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### Social Enterprise: case study of Potluck Café and Catering

A social enterprise is an organization that is nongovernmental in nature formed for the purpose of addressing social issues affecting a community. Social enterprises are becoming the norm for many countries since they have become an increasingly popular means of funding and supplying social initiatives in regions (Kerlin1).

Potluck Café and Catering is one such facility that is located in the core of Vancouver's Downtown Eastside (DTES), Canada's poorest postal code stricken with extreme poverty and homelessness, drug use and addiction, mental health issues, high HIV and AIDS rates and crime. The enterprise provides professional catering services to corporate, government and non profit clients. It was founded in 2000 when three DTES non profit organizations wanted to build a program for preparing meals for people who collected bottles from the streets and garbage bins. The organizations put a café at the ground floor of the Portland hotel providing meals to hotel residents while serving food to the general public, with their key mission to hire neighbourhood residents with barriers to employment and train them to move in to permanent mainstream jobs.

Through its business activities, it contributes to a better quality life of the DTES residents while enriching community economic development by providing employment, increasing life skills and improving health through its nutritious and wholesome food.

Potluck Café and Catering like all organizations regardless of their nature undergoes some certain business risks which affect their running and performance. This study is meant to

highlight five risks which are faced by Potluck Café and Catering and come up with ways in which the management can follow so as to cushion the organization from these threats.

## RISKS

A risk is a normal phenomenon in the business world regardless of its nature be it a social or profit one. A risk is defined as the potential that a chosen activity may lead to a loss. In the social enterprise world however risk can be said as having two basic components which allow one to determine the potential severity of the risk 1) the potential magnitude of undesirable outcome if they occur and 2) the possibility that these undesirable outcomes will actually occur. Therefore the product of the magnitude and possibility is the risk inherent in any given opportunity (Emerson 126). In our case we will look at five risks that threaten the existence of Potluck Café and Catering and the ways to reduce them.

*Market Risk* this is the risk that is associated with the value of investments which may decline over a given time period simply because of economic changes or other events that impact large portions of the market. In the case of Potluck Café and Catering this risk has been seen coming from the fact that it being a non profit venture it was not meant to do business for the sake of the money but the mission of helping the community, this however did not stop their customers from demanding quality products and services that were competitive in the market.

The other issues arising was that despite their good relationship with the executives of all the sectors they still did not generate what they expected from the catering business since the decision makers were not the executives but the office managers and the executive assistants.

To ensure that they avoid any future issues the management will ensure that they need to improve their product and service quality by training their residents who do not have the right qualifications for the job. The management will also ensure that before starting or creating any

business relationships they will do so with all executives who will have the greatest impact on the organization.

*Construction Risk* this is the risk that is associated with probability of loss associated with the physical bearing of a business. In this case we will look at the physical inadequacies that are affecting the business performance of Potluck Café and Catering. Despite its good performance attributed to its location and proximity to its target market the business has had to acknowledge that its current location has reached its maximum potential and this has weighed down on the addition of any new business. Now it's a clear fact that a new premise is required to enable them expand their business and even increase their social impact to the community.

The big huddle that the business is having and budgeting for a new premise since the one that it uses was a donation, however the management has to look this new premise as a way of increasing their profits which might go into paying for the new premises. They could also solicit for funds from their donors or take a loan to help them offset the mortgage or organize a fund raiser to raise the required funds.

*Management and staff risk* it is known that the employees of an organization play an important role to its success. The risk associated here is that of the performance and satisfaction that the employees get from working with the organization and avoiding any situations that might lead to their turn over or under performance. At Potluck Café and Catering a few issues have come out concerning their employees, it is fact that their major staff are the members of the community and may not necessarily have the high qualifications that are required with the kind of job that they do. Issues have come about the professionalism and food safety to the customers.

To reduce this risk and be able to address the issue concerning their staff the organization has ensured that their management contains people who are very highly qualified

and have experience in the food industry together with an entrepreneurial and growth mindset that essential for management. The management also ensures that they offer training to their untrained staff so as to give the confidence that is required when performing a task. They ensure that they are also paired with their senior counterparts who are professionals to guide them during the on job training sessions.

*Reputation Risk* is a risk that is associated with a company because its character or quality of their products. A company's image is very important if the company intends to be successful, even a company like Potluck Café and Catering which may not be a profit company will still need a good reputation in order to be able to serve the community since without a good reputation no one will want to be associated with the company even those that the company purports to be helping.

The reputation of Potluck Café and Catering was being put to question in terms of their operation in line with their mission, the deviation from its mission of being a non profit organization and employing DTES residents for food preparation and yet they ended up hiring professionals instead of the residents that they were supposed to be hiring.

Apart from training their staff from the area the management needs to explain to the public about their decision to decide to hire professionals, they should also emphasize that they are not doing away with their untrained workers rather they are merely hiring professionals who will help the untrained workers perform their job and produce quality product and services as per the customers request.

*Liquidity Risk* this is the risk that arises from the difficulty of selling an asset. Sometimes an organization might want to sell some of their assets quickly but there may not be a sufficient market or enough funds made for the sale. Potluck Café and Catering is one of the most

successful social enterprises in Canada with a very solid financial background and generating roughly \$ 1.5 million in revenue. It has assets totaling \$ 84, 000 even though the challenge is that these assets most being equipments could never be liquidated at that value.

The management should ensure that the business growth continues to flourish and keep their profits as a healthy cushion so as to be able to aid the organization during the tough times. They can also ask for help from their donors, this will help them not to rely on their assets since there would not be a ready market for it and even if a buyer comes up he may not be willing to buy at the value of the asset. They might also try to take loans against their equipment which should serve as collateral instead of selling them.

## CONCLUSION

From the case of Potluck Café and Catering it is clear that risks are apart of business and that their existence should be acknowledged by the management incase success should be considered. As much as they cause threats to the business they are also ways in which businesses can see their weaknesses and be able to correct them to give them that competitive edge. Be it a profit or a social venture risks should anticipated and dealt with before the end up destroying an organization.

Works Cited

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