

Social Impact as an Innovation Strategy

How great companies employ the triple bottom line to stay ahead

Overview

What makes a great company?

What are some examples of great companies? Why?

How to build a great business and incorporate social impact.

What is the Triple Bottom Line

Why does this matter and how does it all make “cents” (profit)

Different forms of impact businesses

What is a B Corp and how to build one

Workshop

People Fund's Innovation Week 2016



My Background

Rubén Cantú, MS Tech Commercialization, UT Austin

Social Entrepreneur

Media and Marketing Strategist, Intl. Speaker and Trainer

CEO of CORE Media Strategies, 2009

Global Business Development Director, +SocialGood

Executive Director, Austin+SocialGood

Nominated as Changemaker of the year 2016, AYC

Nominated as Entrepreneur of the Year 2015, Austin Under 40



Mohammad Yunus, Grameen Bank



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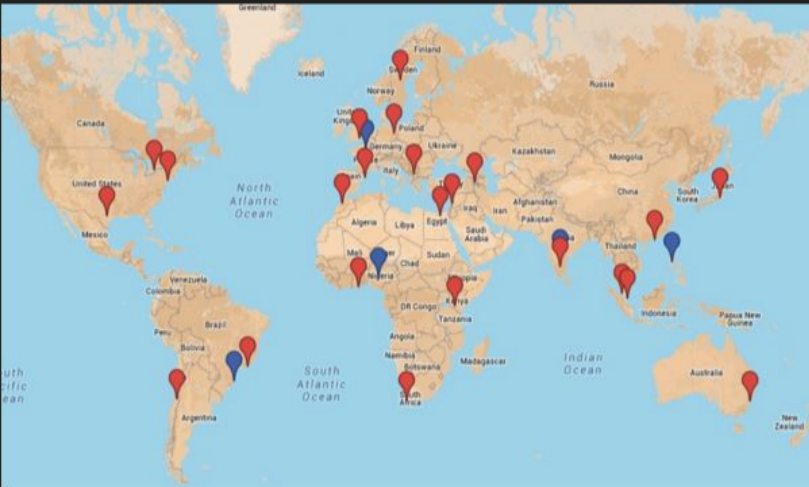
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Austin  **Social** **Good**

Innovators SocialGood



Social Innovators Fund and Fast Pitch

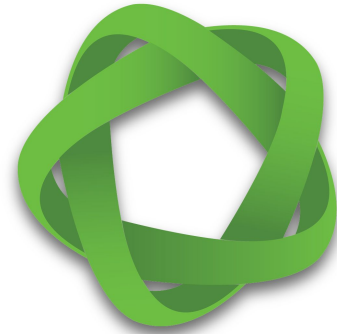


2015's Winner - Half Helen



SOCIAL INNOVATORS
MEETUP

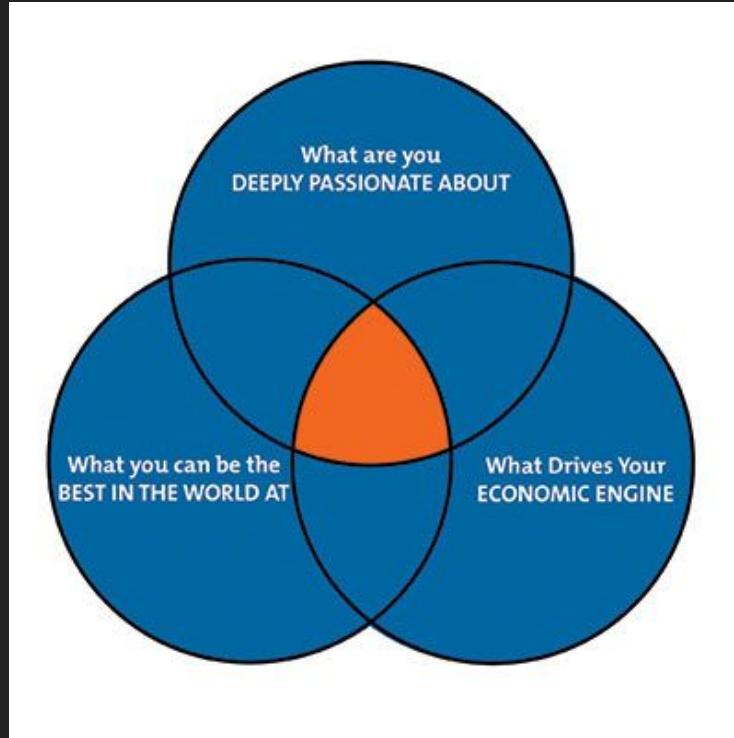
Meetup



MOBILITY
moving better together

START-UP
SUPERSTARS

What is your hedgehog?

