

It Is Time to Build a Social Value Marketplace

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Establishing Community Capital Return on Investment a Next Step

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What an economic mess we've created. An economy based on profits is driving income inequality matched with expanding expenses for basics like food and housing. An environment that is too hot, too cold, too wet, and not getting any better soon. A social fabric of isolation, hatred, mass shootings in schools, and wars to settle every dispute.

Governments across all spectrums and ilk can find trillions of dollars to purchase weapons and bombs, drones and missiles, but no resources for social infrastructure like education, food, skills building and affordable housing. OXFAM's report on personal wealth for 2023 shows the concentration of wealth for the top few continues to grow while the bottom 60% wealth stagnates.

For 400 years we have tried a dualistic approach. We've been, supposedly, balancing the Milton Friedman, "The Social Responsibility of Business is to Increase Its Profits" economics, with the Mother Theresa charitable-response of providing aid for those suffering from the effects of poverty. But that model seems to be merely prolonging and deepening the crisis. It can be compared to treating a serious and avoidable disease after the fact, rather than initiating steps to prevention.

It seems clear that if we follow the current path, the social, environmental, and economic struggles across our communities will not be solved with the same market models that have created them, nor will putting patches on the problems solve them long term. **We need a Marketplace Revolution.**

The future market cannot treat government budgets, corporate spending, and non-profit sector spending as a set of line items and means to save on costs or as a set of isolated expenditures. There is a need to move toward purchasing and investing in the value creation we need for healthy communities. We need to purchase community capital as an integrated mode, not purchase things, but purchase processes that contribute to healthy communities. We need to invest with a community capital lens, not merely a financial perspective.

In Canada we have made strides in the right direction with social procurement (an added value within current spending), social enterprise and co-operatives (business models that provide social values, more than merely profits for shareholders), and outcomes purchasing (buying social and environmental outcomes that are a result of a purchasing choice).

The recent acceleration of social finance funds, with ESG considerations in investments, leveraging foundation endowment funds for mission related investments, and the recent Federal government's Social Finance Fund are another valuable step. But they continue to measure success based on a 100% financial return, with an added social value. Maybe they're more patient, take a bit more risk, allow for less profit, but return of financial capital is elemental and essential. Even the new Social Finance Funds are interest-bearing repayable financial instruments, regardless of what other value is created for the community.

But what happens if we measure the Return on Investment, ROI, in a Community Capital Outcomes framework?

Community Capital Outcomes integrate social capital (our networks and relationships), human capital (skills and learning, cultural capital (diversity and inclusion), physical capital (build and natural environments) and economic capital (an exchange of value system).

Given the current social, economic, and environmental crisis, It's definitely time to take a step further, and design the marketplace from a comprehensive blended-value perspective through blending community objectives, and putting the financial resources together in the purchase process and the contract delivery.

Want to put a dent in homelessness? A government Request for Proposals can be

more than just a construction purchase. It can be a 'reduce homelessness purchase' that includes community outcomes design, construction design, a long-term services design, and measurable 15 to 20-year outcomes. Right now, some of those pieces are there, but in separate components and processes. We know how to write 20-year maintenance contracts for the physical portion of the project, how about 20 year community outcome contracts?

Why purchase food for hospitals and schools that doesn't include the social determinants of health components in the growing, harvesting, processing, delivery, preparation processes, service models, and waste management processes as a collaborative and integrating purchase.

The concept is not unreachable, but it will mean a choice we make - continue a course of catastrophe, or seek a course to community well-being through a redefinition of ROI, from concentrating on just economic value, or focusing on community capital?

And the concept is not a utopian dream. Similar simpler models exist when we look at some of the current federal government corporate investments. As an example, when a factory commits to local jobs as part of their outcomes, we see governments step up with favourable loans, investments, and tax benefits. But we can also go beyond the industry related jobs. What about decreased diabetes cases, income for immigrants, decreased recidivism, and mental health support as part of a procurement contract or an investment consideration.

It is time to address the mess and build a social value marketplace.

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