

HARNESSING POTENTIAL

Why it makes sense for your business to work with social entrepreneurs



Two of the most exciting social trends of the last decade are the growth in corporate responsibility and the emergence of the social entrepreneur.

Around the world there is increased awareness of the potential to harness the core competencies, assets and resources of corporations in helping to find new solutions to complex social and environmental problems. At the same time, there has been a dramatic growth in awareness of, and support for, the crucial leadership role played by social entrepreneurs – individuals who apply innovative, entrepreneurial, performance-driven, and scalable approaches to solving societal problems, and who can build bridges between different sectors, communities, institutions and/or cultures.

In developing countries especially, there are both enormous development needs and great opportunities for increasing engagement between corporations and social entrepreneurs.

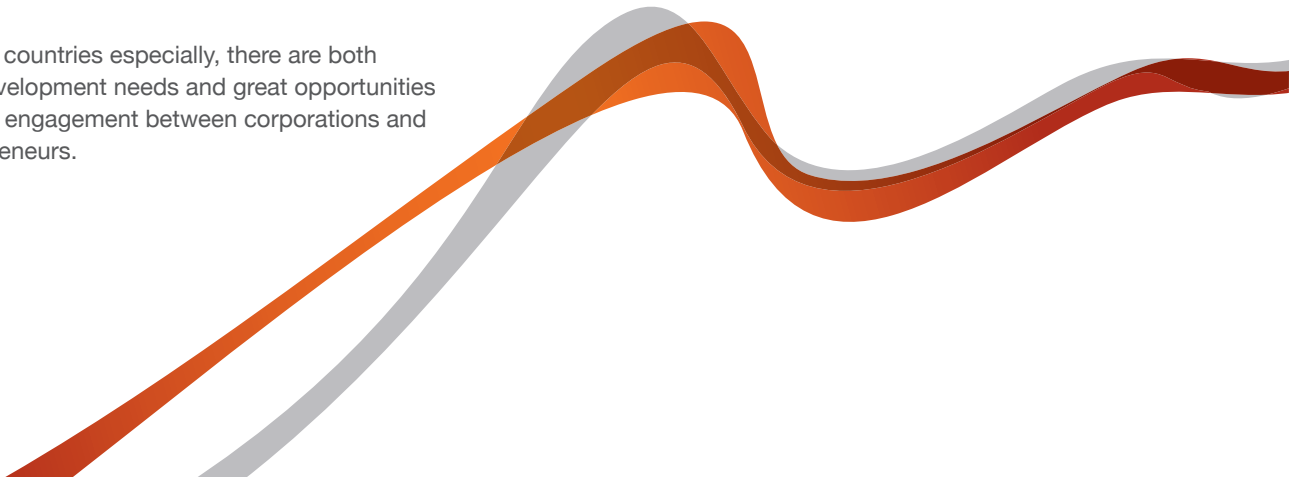
What are social entrepreneurs – and how can businesses work with them?

The Schwab Foundation for Social Entrepreneurship defines social entrepreneurs as people who “identify practical solutions to social problems by combining innovation, resourcefulness and opportunity. Deeply committed to generating social value, these entrepreneurs identify new processes, services, products or unique ways of combining proven practice with innovation, driving through pattern-breaking approaches to seemingly intractable social issues.”

At the individual level, social entrepreneurs can be found in nonprofits as well as companies; at the organisational level, both non-profits and companies can be social enterprises.

For businesses, working with social entrepreneurs can be one of the most effective ways to explore and, ultimately, serve underserved markets.

For instance, social entrepreneurs can help companies both design products and services that create value for low-income people and distribute those products and services more efficiently. Furthermore, working with companies can help social entrepreneurs maximise their social impact and create a sustainable source of revenue.





Partnerships in Action

Companies can support or invest in social entrepreneurship in three main ways, all of which can also create benefits for the company:

Through investing in social entrepreneurs and their organisation – either as a part of their core business operations in different parts of the value chain, or through their community investment activities.

By engaging in public policy dialogue, advocacy and institution building to create an enabling environment for social enterprise.

By creating better internal climates, for example by encouraging employees to be innovative in developing new business models, products and services that combine profitable business opportunities with social or environmental solutions.

Here are just three examples of multinational companies engaging with social entrepreneurs to spur social and/or environmental innovation in a manner that is mutually beneficial, and potentially more effective and efficient than either partner could achieve by operating on its own.

“SC Johnson and KickStart found that by providing pyrethrum farmers in Kenya with better access to manually operated irrigation pumps, they could both meet their goals.”