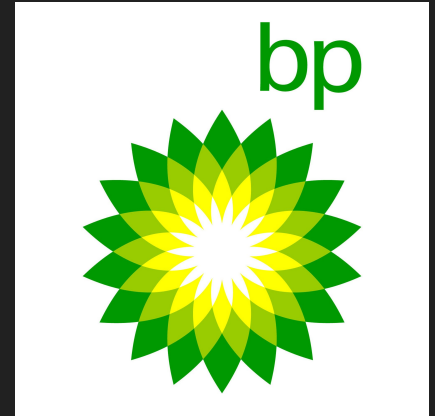
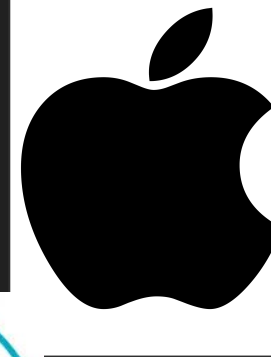


Source: Jim Collins - Good to Great

Jim Collins - Hedgehog

What makes a great company? Why?

Would you agree that brands and companies no matter what the size are the extension of the founders or founding team?



Characteristics of a great social impact company.

1. Committed to excellence in their field or space. They are simply the best in what they do.
2. They understand the problem they are solving and understand the surrounding dynamics and they are continually changing in order to innovate and stay ahead.
3. They have a passion for their people, and it shows with their customers.
4. They are humble and adapt quickly.
5. They understand that the best way to make an impact and increase profits is to think long-term and remain committed to their charter of why they began in the first place.
6. They help create platforms and ecosystems that others can also benefit from.

Current case with business...

Business are not living up to their potential.

They have been operating often under one dimension, the pursuit of economic capital solely.

We have forgot about the meaning of what a **COMPANY** means.

Most businesses fail because of three things, cash flow, lack of grit and business acumen. But above all this is the most important, **they haven't fallen in love with their customer and community**. When times get bleak they shut down.

History of the phrase, Triple Bottom Line

First coined in 1994 by John Elkington, the founder of a British consultancy called [SustainAbility](#)

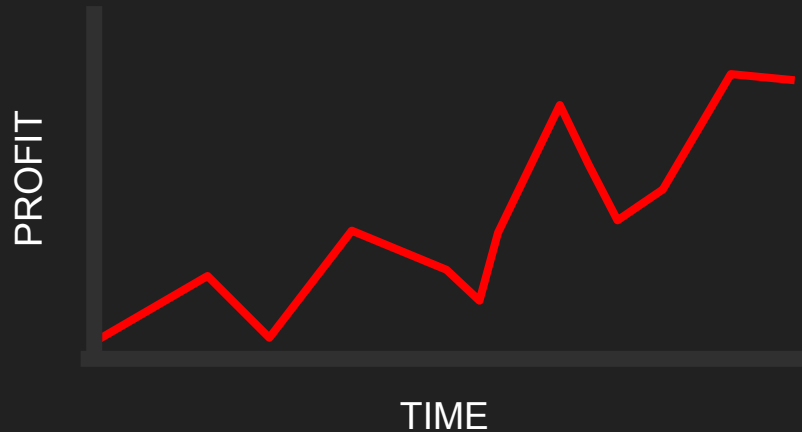
They are a think tank and strategic advisory firm working to catalyze business leadership on sustainability



John Elkington, Founder, SustainAbility

History of the phrase, Triple Bottom Line

One is the traditional measure of corporate profit—the “bottom line” of the **profit** and loss account.



History of the phrase, Triple Bottom Line

The second is the bottom line of a company's “**people** account”—a measure in some shape or form of how socially responsible an organization has been throughout its operations.

Community
Customers
Employees
Vendors/Suppliers



History of the phrase, Triple Bottom Line

The third is the bottom line of the company's “**planet**” account—a measure of how environmentally responsible it has been. The triple bottom line (TBL) thus consists of three Ps: **profit, people and planet**. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a **TBL** is taking account of the full cost involved in doing business.



