

How a business can become a social enterprise

WHILE much has been written on the journey of a non-profit organisation to become a social enterprise, too little has been said on how a conventional business can become one.

Over the last eight months, we covered a series of steps on what it takes to become a successful social enterprise. This article shares eight practical suggestions for how your business can become more of a social enterprise.

DEFINE YOUR PURPOSE

Firstly, your business can define its purpose in social terms, as opposed to simply setting financial targets or aiming to capture a certain market share. This will help to focus its efforts to do good. There is also evidence that this will help to motivate staff and create a positive organisational culture. A well-known example of this is Johnson and Johnson's (J&J) credo which was crafted in 1943 and worth reading. This credo clearly lays out J&J's priorities when it says that "our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services". This 1943 credo still guides the strategy of J&J.

MEASURE SOCIAL IMPACT

Building on this clarity of purpose, your business can then start to measure its intended social (and environmental) impact. This evidence should be published and openly discussed with your stakeholders. For example, the South African Breweries (SAB) has bundled all its sustainable development projects under the global programme of "Ten

Priorities, One Future". These ten priorities guide everything that SAB does, and its 2014 Sustainable Development Report contains a comprehensive analysis of its impact in each of these ten areas.

SELLING

Suggestion three is for your business to revisit its shareholding, and consider "selling" some of it to a non-profit organisation or social enterprise. And if this organisation is a broad-based ownership scheme, then this will also count towards your BEE points. For example, a number of businesses are negotiating with The Clothing Bank to get it on board as a minority shareholder. This is an attractive prospect for these businesses as The Clothing Bank is a registered broad-based ownership scheme with a strong social agenda. A similar deal led to the creation of the SAB Foundation which is a shareholder of SAB Ltd.

TACKLE SOCIAL PROBLEMS

The fourth suggestion is for your business to use a significant proportion of its profits to tackle a social or environment problem. By "significant", we mean much more than the 1% of Net Profit After Tax required by the BEE codes.

Those businesses that don't feel this brave can also consider a cause-related marketing campaign. This is when a marketing campaign is linked to a social issue, and a percentage of sales allocated to fixing this issue.

There is another possibility for producers and retailers in the agricultural sector. These businesses can get selected products Fairtrade labelled. This ensures that a significant



Trademark's Josh Cox was able to make a breakthrough in his social enterprise after realising after changing the way he measured the business's outcomes.

percentage of profits gets distributed to the small farmers, cooperatives and surrounding communities which were involved in its production.

SUPPLY CHAIN

The fifth suggestion is for your business to cultivate social enterprises into your supply chain. Too few businesses realise what a powerful force for good their supply chain can be. For example, various retailers such as Pick n Pay and Shoprite use the FoodBank to distribute over 40 000 meals worth of food to charities each day, as well as implement various food security projects.

CERTIFY

Suggestion six is for your business to certify its products, thereby ensuring that they are ethical and constructive to the world. For example, a growing number of restaurants and retailers have been certified by the Sustainable Seafood Initiative and only serve "sustainable fish" that does not threaten endangered fish species or our dwindling fish stocks. Some businesses even go one step further and deliberately develop or sell a social product - a product deliberately designed to meet a social need.

INFRASTRUCTURE

The seventh strategy is for

your business to use its existing infrastructure to do good when it is not engaged in normal business activities. For example, MTN has recently zero-rated Wikipedia, thereby making it possible for over 4.5million learners to access Wikipedia for free on their cell phones. You can just imagine the social impact of this decision.

Coca-cola is another good example, and shows how a company can use its distribution infrastructure to do good.

Coca-cola has designed medicine containers that can fit between stacked crates of cool drinks. These have been used to transport antidiarrheal medicine to tens of thousands of people living in remote communities in Africa.

SUPPORT MINORITY GROUPS

Finally, your business can consider employing a marginalised group, and doing everything you can to help build their confidence, skills and future prospects. For example, Citizen Surveys is a social research company based in Woodstock.

Over the years, it has made a conscious effort to fill empty positions with those in need (single mothers from broken homes and youth-at-risk) in order to help get their lives back on track.

These are just some of things that a business can do to become

more of a social enterprise.

Businesses must realize that there are many different ways to have a social impact that don't involve giving to charity.

It is a carefully guarded secret that many CSI departments frequently complain of their lack of real impact. The fundamental flaw in CSI is that it is on the periphery of business; it is not integrated into core business practices in the way that these strategies have proposed. Apply some of these ideas and your business would have started the journey to become a social enterprise and change the world.

• Marcus Coetzee is a strategist specializing in social enterprises.

Quick Tips

Transforming your social enterprise into a business is no small task. Social enterprise specialist Marcus Coetzee offers these tips:

- Define purpose in social terms
- Measure social and environmental impact
- Bring a nonprofit or social enterprise on board as a shareholder
- Use profits to tackle a social or environmental problem
- Cultivate social enterprises in supply chain
- Certify products as ethical, or develop a product that has a social impact.
- Employ and support members of a marginalized group
- Use existing infrastructure to do good



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This follows the launch of Talking Social Enterprise, an online "talk network", hosted at 7.30pm on a Wednesday evening of each month. It aims to stimulate debate amongst social enterprise entrepreneurs and is hosted on the Google Hangouts platform.

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