Amanco & RASA sell low-cost irrigation systems in Latin America

Amanco, a subsidiary of Grupo Nueva, is a leader in the production and marketing of piping and lightweight construction solutions in Latin America.

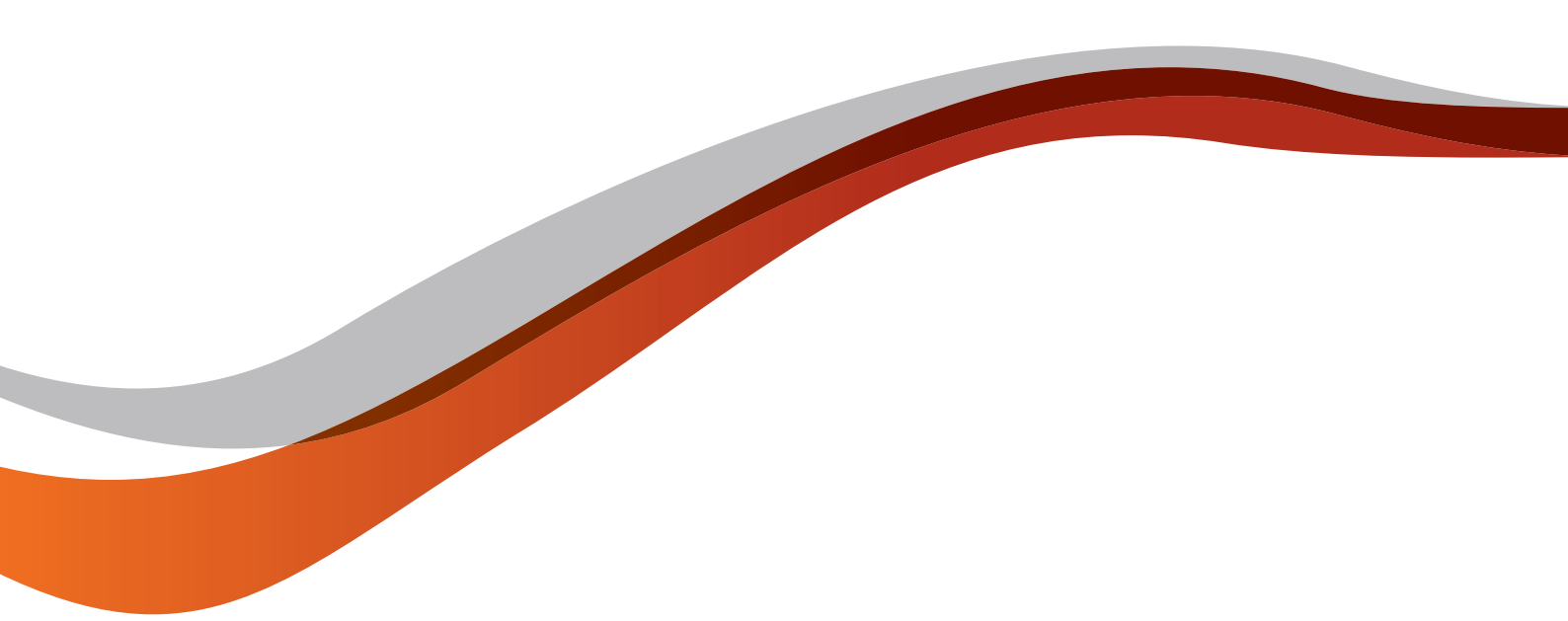
Red de Agricultores Sustentables Autogestivos (RASA), a network of farming cooperatives in Mexico, was founded by Arturo Garcia in 1993. RASA's goal is to ensure sustainable livelihoods for small-scale farmers in the country, where 25% of the population lives in rural areas.

Amanco and RASA have worked together to develop a new distribution system that enables Amanco to sell its irrigation systems and small-scale farmers to buy them in poor, rural areas. The systems have increased productivity and incomes among farmers in Mexico throughout the RASA network.

With an initial loan from the social entrepreneurship pioneer Ashoka, RASA hired promoters to generate demand for Amanco systems among the farmers in its cooperative network. These promoters perform distribution, installation, and maintenance of the Amanco systems. Amanco, for its part, provides irrigation technology, promotional materials, and training for the promoters – as well as paying them commissions.

Benefit for company: A cost-effective way to expand its marketing and distribution reach.

Benefit for social entrepreneur: Contributes directly to the organisation's mission.



SC Johnson and KickStart improve global supply chain management and livelihood opportunities in Kenya

SC Johnson, a US family-owned company that manufactures cleaning products, is the largest buyer in Kenya of pyrethrum, which is the country's fifth largest export crop. Some 200,000 subsistence farmers, who in turn support more than a million people, grow pyrethrum.

