale of the challenges.

“Companies in the private sector can be a force for good and should be a force for good,” Macnee told the CSI meeting in Fogo Island. “Part of that is self-interest. Companies cannot succeed in a failing world. But there are issues of trust, and we have been our own worst enemy. We haven’t known how to talk to each other in the past. We do think that sustainability requires profitability, because without an economic model, we have pure philanthropy and that is not sustainable.”

MasterCard tries to follow through in a number of ways. The MasterCard Foundation, seeded with 10 percent of company stock when MasterCard did its IPO in 2006, distributes \$300 million a year annually to worldwide causes.

MasterCard also created an independent subsidiary known as the Center for Inclusive Growth. Its mission is to advance sustainable, equitable economic growth and financial inclusion around world. Its tools: expertise, data, technology, and philanthropy.

“IF INCOME INEQUALITY IS THE ISSUE OF OUR GENERATION, INFORMATION INEQUALITY IS THE ISSUE OF OUR TIME”

“If income inequality is the issue of our generation, information inequality is the issue of our time,” said Shamina Singh, president of the Centre for Inclusive Growth. “There’s a massive inequality between haves and have nots around data. Can we build capacity in the not-for-profit sector to use data to help them build knowledge and systems?”

MasterCard also set up an R&D facility in Nairobi, Kenya, called the Mastercard Lab for Financial Inclusion, with \$18 million seed money from the Gates Foundation. MasterCard gets a percentage of the intellectual property created in the lab. One of the products to come out of the facility is the 2KUZE digital platform that connects smallholder farmers to agents, buyers, and banks. It offers farmers more price transparency and faster payments via their phones, and helps them build their financial footprint and open access to borrowing. The Mastercard lab is exploring the potential for 2KUZE to help farming communities connect to more efficient markets, shortening the field-to-market process.

As Macnee pointed out, not many firms are following in MasterCard’s footsteps. One reason may be that for many publicly-traded firms, it is hard to devote 10 percent of profits to social impact investments since shareholders would be up in arms. “From a financial standpoint, investors don’t know how to value

MasterCard’s long-term projects and how it accrues to shareholders and accrues to the world,” said Michael Kehoe, executive advisor of the Presidents of Enterprising Organizations. “How do we value companies that are strongly active in this space? We really don’t know how to value social impact and long-tail projects.”

FAIL FAST AND MOVE FORWARD

As these examples of community development show, there is no shortage of community inventiveness. The challenge is bringing great ideas to fruition. Group participant Sean Silcoff, a journalist with *The Globe and Mail*, rhymed off a list of factors that explain why so many enterprising ideas die on the vine: a lack role models in Canada for innovation; unsupportive intellectual property framework; and a lack of knowledge on how to turn a good idea into a viable commercial or social enterprise.

A fellow conference speaker, Geoff Cape of the Evergreen Foundation in Toronto, said the fear of failure is “shockingly paralyzing right now. We have to get people to accept that failure can lead to success. Fail fast and move ahead.”

Most entrepreneurial success stories are anything but linear. People start in one direction and end up in another. Unfortunately, the investment accountability frameworks in which entrepreneurs operate do not capture this unconventional pathway.

**“WE HAVE TO GET PEOPLE TO ACCEPT THAT FAILURE CAN LEAD TO SUCCESS.
FAIL FAST AND MOVE AHEAD”**

Michael Durland, a former senior executive at Scotiabank who is now a social enterprise investor, said Canadian banks are missing out on many investment opportunities. He himself invested in a fledging golf course development in Inverness, Cape Breton Island. Once home to 10,000 people, Inverness, like many Maritime communities, suffered outmigration. The town did have one plum asset: a plot of unused land — the site of a former coal mine — between the town and the ocean. Ben Cowan-Dewar had the idea of converting the land to an ocean-side links golf course. A links course — how golf was originally played in Scotland — is designed to be walked; only 250 such courses are in existence.

Cowan-Dewar convinced the town to sell him the land for \$1 and to give him a 10-year window to develop the property as a revenue stream for the community. It seemed like plenty of time but it took five years to secure the investments to move forward.

Today, Cabot Links is a golf, lodging, and real estate development, with generous greens that hug the cliffs. The resort employs 650 people of the town of 2,500 people. The business generates \$15 million a year, all proceeds being re-invested in Inverness. “Local kids now have jobs, people who went away are coming back, and the community is buzzing,” Durland told the CSI group.

Durand says the fact that to took five years to source investment capital for such a sound idea is a tough reality for Canadian entrepreneurs. “A lot of ideas that young entrepreneurs have are risky and really hard to bank. That’s why we have incubators, angel investors, and government programs. But I would like to see banks be more active in this area. You need a lot less capital when you’re a young company. The quicker you get these young companies to revenue, the more chance they have of succeeding.”

Durand also takes exception to the language around “exit”, a common word used now to describe young entrepreneurs who quickly build a business around an idea and then cash out. “Imagine we wake up tomorrow and Zita has ‘exited’ her Fogo Island enterprise. What would we think of that? Exiting is not a badge of honour. A badge of honour is owning a business at age 80, having built it from idea to something that’s growing and creating jobs in the community. Stop celebrating exiting. Celebrate people with patience.”

Financial investment is not the only way to help entrepreneurs follow through on their community visions. Universities are certainly filling the need for skills development and mentorship. Universities are “globally excellent but locally relevant,” said Matt Hebb. “Universities can catalyze collaborations.”

