Purpose Meets Profit: Insights from Emerging Social Entrepreneurs in Toronto

Nadia Zablah Humbert-Labeaumaz

Contents

Abstract **2**

Introduction **3**

Scope and Methodology **3**

Findings and Analysis **5**
- Motivations for Social Entrepreneurship 5
- Opportunity Recognition and Development Process 6
- Feasibility Assessment and Early Validation 6
- Key Challenges in Scaling and Sustaining Impact 9

Discussion - Inferring a social entrepreneur profile **13**

Recommendations **14**
- Identifying social impacts 14
- Testing hypothesis 14
- Developing a business model 14
- Considering impact investors 15

Conclusion **15**

Appendices **16**
- Appendix 1. Defining social impact 16
- Appendix 2. Customer discovery 17
- Appendix 3. Business model canvas 17
- Appendix 4. Canadian impact investment organizations 18

References **19**

Abstract

This report explores the motivations, challenges, and success factors shaping modern social entrepreneurship through interviews with four Toronto-based founders: Bruized, Kind Karma Company, Culcherd, and Biofect Innovations. It identifies two main catalysts for social ventures—personal experience with a social issue and transformative awareness—and finds that most founders rely on passion-driven, trial-and-error approaches rather than formal feasibility studies. Despite their diverse industries, these entrepreneurs share common obstacles: securing funding, achieving product–market fit, measuring impact, and scaling operations without compromising their mission. The analysis reveals that social entrepreneurs combine purpose with pragmatism, often using innovation to address environmental and societal challenges while maintaining financial viability. The paper concludes with recommendations on measuring impact, testing hypotheses, refining business models, and engaging impact investors to ensure sustainable growth and accountability.

Introduction

Social entrepreneurship has emerged as a distinctive response to complex social and environmental challenges that traditional business and public institutions have failed to address effectively. By combining entrepreneurial methods with social purpose, these ventures aim to create value that extends beyond financial profit. Yet, despite growing academic and policy interest, the lived experiences of social entrepreneurs, and the factors that shape their motivations, behaviours, and constraints, remain insufficiently understood.

This study explores the trajectories of four social entrepreneurs based in Toronto, each operating in different industries but united by a commitment to address systemic issues through innovation and purpose-driven business models. Drawing on qualitative interviews, the analysis seeks to identify common patterns in motivation, opportunity recognition, and problem-solving, while examining the specific challenges of balancing financial viability with social impact. Through this lens, the research contributes to a deeper understanding of how social entrepreneurs translate personal experiences and ethical values into concrete, sustainable ventures.

Scope and Methodology

Nowadays, several definitions of social entrepreneurship coexist. However, having a shared understanding of this sector is essential for this study to infer meaningful conclusions from the collected data.

In the context of this report, a **social entrepreneur** is an entrepreneur whose decisions are primarily driven towards effecting lasting, large-scale social benefits (Martin & Osberg, 2007). This definition covers a specific section of the social-business hybrid spectrum, including non-profit organizations that leverage business tools to achieve sustainability and pursue their social mission at scale. However, it excludes corporations practicing social responsibility.

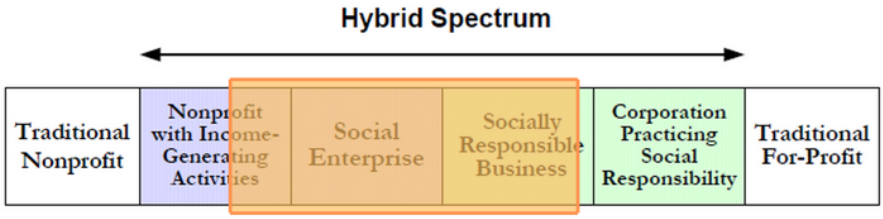

Figure 1: Kim Alter's hybrid spectrum (Alter, 2006) and this report's definition of social entrepreneurship (orange area).

This report relies on data collected through interviews with the following social enterprises.

Bruized is a Toronto-based company, founded by **Monique Chan**, aiming to combat food waste and raise awareness about this issue. They take imperfect products from farms and local retail stores to process them into tasty and healthy snacks and beverages (Bruized, 2020).

Kind Karma Company "employs at-risk and transitioning homeless youth in Toronto to handcraft quality jewellery". In addition to receiving hourly wages, employees also receive proceeds from all sales to support the achievement of their individual goals and aspirations (Kind Karma Company, 2020). Kind Karma Company's founder is **Laurinda Lee-Retter**.

