



Shifting Minds and Processes: Aligning Leadership and Governance

How Does Prioritizing Capacity Over Capital Influence Social Enterprise Readiness?

CASE STUDY 04

Shifting Minds

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This case was written solely to provide material for learning. It does not illustrate either effective or ineffective handling of a managerial situation. Certain names and identifying details are fictionalized.

Quick Facts

- 8 nonprofits participated in the Hackathon; 3 advanced their implementation to pilot stage
- 3-6 months of coaching led to measurable leadership mindset shifts
- 3x increase in funding per nonprofit (on average) following capacity-building
- 15+ expert advisory hours cited as most valuable feature

Industry Facts

- Nonprofits contribute over 8.5% of Canada's GDP and employ more than 2.4 million people. Yet, only 8% of nonprofits report financial resilience beyond 6 months without grant funding.
- At the same time, innovation in the social sector remains underfunded and undervalued - even though research shows that innovation-ready nonprofits are 3x more likely to improve outcomes for their communities.

With increasing expectations from funders, governments, and communities, nonprofits must be empowered to test and adopt new revenue models like social enterprise. This requires not just capital, but capacity, alignment, and trust in the process of change.



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Introduction

As pressure grows on nonprofits to generate revenue, many are turning to social enterprise models; but without the internal clarity, capacity, or support systems needed to make it work. Too often, the focus is on external solutions like access to capital, when the real shift has to start inside: with mindset and leadership culture.

Innovate Calgary's Mission to Market Hackathon was designed to provide the time, space, and resources for nonprofit leaders to explore social enterprise and shift their mindsets around the concept.

The Hackathon brought in students and researchers from the University of Calgary and Mount Royal University. It was supported by the Government of Alberta's intent to increase nonprofit fluency in social finance and enterprise.

“This wasn’t just strategy, it was permission to reimagine sustainability.”

— Executive Director, nonprofit in family support sector

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Executive Summary

Bridging the nonprofit knowledge gap around social enterprise

A new Executive-in-Residence joined Innovate Calgary's Business Model Enhancement Program (BMEP) with a clear thesis: nonprofits were struggling with social enterprise models due to a lack of internal understanding and capacity. The goal was to close the gap by helping leaders grasp what social enterprise truly entails and guiding them to envision sustainable paths aligned with their missions.

A Hackathon to shift mindsets and devise powerful plans

As BMEP continued to learn what nonprofits needed, the program shifted to prioritize coaching and leadership alignment before funding. This "capacity-before-capital" model led to better results and inspired the Mission to Market Hackathon, an initiative designed to help multiple nonprofits clarify their vision and strategy for sustainability through intensive support.

Clarity, confidence, and next steps toward sustainability

Nonprofits received specialized support through Innovate Calgary's Expert Advisor Program, access to Innovate Calgary's Social Innovation Hub, and access to other resources and tools to support research and planning. To support implementation, funding was increased threefold per organization.

"This was the first time I had space—not just time, but actual space—to think about how our programs could generate revenue without losing our values."

— Founder

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Challenge:

Building understanding before the mission can scale

While ecosystem changes have increased pressure on nonprofits to become financially sustainable, many are still grappling with what it actually means—especially when it comes to social enterprise.

Sustainability, in this context, refers to an organization's capacity to endure and continue fulfilling its mission over the long-term, specifically moving beyond over-reliance on grants.

Social enterprise is one path to this goal: it involves using commercial activities, like the sale of goods and services, to generate revenue that advances the nonprofit's social mission and is re-invested back into its purpose.

Despite several programs encouraging nonprofits to diversify revenue, success stories remain few. Innovate Calgary's Executive-in-Residence (EiR) joined BMEP with this key insight about what was missing in the sector: organizations lacked understanding of and capacity for sustainability and social enterprise. She saw that the core challenge wasn't access to funding, it was a shortage of time, space and guidance to think differently.

"Before capital can be useful, nonprofits need clarity, alignment, and confidence," says the EiR. "They need space to think differently, before they can act differently."

The EiR also saw that nonprofits were struggling with understanding and aligning social enterprise models to their missions. Board members and team members would often have key questions like 'Do I need to start another entity?', 'What are CRA regulations around this?', and 'How could this work internally?'.

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Challenge:

Building understanding before the mission can scale

"With one Board, I spent three hours going back and forth debating the words profit and revenue," says the EiR. "As a nonprofit, they didn't like the term 'profit'. I advised them to just think of it as revenue. Think of it as a line item that adds money to your organization, allowing you to continue your mission."