What is Social Entrepreneurship?

Social entrepreneurship is the attempt to draw upon business techniques and private sector approaches to find solutions to social, cultural or environmental problems.

1. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs.
2. Conventional entrepreneurs typically measure performance in profit, revenues and increases in stock prices, but social entrepreneurs also take into account a positive "return to society".

Source: https://en.wikipedia.org/wiki/Social_Entrepreneurship

What is Social Entrepreneurship?

Social entrepreneurs seek to transform societies at large, rather than transforming their profit margin, as classic entrepreneurs typically seek to do. Social entrepreneurs use a variety of resources to bring societies into a better state of well-being.



Mohammad Yunus, Grameen Bank



Scott Harrison, Charity Water



Blake Mycoskie, TOMS Shoes

Historical Example of Social Entrepreneurship

1. Created a new system for a social problem
2. Innovated against competitors keeping him out
3. Created a living standard wage people could live on
4. Made his product affordable enough for his employees to buy
5. Made a lot of money in the process

"A business that makes nothing but money is a poor business" -- Henry Ford



Henry Ford and the Model T

Why Social Entrepreneurship?

- 1) It helps address the forgotten aspect of value exchange.
- 2) It makes commerce much less binary and much more real and transformative.
- 3) It helps address social ills that sometimes non-profits, government or typical private sector industries are not willing to tackle.
- 4) It creates a more sustainable and new path for trade and commerce.
- 5) It helps reinforce the values and our ideals of our society.
- 6) It's the best solution for our economic system which often falls short for many

Examples of Social Entrepreneurship - Domestic



Examples of Social Entrepreneurship - Intl.



patagonia[®]



KICKSTARTER

So why “Triple Bottom Line”

- 1) It helps businesses and its owners think of impact in much more of a three dimensional way.
- 2) It helps them see that by putting people and the planet first that they stand to gain more profit.
- 3) Because it's the only way to really do business when you are aware of all aspects that affect you and you influence.
- 4) It's an easy tool to have conversation and build off of.

But do they really make money?

YES!!

- 1) It depends on your product and industry just like anything else.
- 2) Millennials look for brands that have an affinity for something they also care about.
- 3) The market is burgeoning but all signs show that there will be more IPO's and more companies headed in this direction

What do Millennials prefer?

1. According to the Edelman [2012 goodpurpose study](#), 53 percent of respondents reported that, price and quality being equal, social purpose is the most important factor when making purchasing decisions.
2. When asked about a company that actively supports a good cause, 76 percent of respondents stated they would buy its products and/or services, 75 percent would recommend its products and/or services and 72 percent would share a positive opinion and experiences about the company with others.

Source: <http://edelman.com/post/millennials-and-brands/>

Why not just form as a Non-Profit?

- 1) Most common issue with Nonprofits is that they focus their efforts more on fundraising to stay open than actually serving the charter. Some who have a great support network can make impact but those are fewer than most.
- 2) Any IP created within a Non-Profit must be transferred to another private entity if it is being dissolved or sold otherwise it becomes property of the community at large.
- 3) There is much more overhead and admin with running a non-profit than a social enterprise as a social enterprise can still function as a small LLC or even Sole Proprietorship.

What is a B-Corporation?

B Corporation stands for **Benefit** Corporation.

It is a designation that was created to address the nexus between businesses who wanted to make profit but also do good.

B Corp is to business what Fair Trade certification is to coffee or USDA Organic certification is to milk. B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

How to become a B-Corporation?

Certain states allow for B-Corporation filing for your entity and others do not.

Here are the states that do offer the Benefit Corporation filing.

Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, Nebraska, Nevada, New Jersey, NY, Oregon, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington D.C.

Source : <http://benefitcorp.net/businesses/how-become-benefit-corporation>

What if my state doesn't allow for B-Corp's?

You can elect to become a Certified B-Corporation by organizations like B Lab.

www.bcorporation.net.

There is a filing fee but it will depend on your revenues and the size of your company.

It allows you to distinguish yourself amongst all the other business in your space and lets your customers know that you have been verified and are accountable for your business practices.

Can all companies benefit from this mindset?