Biofect Innovations is a Toronto biotech start-up that genetically engineers yeast to produce cannabinoid compounds (THC, CBD) through natural fermentation. The company wants to remove the need for cultivating cannabis and reduce the related externalities, such as a significant carbon footprint. It also aims to combat the taboo related to the medical consumption of cannabis to the benefit of people suffering from chronic pain and potentially other diseases (Biofect Innovations, 2020). The organization's founder, who took part in this study, is **Ralph Christian Delos Santos**.

Culcherd is a Toronto-based company, founded by **Tim D**, whose vision is to remove animals and plastics from the food chain through lines of tasty, healthy, and eco-friendly plant-based cheese and butter (Culcherd, 2020).

Findings and Analysis

Motivations for Social Entrepreneurship

The data reveal two distinct motivational profiles among the interviewees:

- individuals who experienced the problem they aim to solve firsthand, and
- those who underwent an eye-opening experience that transformed their perspective on a broader social or environmental issue.

The first group, which includes Laurinda and Tim, illustrates how personal adversity or unmet needs can drive entrepreneurial intent. Laurinda's experience of illness while working in an unfulfilling job led her to focus on supporting individuals in similarly vulnerable situations. Tim's search for a nutritious, plant-based cheese that could accommodate his relative's autoimmune condition prompted him to explore sustainable food alternatives.

The second group, represented by Monique and Christian, discovered social opportunity through observation and reflection. Monique became aware of systemic food waste while working in restaurants, recognizing the disconnect between supply and need. Similarly, Christian's exposure to the carbon footprint of cannabis cultivation during his academic and professional experiences catalyzed his interest in sustainable production models.

Despite these different starting points, all founders expressed a shared frustration with the status quo. Laurinda challenged the stigmatization of marginalized youth, Monique and Christian questioned the industry's complacency toward sustainability, and Tim critiqued the lack of genuinely healthy and eco-friendly alternatives in food innovation. Their ventures emerged from dissonance between personal values and prevailing norms.

This diversity in motivation is mirrored in their backgrounds, ranging from science to media to hospitality, underscoring that social entrepreneurship often arises from cross-domain learning rather than linear career progression. The pathway to entrepreneurship, in these cases, reflects a synthesis of personal experience, ethical awareness, and professional reinvention.

Opportunity Recognition and Development Process

Across cases, the entrepreneurs' opportunities emerged from a blend of **personal passions, experiential knowledge, and creative recombination** rather than from formal market research. For three of the four founders, the initial idea originated in their hobbies or personal activities, where curiosity and skill intersected. Laurinda's early interest in jewelry making, sidelined in her previous employment, became a means to channel creativity into social purpose. Monique's enjoyment of cooking evolved into an entrepreneurial concept during a social entrepreneurship course, while Christian's fascination with molecular biology led him to apply scientific expertise to environmental sustainability in cannabis production. Tim's path differed slightly, as his opportunity stemmed from personal need: the search for a dairy-free cheese that was both nutritious and palatable.

Beyond idea generation, the founders shared a tendency to **innovate through process rather than product**. Their ventures often reimagined existing markets by modifying production, sourcing, or labour practices. Monique transforms food waste into snacks and beverages, redefining value in what is typically discarded. Tim's operation eliminates preservatives and microplastics from dairy alternatives through process control and transparency. Christian's innovation lies in using yeast-based biotechnology to synthesize plant molecules more sustainably. Laurinda applies a parallel logic to the social domain, treating youth creativity as an underutilized resource and transforming marginalized labour into artisanal production.

Together, these examples reveal that opportunity recognition in social entrepreneurship is mainly about reassembling existing resources and competencies to address unmet social or environmental needs. Each founder demonstrates how meaning, purpose, and technical know-how can converge to redefine both the process and the value system of an industry.

Feasibility Assessment and Early Validation

None of the interviewees performed a formal opportunity assessment. They made assumptions and used trial-and-error processes to test their opportunities.

Opportunity's potential

The table below illustrates the main assumptions that the four social entrepreneurs made to evaluate their opportunity's potential. However, it does not intend to assess their validity.

