

What is it about Sangudo?

This rural town is getting a new lease on life. Can yours, too?

By Dan Ohler with Paul Cabaj



(photo) Looking east across the Pembina River, to where Highway 43 exits to Sangudo, Alberta. (Inset) Office space for lease in downtown Sangudo speaks to the issue that got residents up and moving: retention – of schools, young people, businesses, and jobs. Photos courtesy of Regis Productions.

Sangudo, Alberta. It's nothing special. Just a hamlet of less than 400 residents on Highway #43, one hour northwest of Edmonton. For 30 or 40 years it was dying a slow death. The grain elevators disappeared. Once-thriving businesses closed their doors. Youth left for the promise of success in larger centres. There was (and still is) an abundance of dilapidated buildings and infrastructure.

Because this happened slowly over a long period of time, most people didn't really notice. "Oh well, the old grey mare ain't what she used to be," was the prevalent attitude and, "Somebody should do something – but not *me*, I'm too busy."

This is not just a Sangudo thing. I've witnessed similar situations in rural towns, villages, and hamlets right across this nation we call home. Unlike so many of them, however, Sangudo has put a twist in this tale.

In the past three years, we have improved or built playgrounds, outdoor exercise equipment, parks, and walking trails in order to attract and engage young people. Artistic and cultural community events have become a "normal" and "regular" way of bringing people together. Buildings and infrastructure are being cleaned up, fixed up, or demolished. Organizations have become active and energized. And much-needed businesses have been created or rejuvenated by new owners.

If your town is anything like ours, you may be interested to know:

How do we ignite entrepreneurship and boost it with local investment dollars and a spirit of co-operation, so that more rural communities, like Sangudo, "go places"?

What about your community? If it's like Sangudo, decay and apathy may be eroding its economic and social well-being, too. In that case, you, like us, may be interested to know the answer to this question:

How do we ignite entrepreneurship and boost it with local investment dollars and a spirit of co-operation, so that more rural communities, like Sangudo, "go places"?

That is a tough problem! It has no single solution and there is no single formula you can use to find it. I'm pretty sure there are four essential parts, or "keys" to every solution, though. What follows is not the only way to a solution, but it's a good place to start.

Will these keys work for you?

Maybe – or maybe not.

Like any business organization, each community has its own culture – its own unique way of being, doing, and interacting with the members. It is possible to change your culture, and often advantageous. But that takes awareness of a worthy cause, which instills dedication, persistence, and a willingness to look beyond self-imposed boundaries and explore the many options that exist.

It took a perfect storm to shift Sangudo's culture – or at least, to get us to step through the gate to check out the grass on the other side. In our case, it is greener.

In 2005, Northern Gateway Regional Division threatened to close the local high school. If they did, that might mean that a lot of things in addition to teenage schooling occurred someplace else. Parents might well choose to enrol their younger children, to get their mail, do their banking, and shop elsewhere, too. People were ticked off. They came out of the bushes to attend meetings and discover ways to keep the school open and our community alive.

The blame-game was briefly played. Blame the school division, its Board, the government, the weather, and/or anyone else, thereby leaving your fate in their hands. Nevertheless, when the smoke cleared, we realized that if we wanted our community to survive, every one of us had to get his or her butt off the ground and contribute in some meaningful way. We needed to think differently and become accountable for our community's success – or failure. It was up to us as individuals, but more importantly, as a community.

Key #1 – A Compelling Vision.

To get people working together, they need to decide where else they might go together. We in Sangudo were heading someplace that we definitely did *not* want to cozy up to. The crisis encouraged us to start thinking where we *did* want to go. A vision for a community of

genuine well-being emerged: a safe, vibrant, comfortable, and desirable place to live, raise a family, work, and play. We want a place to which people feel like they belong. And with each passing project and work-bee, this vision comes closer to reality. The foundation has been laid.

Key #2 – Trusted Leaders.

With the crisis, a few well-known local leaders jumped in the saddle, took the reins, and began to gather and steer the herd toward better grazing and health. What these leaders have is a huge capacity to trust and to inspire trust. They can tap into a large network of acquaintances for direction and support. They can also invite and engage others. Moreover, they do all this just because it's "the right thing to do."

It's usually quite easy to identify these leaders. They are already hugely invested in the community as dedicated volunteers. I sincerely doubt anyone could play this role on a professional basis. If it was part of their job, they just wouldn't get buy-in from other community members.

In our case, these leaders searched for grants, programs, awards, sponsorships, and partnerships – anything that would be a source of funding, facilitation, or consulting. They got what they were looking for. The

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results? Sangudo's residents have been able to do many things together to brighten and liven up the community – to be a “real” community of people at work and at play.