In the 1990s SC Johnson looked at alternatives for securing and enhancing their supply, while helping to improve livelihood opportunities for farmers. They found a partner in ApproTEC, later renamed KickStart, an organisation founded by social entrepreneurs Nick Moon and Martin Fisher. KickStart's mission is to improve sustainable economic growth and employment by developing and promoting simple money-making tools that can be used to run profitable small-scale enterprises and farming operations.

SC Johnson and KickStart found that by providing pyrethrum farmers in Kenya with better access to manually operated irrigation pumps, they could both meet their goals. A pilot started in July 2004, and in the first year more than 10,000 farmers took the opportunity to learn about the pumps through a variety of marketing and communications efforts.

Benefit for company: Better irrigation ensures the long-term availability, quality and lower cost of natural pyrethrum for SC Johnson products.

Benefit for social entrepreneur: Through higher crop production resulting from farmers buying the pumps, the partnership has raised household income levels in Kenya.

Cisco Systems works with Acumen Fund to provide venture capital to the poor

Cisco Systems, the global technology company, develops innovative new approaches to customers' challenges.

In its corporate citizenship work, the company looks for social investment opportunities with partners who take a similar approach to developing innovative new models and mechanisms that address public problems.

This focus led Cisco Systems and the Cisco Foundation to provide the seed capital for social entrepreneur Jacqueline Novogratz to establish Acumen Fund, which operates like a venture capital firm for the poor. Acumen Fund is a non-profit organisation that identifies innovations with high potential to solve demanding issues, currently in the areas of health technology, housing and water.

Acumen Fund's investment approach aligns well with Cisco Systems' own philosophy in both its business activities and its approach to corporate citizenship. It has invested in opportunities all over the world, including success stories like A to Z Textile Mills in East Africa, which produces long-lasting anti-malarial bed nets.

Benefit for company: As well as providing an outlet for Cisco's corporate citizenship strategy, the company has an opportunity to participate in a range of investor briefings and field trips, offering useful learning opportunities.

Benefit for social entrepreneur: Acumen received seed capital and continues to have regular support from Cisco Systems and the Cisco Systems Foundation. Tae Yoo, Cisco Systems' Vice-President of Corporate Affairs, serves on Acumen Fund's Advisory Council.

How can the International Business Leaders Forum help?

The International Business Leaders Forum understands how, and why, companies should work with social entrepreneurs – and we are able to help your company identify potential options for collaboration.

Our deep and long-lasting connections in both the business world and the development world mean that we are ideally positioned to work with both social entrepreneurs and businesses to help form successful partnerships.

We are currently building a list of potential social entrepreneurs that we believe could be of interest to companies looking to form partnerships with this exciting sector.

If you are interested in this area of work contact us at info@iblf.org

Useful resources

To find out more about social entrepreneurs, visit:

www.ashoka.org - Ashoka is the global association of the world's leading social entrepreneurs.

www.changemakers.net - an open source community which focuses on the rapidly growing world of social innovation.

www.schwabfound.org - Schwab Foundation for Social Entrepreneurship is an organisation which promotes social entrepreneurship as a key element to advance societies and address social problems in an innovative and effective manner.

www.skollfoundation.org - The Skoll Foundation operates the Skoll Awards for Social Entrepreneurship.

www.socialedge.org - an online community for social entrepreneurs, run by the Skoll Foundation.

www.sustainability.com - SustainAbility advises clients on the risks and opportunities associated with corporate responsibility and sustainable development.

Other areas where IBLF has helped businesses and development organisations connect include:

Promoting young entrepreneurs – Youth Business International, a programme of IBLF, supports young entrepreneurs in 40 countries through mentoring and loans. Many of its entrepreneurs are helping tackle pressing social issues – such as YBI's 2006 Young Entrepreneur of the Year, Zablon Karingi Muthaka, who converted a community crisis into a business opportunity by starting his own waste collection service on the outskirts of Nairobi, Kenya.

www.youth-business.org

The Partnering Initiative – an IBLF programme, run in association with the University of Cambridge, that helps to build capacity in business, civil society and government for better collaboration.

www.thepartneringinitiative.org

A business guide to development actors – an online resource, run in partnership with World Business Council for Sustainable Development, to help companies find potential partners in the development sector.

www.wbcsd.org/web/devguide.htm

Enterprise development – IBLF is involved in ongoing work to promote linkages between businesses and community organisations in the areas where they do business. The most recent output of this work is a report entitled, Business Linkages: Lessons, opportunities and challenges.

www.iblf.org/enterprise