Entrepreneur	Criterion	Assumption
Monique	Social need	Preventing waste is essential for society
Monique	Venture capacity	She already had the equipment required to start producing
Monique	Venture capability	She is sufficiently skilled in cooking
Laurinda	Community support	Customers will prefer buying her jewellery because of her social purpose
Laurinda	Venture capability	She is sufficiently skilled in jewellery manufacturing
Christian	Social need	The cannabis industry will generate an unsustainable carbon footprint
Christian	Window of opportunity	Soon, all states and provinces in North America will have legalized cannabis. It is the perfect time to introduce his products as a plausible cannabis alternative
Christian	Market size	The demand for cannabis will grow massively in the following years
Christian	Venture capability	He has the skill set required to pursue the opportunity
Christian	Barriers to entry	His technology has unique value
Tim	Mission alignment	His products are healthy and tasty
Tim	Venture capacity	He already had the required equipment to start producing

Feasibility's validation

The feasibility stage varied across the four ventures, reflecting their founders' diverse levels of market exposure and operational maturity. Two entrepreneurs (Laurinda and Tim) have already obtained partial validation of their business models, while Monique and Christian remain in earlier phases of experimentation. Yet all have undergone a process of iterative learning, adapting their models in response to practical constraints and unforeseen challenges.

Monique's experience illustrates how initial market testing often exposes limitations in distribution strategy. Relying solely on farmers' markets proved unsustainable due to fluctuating sales, time intensity, and environmental unpredictability. Her ongoing search for diversified channels underscores the tension between maintaining direct contact with customers and achieving operational efficiency.

Laurinda's venture reached break-even in its first year but faced challenges inherent to its social mission. Managing employees from vulnerable backgrounds placed her in constant crisis management, prompting her to establish boundaries and referral systems to external social services. High staff turnover also forced her to innovate socially, developing an incentive program that links personal goal achievement to financial rewards, turning human development into a lever for organizational stability.

Christian's case reflects a typical scientific bias toward technical problem-solving. Initially focused on research, he has since shifted attention toward business feasibility by developing a minimum viable product (MVP) and engaging early buyers to test adoption potential. Similarly, Tim's partial equity sale to investors validated market interest but also increased performance pressure. Although his firm has yet to reach profitability, he demonstrates strategic awareness of the metrics required to do so.

Taken together, these cases illustrate that feasibility validation in social entrepreneurship rarely follows a linear path. Instead, it emerges through cycles of testing, feedback, and adaptation, where constraints become pathways for refining both the social mission and the business model.

Key Challenges in Scaling and Sustaining Impact

All entrepreneurs reported a consistent set of challenges that extend beyond their specific industries. While many of these obstacles are typical of early-stage ventures (resource scarcity, time constraints, and personal strain) others are more distinctive to the dual mission of social entrepreneurship, which requires balancing financial sustainability with social purpose.

Time management and personal involvement

Founders often underestimated the emotional and physical demands of launching and sustaining their ventures. Laurinda described the need to *"let go of the non-essential,"* recognizing that overcommitment and lack of rest threatened both her mental health and her ability to lead effectively. Monique similarly reflected on how the intensity of entrepreneurial engagement can border on burnout, particularly when founders internalize responsibility for every operational detail. These experiences illustrate the thin boundary between passion and exhaustion, a recurrent risk among mission-driven entrepreneurs whose commitment to social impact amplifies personal investment.

In each case, the founders learned to navigate these pressures by redefining priorities, setting boundaries, and developing greater self-awareness of their limits. Their experiences underscore a broader pattern observed in social entrepreneurship: the tension between dedication and sustainability, where emotional resilience becomes as critical as strategic or financial capability for long-term impact.

Finding product-market fit

Achieving product–market fit remains a central challenge for the social enterprises studied. Despite operating in different industries, both Bruized and Biofect are still refining the alignment between their products, market demand, and social mission.

For Monique at Bruized, the challenge lies primarily in distribution and market positioning. Having tested her concept at farmers' markets, she is now seeking scalable sales channels and professional guidance to strengthen her brand and clarify its value proposition. This reflects a common difficulty for early-stage social ventures: transitioning from proof of concept to a sustainable market presence while preserving authenticity and purpose.

Christian at Biofect faces a more conceptual dilemma, questioning the relationship between product development and market orientation: *"Is the product dictated by the market or vice versa?"* While preparing to launch his MVP, he recognizes that limited early engagement with potential customers may slow adoption.