In fact, on one spring day in 2009, over 200 volunteers came out to build a new playground, skate-park, and beach volleyball court, complete with park benches, flowers, and trees. (See photo, previous page.) How easy was it? Collectively, the leaders contributed hundreds of hours of planning and organizing that culminated in those few hours of collaboration and celebration. Was it worth it? You bet! Community feedback has been exceptional.

And since then, residents have carried out other projects together – walking trails, a tree nursery, outdoor exercise equipment, arts festivals, singer/songwriter evenings, hobby workshops, and so on. Every one of them beautifies the town while “feeding, watering, and caring for the herd's needs.”

So much for social well-being, which is extremely important. Now, what about business and economic health?

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Key #3 – A Means of Retaining Core Businesses.

Not too long ago a study was done by the Canadian Federation of Independent Businesses and the Western Centre for Economic Research. It indicates that 93% of small- to medium-sized business owners don't have a formal succession plan. Yet 41% want to retire within five years, and over 70% in ten years. Go figure!

Many of these business owners are running much-needed businesses in your community and our community. In Sangudo, we can't afford to have any more of these business owners close their doors and walk away. It would devastate the economy.

This is where the Sangudo Opportunity Development Co-operative (SODC) came in.

To meet the threat of business closure, we needed to do two things. First, we needed an organized, business-like way of coming at the problem as a group. More specifically, we needed to create a structure that was good for many types of business, not just one – something that could receive investment dollars and proposals, and then pitch them as venture opportunities. Second, and equally important, we needed to find exceptional people to catch these opportunities and run with them. Here's what we did.

Ten other Sangudo residents and I investigated several possible structures for doing business: sole proprietorship, corporation, partnership, joint venture, and investment co-op. This last, the “investment co-op,” looked the best fit. We established that, to become members of the co-op, we and others would buy membership shares. That purchase, plus shareholders' loans, would create a larger pool of money that we could channel towards one or another business venture in Sangudo. As co-op members, we naturally would support our businesses and jointly share in the successes through dividends. And because we were all very busy in our own professions, this option would allow us to be involved and invested, yet not stuck in managing and running a business, or businesses. In this way, we could reduce competition and foster co-operation, so that businesses could collaborate and support each other for the greater well-being of the community. Even though we were venturing into unknown territory, this “one-of-

Résumé : Qu'est-ce qui se passe à Sangudo?

Sangudo, Alberta avait beaucoup de choses en commun avec d'autres villages ruraux : propriétaires de magasins près de la retraite, magasins condamnés, exode des jeunes, et résignation quant à son destin. Les choses changent toutefois à Sangudo. Quelles sont les clés de sa revitalisation?

Pour commencer, en réponse à la menace de fermeture de son école secondaire, la population de Sangudo s'est unie. Elle a démontré un désir de transgresser sa « zone de confort » dans un souci d'un meilleur avenir. Les citoyens ont commencé à réfléchir sérieusement à la communauté qu'ils souhaitaient devenir : un endroit sécuritaire, vivant, confortable et enviable où vivre, élever une famille, travailler et jouer.

Quelques personnes ont commencé à organiser des événements où les résidents pouvaient avoir du plaisir ensemble tout en améliorant le mode de vie local. Ces leaders étaient des bénévoles confirmés en qui l'on pouvait avoir confiance avec l'autorité, et qui avaient aussi confiance aux autres avec l'autorité.

Une autre clé a été la structure que ces leaders ont créé pour retenir les entreprises locales. La Sangudo Opportunity Development Co-operative (SODC) [coopérative de développement d'occasions de Sangudo] n'est pas propriétaire d'entreprises. Elle reçoit des fonds et des propositions d'investissement, et les « publie » par la suite comme des investissements potentiels. Par la suite, elle cherche des personnes exceptionnelles pour attraper ces occasions et les exploiter. Sangudo Custom Meat Packers [abattoir sur mesure de Sangudo] doit son rajeunissement à la SODC qui a acheté l'établissement et le loue à deux jeunes entrepreneurs.

Pour le succès futur de Sangudo, de l'accès à plus de capital local pourrait être essentiel. Pour ceci, des changements de politiques sont nécessaires par rapport à l'investissement de fonds de REER autogérés. Un autre moyen possible est la création d'un fonds d'investissement en développement économique communautaire, comme l'exemple de la Nouvelle-Écosse. ■

a-kind” model also seemed to allow us the creativity, flexibility, and possibility to tap into the expertise and wisdom of a larger group of leaders in the community.

We decided to “go for it.” An award of \$50,000 from the Alberta Community & Co-operative Association (ACCA) covered much of the preliminary cost of consulting and feasibility analysis. SODC was incorporated on May 7, 2010 with a powerful mission: To support and facilitate the development of businesses and projects, which in the opinion of the co-operative, enhance the social and/or economic well-being of the Sangudo community.