In Atlantic Canada, for example, Dalhousie University’s Rowe School of Business in 2017 opened a branch of Canada’s top startup accelerator, the Creative Destruction Lab, a program based at the University of Toronto’s Rotman School of Management. CDL-Atlantic will provide startups with access to a powerful network of accomplished entrepreneurs and investors through a nine-month, milestone-based mentoring program.

As well, there are many examples of effective partnerships and relationship building with Indigenous communities, though too many partnerships have gone awry. Roberta Jamieson told the CSI group that the good examples are generally those that involve partnerships with Indigenous-led organizations such as Canadian Council for Aboriginal Business and Indspire and are based on mutual respect and reciprocity.

Jamieson’s advice: “I would say to look at it as not as helping me, but of helping you. What can we work on at a practical level? Don’t worry about the right answer, think about how it relates to people. It requires a serious and sustained effort and investment and a willingness to share. Support efforts so that our people have the change makers we need in our own communities. We need many more of our young people to be able to stand in both worlds. They will help change their communities.”

On everything from financing to partnerships, governments are essential actors in community development. Zita Cobb was asked whether government is a help or hindrance. “The answer is yes,” she said.

Usually, some level of government needs to be a partner; in Fogo Island Inn’s case, the government operates the ferry connecting Fogo to the main island of Newfoundland, which is an existential issue for the Inn. But getting government support can take a lot of pushing and shoving. Cobb cautions that there are no short cuts. “We put in 80 percent of the money and did all the work, and it all came to a halt because there are no programs for this.” They finally prevailed by making their case directly with the head of the Atlantic Canada Opportunities Agency.

“It’s super important that government at every level be involved,” said Cobb, “because they’re learning as well. My advice: Governments want you to give them something that they can say yes to.”

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For those working to build sustainable communities, there are many fundamental and challenging questions for which there are no easy answers.

- Can a community in decline take bold action and assume risk when it isn’t facing a dramatic crisis?

- Are governments or financing agencies prepared to set winners and losers?
- A great many community-based initiatives involve tourism and hospitality targeting one percent of the population; are they scalable?
- How many of the social enterprise initiatives are actually working and sustainable versus mere feel-good projects?
- How well can small communities integrate immigrants?
- At what point do you throw in the towel on a small community? Are there some traditions we shouldn't try to preserve?

Community development, however, is not an intellectual enterprise. Change happens on a tactical level. And tactically, many experts would agree, the formula for building sustainable communities starts with recognizing and unpacking the gifts within the communities themselves. Add in a variety of supports — bold leadership, a defining moment, smartly targeted seed money, among others. As Detroit and many other communities in distress have shown, bleak circumstances can turn in short order.

***“THERE IS NO COMMUNITY POSSIBLE AMONG A
GROUP OF PEOPLE WHO DO NOT NEED EACH OTHER”***

Perhaps the greatest gift within each community is the realization that its citizens desperately need one another, that they're bound together. Author and “degrowth activist” Charles Eisenstein has written that community “is not a separate ingredient for happiness along with food, shelter, music, touch, intellectual stimulation, and other forms of physical and spiritual nourishment. Community arises from the meeting of these needs. There is no community possible among a group of people who do not need each other.”

There were times that Fogo Islanders, separated in their 11 outports, didn't really have that sense of desperate connection with one another. Attitudes changed, and when they did, possibilities followed. Zita Cobb likes to quote one of her local mentors, a former mayor of Joe Batt's Arm Freeman Combden. “Freeman used to say, ‘You have two ears. One should hear good things and the other one should be slightly deaf.’ The point is that there are so many reasons not to carry on. People need an overarching idea that they can see themselves in. Ours was simple: we want to be here 100 years from now and look more or less like people our ancestors would recognize. Every Fogo Islander can see something in that. Everything people feel about themselves will follow from action, so you better get out and you better dance.”

LEARNINGS

For participants in the Centre for Social Impact mini-conference on building sustainable communities, there was a lot to take in. At the end, they circled back to a number of themes:

- Never forget the talents and strengths in the community; focus on strengths.
- Have a clear-eyed idea of what the community lacks, and find those from outside who can come in and help.
- Don't underestimate the value of inexperience. Sometimes, not knowing something allows you to ask first-order questions that lead to fresh approaches.
- Developing resilience in a community is a social undertaking as well as a financial undertaking. Space must be created to allow for challenging conversations and a respectful sharing of viewpoints.
- Undertake initiatives *with* communities, not *for* them. Community members must have not only a voice but participate actively in transformation.
- As an outsider, be mindful that locals may mistrust or resent people lecturing them about what needs to happen.
- One size does not fit all. Initiatives should match community needs and latent strengths.
- Don't worry about all the things that can go wrong. Gather momentum and build on it.
- It takes courage to accept ambiguity and invest in partnerships when the endpoint is unknown.
- Multiple factors — local, regional, and global — interact in ways that cannot be predicted. Adaptability is crucial.
- How can capital, such as pension funds, be re-localized and used within communities?

Coming out of the event, the Centre for Social Impact now has a range of possibilities to consider.

- Refresh the CSI Certificate program to take students out of the classroom and experience social enterprises and community development first hand and boost Indigenous content.
- Bring together diverse thinkers and community activists to build networks and explore potential collaborations.
- Create work-study programs on Fogo Island to enable Smith students to learn from community members and help them write proposals or develop the economic label.
- Prepare case studies based on Canadian and Indigenous communities.
- Look for and learn from “Five Fogos”, communities that have similar development processes to see what works and is transferable.

- Establish “Fogo Fellows” to go back to communities and share knowledge.
- Work with other business schools to create an ecosystem for social entrepreneurs at the community level.