Laurinda and Tim reported fewer immediate issues but acknowledged the need for deeper market research before expanding. Collectively, these experiences underline a broader pattern: social entrepreneurs often prioritize mission and innovation over systematic market analysis, delaying validation and complicating growth.

Scaling

Three of the four entrepreneurs identified scaling as one of their most pressing challenges. While each operates in a distinct sector, their experiences converge around the desire to expand impact while preserving organizational identity and values.

For Bruized and Culcherd, the principal obstacle lies in achieving economies of scale. Both founders recognize that industrialization (through larger facilities, specialized equipment, and optimized processes) is essential for cost efficiency and market competitiveness. Yet this transition entails substantial capital investment and operational risk. Tim described a *"threshold effect"* that prevents linear expansion, as scaling requires a quantum leap in infrastructure and human resources. He also highlighted the regulatory complexity of food safety standards, which vary across jurisdictions and complicate geographic expansion.

Laurinda's view of growth contrasts with this industrial logic. While she aspires to scale her social enterprise, she is determined to do so without compromising her mission of youth empowerment. Her emphasis on building strong internal foundations before expanding reflects a deliberate, values-driven approach to growth. With the support of a coach, she is developing strategies to reconcile social purpose and scalability (e.g., envisioning creative community spaces for young artisans in Toronto).

By contrast, Christian expressed plans for future expansion but did not currently perceive scaling as a constraint.

Across these cases, scaling emerges as both a strategic and ethical dilemma. For social entrepreneurs, growth is a balancing act between scaling impact and sustaining purpose.

Funding

Access to funding emerged as a universal challenge among the interviewees, reflecting one of the most persistent barriers in social entrepreneurship. All founders acknowledged that bootstrapping offers only short-term viability and that navigating the complex landscape of grants and impact funding requires time and specialized knowledge. Yet their experiences diverge sharply when it comes to external investment and the implications of equity financing.

For Monique and Laurinda, investor funding raises concerns about autonomy and accountability. Both fear that accepting equity partners could compromise their mission by introducing conflicting priorities or external pressures for rapid growth. This skepticism reflects a broader tension between mission preservation and financial dependency, a central paradox in socially driven ventures.

Christian occupies a more exploratory position. While engaging in discussions with potential investors, he remains uncertain about how to evaluate partnership quality and equity terms, illustrating the informational asymmetry often faced by first-time entrepreneurs in negotiation contexts.

At the opposite end of the spectrum, Tim has already onboarded investors to support growth but is now seeking a loan to minimize further equity dilution, a strategy that demonstrates both financial pragmatism and a desire to retain strategic control.

Collectively, these perspectives highlight the difficulty of reconciling capital needs with value alignment. For social entrepreneurs, funding decisions are rarely neutral; they shape governance structures, stakeholder relationships, and ultimately the balance between social purpose and financial sustainability.

Measuring social impact

Assessing social impact remains one of the most complex and underdeveloped areas of practice among the entrepreneurs studied. While all participants recognized its importance, they struggled to translate qualitative social outcomes into quantifiable indicators.

Monique has measured her company's success primarily through a tangible metric, over 1,800 pounds of food saved, which provides a clear and communicable indicator of environmental benefit. However, she acknowledges that other outcomes, such as reductions in carbon emissions or broader community effects, are far more difficult to track with precision.

The same challenge applies to Laurinda, whose work centers on human development and empowerment. Because her impact is inherently relational and qualitative (i.e., focused on confidence, creativity, and social reintegration), it resists standardized measurement. Both entrepreneurs face the tension between narrative evidence and numerical accountability, a dilemma common in social entrepreneurship.

These cases underscore a recurring limitation in the sector: while financial metrics are universally understood and comparable, social impact lacks a shared measurement framework. As a result, social entrepreneurs often rely on anecdotal evidence or isolated indicators, which, while illustrative, do not fully capture the depth or durability of their contribution.

Figure 2: Ranking of the most common challenges among social entrepreneurs.

Discussion - Inferring a social entrepreneur profile

Despite differences in sector, background, and business maturity, the entrepreneurs interviewed shared strikingly similar characteristics. These commonalities suggest an identifiable profile of the social entrepreneur, shaped more by mindset and motivation than by industry context.

The group displayed remarkable diversity in gender, ethnicity, education, and professional experience. Yet, each developed a strong social orientation through transformative experiences that redefined how they perceived injustice, sustainability, or community needs. These experiences often translated into ventures that leveraged personal skills or passions to address problems the founders had directly witnessed or endured.