The 22 members are all honest, dedicated, and accountable citizens who are willing to invest their money and faith in the community vision. They want to see, hear, and feel the growth of their investment of time and money. They want to take an active role in their community’s economic well-being. They’d rather do that than play the roulette wheel at the Toronto or New York Stock Exchange, where they can do precious little to control or influence the results.

Fortunately, SODC was able to incorporate on the basis of the Alberta Securities Commission regulatory amendments of September 2009. These amendments eliminated the costly and time-consuming Memorandum of Offering document that the Commission had required up till then. On the flip side, there were strict limitations. The co-op must be less than 100 members, each of whom may invest no more than \$10,000.

The intent of SODC was not to own and manage a business as most co-ops do. Instead, it’s a business incubator: a vehicle to invite, encourage, and support entrepreneurs to run their own businesses in Sangudo, live and raise families here, and employ their neighbours and other residents. On their own, these young entrepreneurs may not have access to enough capital to purchase the business. SODC fills that need, not as a lender, but as a landlord. To

(photo) Kevin Meier (left) and Jeff Senger, proprietors of [Sangudo Custom Meat Packers](#), pay SODC \$800 monthly and 6% of gross revenues – an incentive for every co-op member to buy there. As it turns out, demand has not been a problem. They have had to hire 12 employees to keep up. Photo courtesy of Shelly Starman.

qualify for support, one criterion is that the entrepreneurs be SODC members.

In the first two projects SODC undertook, we developed a unique business model that allows for shared risk and shared reward – a win/win agreement that works.

The first project was to acquire Sangudo Custom Meat Packers, a small local abattoir. The owner had been trying to sell and retire for several years. Two SODC members, Jeff Senger and Kevin Meier, were keen to own the business. Young, excited, and passionate, they are full of ideas for growth and success. These were the exceptional people we needed.

To share the risk in the start-up phase and during slow periods, and to allow for a healthy, long-term return, SODC and Sangudo Custom Meat Packers signed an agreement. The

company makes to SODC a modest monthly lease payment. Quarterly, the company pays a bonus equal to an agreed percentage of the gross revenue. The entrepreneurs can also purchase the land and buildings in three years at a pre-agreed price. This option allows them to renovate and enhance the property at their cost, knowing they are building equity every day.

This agreement ignites the social capital of the co-operative’s members. The more they patronize the business, and invite and encourage neighbours and friends to do likewise, the more money SODC receives quarterly and the more each member will eventually get in dividends.

How has it worked so far? In the project’s first ten months, SODC members realized a 6.3% return, which was welcome news given

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the substantial legal and start-up costs, the award from ACCA notwithstanding.

For its second project, SODC has purchased the old Legion building. Two SODC members and entrepreneurs, Carol Ohler and Jenny Walker, are keen to turn the premises into “Connections,” a vibrant restaurant, coffee house, and community meeting place. They also intend the business to enhance the community with frequent special events, by catering to community organizations, and even as a safe learning environment for children when school is out. Once again, we found exceptional people.

Will there be a 3rd, 4th, or 5th project?

Absolutely! SODC evaluates each proposal on its own merit. Although a return on member’s investment is desirable, the co-op’s final decision hinges on how well the proposal connects with our statement of purpose: “How will this project affect the long-term well-being of our community?” “Does it fit with the things that really matter to us?”

SODC is building slowly and confidently, but currently it’s in a curious spot. We now have enough experience to develop a structure for board governance, and establish policies and procedures which will simplify decision-making, planning, and succession. This process will greatly enhance our effectiveness.

Clearly, SODC needs to remain forward-moving and solution-oriented. It has created a “buzz.” Several local business owners have approached the co-op for help with succession. The worthiness of opportunities takes effort to assess. Some just don’t cut it. Some are within the ability of local exceptional people with some back-up from the co-op. Others require one or more entrepreneurs with special credentials and training. These opportunities have to be good enough to attract people from “away,” as the Newfoundlanders say.

To summarize, there will be as many projects in Sangudo as there are quality proposals to match with our investment dollars, and exceptional people to match with the business opportunities that emerge. We have a big vision for SODC.

Key #4– Policy Reform.

Capital for future projects may be a concern. Those government regulations impose really tight constraints on how many investment dollars there are to be had locally. And conventional banking sources hesitate to get involved. They always have to have an answer to the question, “Who do we sue if the venture goes south?” In Sangudo’s case, it’s not clear which would be the liable party: the SODC, its individual members, or the entrepreneur.

Our assumption is that the members of most any rural community together hold millions of dollars in self-directed RRSPs and non-registered investments. We base this assumption on the fact that \$4.4 billion leaves Alberta annually when invested in conventional RRSP funds.