As their work continued, it became clear to Innovate Calgary that adopting a social enterprise model and becoming sustainable required more than just a business plan for nonprofits—it required a fundamental mindset shift.

"One thing is for certain: Collectively, we need to understand the "mindshift" that is needed for nonprofits to be able to become sustainable," says the EiR.



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Solution: Creating space for mindset shifts and mission-aligned planning

After seeing firsthand that funding alone wasn't enough to kickstart social enterprise development in nonprofits, Innovate Calgary began focusing on long term relational coaching and governance alignment before releasing capital.

The EiR and her team saw stronger outcomes with this approach, validating a "capacity-before-capital" model.

Working toward scaling this model, Innovate Calgary launched the Mission to Market Hackathon where the organization could work with multiple nonprofits at once, offering the space, support and strategic guidance needed to spark critical mindset shifts. The goal was to help each nonprofit define what sustainability could look like for them.

This 'first of its kind' Hackathon was held over one weekend at the Social Innovation Hub. But pre-work had begun a month in advance, giving nonprofits access to market research and customer insights supported by students, professionals, and advisors.

All participating nonprofits received memberships to the Social Innovation Hub, which functions as a coworking space with key wraparound supports for impact-oriented founders. They also had access to expert advisor hours, and the support of students and marketing experts like a storytelling specialist and venture navigators.

During the Hackathon weekend, nonprofits worked on understanding their own unique social enterprise pathways, and the expert advisors moved from group to group providing support and strategic guidance on their plans.

To help drive clearer, more informed decision-making, the EiR used tailored tools from BMEP like the Enterprise Readiness Diagnostic Tool and the Decision Matrix for Enterprise Viability. These resources helped nonprofit leaders evaluate whether a social enterprise idea was a good fit, identify viable opportunities, and avoid directions that could strain their resources. The process sparked key insights and "aha moments" that shaped more strategic, mission-aligned planning.

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Results: Transformative learning led to clarity and strategic implementation

The Hackathon allowed the participating nonprofits to define which social enterprise pathway was best for their organization. The learning experience and space to do the background work to dig deeper into understanding and implementation was transformative.

"They really appreciated having this allocated time and the resources to pull them out of the day-to-day and allow them to concentrate on thinking and planning," says the EiR.

Even nonprofits that had never considered social enterprise were able to articulate potential models and identify real constraints.

"The Hackathon didn't just give us tools; it helped us reframe what it means to survive and grow as a nonprofit," says the founder of one of the Hackathon nonprofit participants.

Of the eight participating nonprofits, three moved ahead with implementation. The others used the outcomes to inform future program or funding decisions.

Many nonprofits reported feeling more capable and confident about moving forward with social enterprise models.

"This wasn't just a planning weekend. It was a mindset shift. It gave us permission to explore earned revenue in a way that felt aligned, not forced," says one Executive Director. "Now I can take that clarity back to our Board and move from 'why?' to 'how?'"

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Results: Transformative learning led to clarity and strategic implementation

The expert advisory hours from Innovate Calgary's specialists proved transformative, and many cited the opportunity to work closely with a knowledgeable coach as one of the most valuable aspects of the program.

The biggest win of the Hackathon was its ability to spark mindset shifts at the leadership level that are essential for sustainable enterprise development.

"Before the Hackathon, the idea of social enterprise felt out of reach—like something reserved for bigger organizations with more capacity," says another Executive Director. "Taking a full week to focus just on our model helped me realize not only is it possible, but that we already have the raw material to make it work. It was the first time I felt like sustainability was within our grasp."



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Key Lessons & Takeaways

1. Mindset shifts are needed before capital injection

Mindset shifts at the leadership level are a necessary precursor to developing viable revenue models.

2. Deep coaching is critical for understanding and decision-making

For nonprofits still understanding what they need to do, long-term coaching relationships prove more valuable than consulting arrangements to guide strategic decision-making.

3. Social enterprise development takes time

Developing viable social enterprise models is a long and nonlinear process, and requires phased approaches that reflect the pace of nonprofit innovation.

Discussion Questions

1) What are the markers of organizational readiness that indicate a nonprofit is truly ready for social enterprise development?

2) What role does leadership mindset play in an organization's ability to move toward enterprise readiness?

3) How can nonprofits move towards methods of revenue generation without compromising mission integrity?

What changes are required at the ecosystem level to ensure there is adequate education and understanding of social enterprise before funding is given for it?