A defining behavioural pattern among participants was action bias, a predisposition toward immediate implementation rather than extended planning. Driven by discomfort with the status quo, they favour trial-and-error experimentation over formal validation. This urgency to "make things right" appears even stronger than in traditional entrepreneurs, suggesting that purpose itself accelerates decision-making.

At the same time, their commitment to social value creation coexists with pragmatic self-interest. Many view their work as personally redemptive: by alleviating others' suffering, they also resolve aspects of their own. This duality illustrates how psychological meaning can reinforce persistence in the face of uncertainty.

The entrepreneurs demonstrated high resilience and optimism, reflecting a selective survival effect as those less confident or adaptable likely exited early. Optimism, however, is a functional resource: as Mark Twain observed, *"they did not know it was impossible, so they did it."*

Interestingly, despite their optimism, the founders were risk-averse in financial terms. Most adopted low-capital, do-it-yourself approaches, preferring incremental progress over high-stakes investment. Finally, their openness to learning and receptiveness to external ideas stood out, though this may reflect a self-selection bias among interviewees willing to share their experiences.

Together, these traits portray social entrepreneurs as pragmatic idealists: individuals who combine conviction with adaptability, translating moral frustration into concrete, sustainable action.

Recommendations

Identifying social impacts

Social entrepreneurs should focus on identifying the specific effects they have on society. The insights they would gain from this endeavour would help them define relevant metrics tailored to their context. Appendix 1 presents tools to implement this recommendation.

Expected benefits:

- Gaining a holistic understanding of the company's social impact
- Setting goals and measuring progress
- Communicating concrete metrics
- Applying for grants, loans and investments

Testing hypothesis

Although rushing into action may be understandable, founders should take the time to identify and test their assumptions through a bias-free approach beforehand. Customer discovery, detailed in Appendix 2, is a powerful tool to evaluate a hypothesis's validity.

Expected benefits:

- Removing biases from the decision-making process
- Eliminating erroneous assumptions as soon as possible
- Avoiding sunk-cost fallacy

Developing a business model

Entrepreneurs should articulate a coherent business model before projecting forward. The idea is to build a hypothesis on the value proposition, potential customers and acquisition channels, and refine this hypothesis through experiments (see the section above). The business model canvas (see Appendix 3) is a valuable tool to build a sound business model.

Expected benefits:

- Evaluating an opportunity's feasibility
- Finding product-market fit
- Preparing for scale-up
- Uncovering flaws in the entrepreneur's assumptions
- Defining the required amount of funding
- Facilitating communication with customers, investors and grant issuers

Considering impact investors

Impact investors are companies that provide capital to social enterprises. Social entrepreneurs should consider turning to these investors if their business plan reveals the need for funding.

Moreover, founders would leverage these opportunities more effectively if they identified their social impact beforehand. Appendix 4 contains a list of Canadian impact investment organizations.

Expected benefits:

- Gaining funds
- Ensuring investors align with the company's purpose
- Partially validating the opportunity's potential
- Receiving advice and mentorship from social venture specialists

Conclusion

This study reveals that social entrepreneurs, despite operating in diverse industries, share a consistent set of psychological and behavioural traits. Their ventures often emerge from transformative experiences that blend empathy with problem-solving, leading them to reimagine existing systems through innovation and resourcefulness. Purpose acts as both catalyst and constraint: it fuels perseverance and creativity but can also lead to emotional exhaustion and cautious financial behaviour.

Social entrepreneurs thus embody a paradoxical balance between idealism and pragmatism, risk-averse in investment yet bold in intent, guided by moral conviction yet adaptable in execution. Their journeys demonstrate that impactful entrepreneurship is less about invention than about creatively aligning personal values, available resources, and systemic opportunity to produce sustainable social change.

Appendices

Appendix 1. Defining social impact

Sustainable Development Goals (SDG)

The Sustainable Development Goals are a set of goals adopted by the United Nations in 2015 to end poverty, "in all its forms," by 2030. They include 169 targets divided into 17 goals (United Nations, 2015). A social enterprise would benefit from identifying the SDG it covers to develop awareness about the context in which it evolves.