Imagine what could happen in your community if even a tiny percentage of those dollars stayed put. *Imagine* how it would feel if your RRSP allowed you to participate actively in the growth of your investments and your community. *Imagine* the “buzz” in your community as it became autonomous, self-reliant, and a community of genuine well-being. *Imagine* the conversations you’d hear in the coffee shops and on the street as neighbours and friends shared the rewards of “real” community businesses. *Imagine*.

Access to RRSPs is available now, but getting it is neither easy nor cost-effective. A powerful step in the direction of community well-being would be to loosen the regulatory process.

Other Forms of Capital

In Nova Scotia, something called Community Economic Development Investment Funds (CEDIFs) have been operating for years. These funds are pools of local investment dollars to be used only for local projects. To participate, community residents buy shares in the fund. The funds are loaned to business ventures which a team of specialists has determined to be viable. Over the past eight years, over \$35 million in community investment has been loaned to 489 new business ventures and 234 expansion projects in that province. The

incidence of arrears is just 1%. In banking terms, that’s significant!

The success is due in part to the support, guidance, and processes which the provincial government has established for businesses that wish to apply to a CEDIF for a loan. This infrastructure does necessitate a small annual government expenditure. That cost is outweighed, however, by the stimulus which CEDIFs give to local investment, faith, hope, jobs, and eventually, tax revenues. It also reduces or eliminates the need for ad-hoc rescue programs.

Research indicates that a similar system could work very well in Alberta, and possibly in provinces across the country. The governments of Newfoundland and New Brunswick are already adopting Nova Scotia’s model.

There is great promise! Nevertheless, policy reform takes time and effort ...

So What About Right Now?

Let’s face it: your rural community may not be suited to a co-operative project. There may be neither the need nor desire for it, depending upon the culture that prevails. Then again, maybe there is. One sure-fire way to find out is to see how the residents respond to crisis. Is there individual resignation? Or a surge of collective determination?

Of course, if there is no crisis, don’t go start one! Still, have a good hard look around. There may be challenging situations which get brought to public attention. If so, do people show a readiness to shift their thinking? Rather than complain and stick with the way things are, do they begin looking for and talking about options and opportunities?

If they do, application of the above listed keys can guide you to create a co-op model similar to the one in Sangudo. Sangudo’s leaders are happy to help you. Because of the SODC experience, we have models, templates, and wisdom to share with other communities, so they might replicate our successes, avoid many of our mistakes, and form their own co-ops at a fraction of the costs we incurred financially, socially, and emotionally.

What are the keys? Let's review:

1. A **Compelling Vision** of a community where people want to live, work, and play.
2. **Leaders who inspire trust** and entrust others with responsibility. Who are they? What support do they need?
3. A **Means of Retaining Core Businesses** through a co-op structure which evaluates business viability, unites the opportunity with exceptional people, and supports that union with local investment dollars. This also provides a healthy return of investment to co-op members financially, emotionally, and socially. Ultimately, the entire community is enhanced.
4. **Policy reform** that will make financial support easier to acquire over the long term. This may take some time, yet as we've found, you can proceed right now. Are you willing to champion the cause? Is your community another Sangudo? Not a chance. However, you may well have all the resources you need now to make your community one of genuine well-being.

Two concerns I hear about are money and time. When it comes to money, a hundred here and a thousand there is small. However, once you pool those dollars, there can be a substantial sum. Often, it's not the money that's scarce, it's the structure for pooling it and then deciding what to do with those big bucks. Moreover, research shows there are billions of RRSP and non-registered investment dollars in circulation. So "lack of money" could well be a poor excuse.

Time is one of our most valued and limited possessions, and I, like you, want to use mine in a way that gives me great satisfaction. So I ponder. How much time can I redirect or repurpose to this cause? If I want the trajectory of Sangudo's history to change and my kids, grandchildren, and great-grandchildren to cherish this place, how many hours shall I put to the effort? If, years from now, I want residents of Sangudo to swap stories of dedicated, committed, and loving change-agents and what they did

together for the community they love, how much of my time is that worth? Lots, I hope.

It boils down to the simple daily choices you and I make. Are you and I choosing to generate energy for society? Or to drain it? Are you and I willing to accept the status quo, or change it? What are you and I choosing to do in our communities *today*? ⁴

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(photo, below) Sangudo's younger generation bear down on the finish line (or maybe it's the "start" line ...) at the summer community fair. Photo courtesy of Shelly Starman.

⁴ is an ejournal about Inspiring, Innovating, Inciting, and Inventing ways of life and work that permit humanity and the planet to thrive in this century of unprecedented challenges. ⁴ is a publication of the Canadian Centre for Community Renewal.

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