Impact measurement framework

The Impact Management Project defined a framework to gain a systemic understanding of an organization's impact (Impact Management Project, 2019). This framework provides insights into the company's effects, classified into the following categories:

- May cause harm
- Does cause harm
- Act to avoid harm (A)
- Benefit stakeholders (B)
- Contribute to solutions (C)

Social Return on Investment (SROI)

Social Return on Investment (SROI) is a simple and straightforward tool to assess and communicate a social enterprise's impact (New Economics Foundation, 2009).

In a nutshell, the SROI measures the opportunity cost of doing nothing. The idea is to divide the current cost of a given problem for society by the cost of fixing this issue. The result is a ratio (ROI) representing how much a dollar invested in the company would save for society.

Appendix 2. Customer discovery

Customer discovery is a process to test an entrepreneur's assumptions and help them build the right product for their customers.

The process follows a scientific approach and includes the following steps:

1. Formulate a specific and detailed hypothesis.
2. Identify the assumptions embedded in the hypothesis.
3. Identify potential customers.
4. Meet people matching the customer profile and chat with them.
5. Evaluate their responses and potentially go to 1.

In the fourth step, the most effective approach is to ask open questions to potential customers without revealing the hypothesis. Indeed, people naturally want to help and may answer based on what they think the entrepreneur wants.

During the conversation, the tone of the customer's voice clearly indicates their interest (or lack thereof) in the matter. The entrepreneur should discard the hypothesis if the interlocutors do not express interest in the subject or if their answers diverge from the assumptions. They should then restart the process with a refined hypothesis.

Appendix 3. Business model canvas

The business model canvas is a structured visual tool to help a company build or change its business model (BMI, 2019).

The steps to utilize a business model canvas are:

1. Fill the sections of the canvas.

- Customers and value proposition - *Who is the company serving and why does it matter to them?*
- Channels and customer relationships - *How does the company acquire customers, keep them and interact with them?*
- Key resources, activities and partners - *What are the operational components of the company?*
- Cost structure and revenue streams - *What is the expected company's bottom line?*

2. Connect items from several dimensions (e.g. all expenses must contribute to the value proposition) to identify overlooked resources and activities, as well as useless expenses.
3. Identify the assumptions made during the process and test them (see customer discovery above).
4. Until testing is conclusive for all assumptions, go back to 1.

Appendix 4. Canadian impact investment organizations

- **SVX** (https://www.svx.ca/) is a platform that aims to connect social ventures and investors through crowdfunding. Entrepreneurs can list their companies, manage fundraising targets and communicate directly with their investors. The platform leverages a 2016 regulation that allows any individual to invest in a private company.
- **OpenImpact** (https://www.openimpact.ca/) is a Canadian database of impact investing opportunities, similar to SVX.
- **MaRS** (https://impactinvesting.marsdd.com/) is the organization behind SVX. It also provides entrepreneurs with mentorship services, network opportunities and other resources.

References

Alter, K. (2006, April 13). *Social Enterprise Typology*. Brown University. https://canvas.brown.edu/courses/1073328/files/61028038

Biofect Innovations. (2020). *Synthetic Biology - Biofect Innovations*. https://www.biofectinnovations.com/

BMI. (2019, December). *Business model canvas*. BMI. https://www.businessmodelsinc.com/about-bmi/tools/business-model-canvas/

Bruized. (2020). *Bruized - Food Renewed*. https://www.bruized.com/

Culcherd. (2020). *Culcherd - plant-based dairy alternatives*. https://culcherd.com/

Impact Management Project. (2019). *How enterprises manage impact*. Impact Management Project. https://impactmanagementproject.com/impact-management/how-enterprises-manage-impact/

Kind Karma Company. (2020). *Kind Karma Company*. https://kindkarmaco.com/

Laurinda Lee-Retter, Kind Karma Company, personal communication. (2020, February). Toronto.

Martin, R. L., & Osberg, S. (2007). Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*.

Monique Chan, Bruized, personal communication. (2020, January). Toronto.

New Economics Foundation. (2009, May 11). *A guide to Social Return on Investment*. New Economics Foundation. https://neweconomics.org/2009/05/guide-social-return-investment

Ralph Christian Delos Santos, Biofect Innovations, personal communication. (2020, February). Toronto.

Swish Goswami, Trufan, personal communication. (2020, February).

Tim D,Culcherd, personal communication. (2020, February). Toronto.

United Nations. (2015, October 21). *Transforming our world: the 2030 Agenda for Sustainable Development*. https://sustainabledevelopment.un.org/post2015/transformingourworld