Undoubtedly and overwhelmingly, YES!

- 1) By thinking innovatively you start seeing opportunities where otherwise you had blind spots.
- 2) It helps you become more efficient and synergistic in your thinking and operation.
- 3) It helps create a culture of accountability, transparency and trust.
- 4) Without this in place we risk going back to the days of “Wolf on Wall Street.”

What is Corporate Social Responsibility?

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social well being. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups.

CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

What is Corporate Social Responsibility?

Types of CSR

1. Environmental
2. Philanthropic
3. Ethical labor practices

How does CSR differ from being a B-Corp?

CSR's usually correspond to large corporations and it becomes an annual line item in their budget alongside a department to oversee how those funds are being allocated and put to use. Usually there are reports and performance reviews done on behalf of the corporation on the impact of those monies within the community.

This line item is always at risk of being cut in times of recession or need. So while a company wants to do good, it is not as committed when times get tough. Unfortunately the people being impacted by those funds are the ones who go the most affected.

How does CSR differ from being a B-Corp?

In a Benefit Corporation or B-Corp Certified company its ethos and its existence is inherent in impacting and affecting the community and environment regardless of what happens in the economic market. They have built their business model and operations around the principle that by doing good for the community you also end up making great returns. In a B-Corp it is not **either/or** but an **AND** mentality.

However CSR and B-Corp's are not mutually exclusive, a large corporation can be a B-Corp as well and can go public.

How does this compare to being a cooperative?

A cooperative can also be a B-Certified entity. However in a cooperative the ownership is amongst all of the employees which can work in certain conditions and be limited in others.

The beauty about cooperative is that it forces and teaches the employees to also learn about the business and help make responsible decisions collectively to govern its future.

How to get started, step in the process

If your state permits the creation of a Benefit Corporation you should seek counsel and go along the process.

B Lab provides support and resources not just for companies who want to get certified but also for those who have the ability to incorporate in the states where a Benefit Corporation is an option.

You can visit here. <https://www.bcorporation.net/>

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How to Become a B Corp

Not Sure?

**MEASURE
WHAT MATTERS**

Start your B Corp Certification & assess your company's impact.

Take the
B Impact
Assessment

Find a
B Corp

[What are B Corps?](#)[Become a B Corp](#)[B Corp Community](#)[B the Change](#)[News & Media](#)

How to Become a B Corp

It's as Easy as 1-2-3:

Step 1: Meet Performance Requirement

Complete the B Impact Assessment and earn a reviewed minimum score of 80 out of 200 points.

[Get Started](#)[More Details>>](#)

Step 2: Meet Legal Requirement

Determine the path for your corporate structure and state of incorporation.

[Learn Why this Matters](#)

Step 3: Make it Official

Sign the B Corp Declaration of Interdependence and Term Sheet.

[View Docs and Certification Fees](#)

Calling all Start-Ups!

Learn the path to certification (and some helpful tips) for new businesses.

[Click Here](#)

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OneSeventeen Media, Inc.

Measuring what matters for youth to help them navigate growing up.



Praemia Group LLC

Executive coaching & consulting firm serving leaders committed to sustainability & social justice



Tech Ranch

Tech Ranch, a start-up incubator/accelerator in Austin, TX offers entrepreneur development.



BlueAvocado Co.

Launched in 2008 by three women, BlueAvocado's vision is to inspire consumers to reduce their environmental footprint with eco-chic products and services that reduce waste and reward green living.



Lafes

Lafes...authentic and genuine natural personal care...because what does on the body goes in the body.



Teysha Social Enterprises



Raven + Lily

Raven + Lily is an ethical fashion and lifestyle brand dedicated to empowering women through design.



Thinkbaby & Thinksport

Thinkbaby & Thinksport create safer alternatives to products with biologically harmful chemicals.



EnviroMedia, Inc.

Since 1997, we've been giving a damn about keeping the planet healthy.



The Bear James Company

Awesomeness for Everyone



Vital Farms

Bringing Ethically Produced Food
to the Table!



Getting to B

This 30-day program is for companies who want to become Certified B Corporations but haven't had the time, resources or external accountability to do so. The goal during this period is to help your company become a Certified B Corp.

Benefits

- **Makes You Money:** Once certified, your company will have access to over 1,500 fellow B Corps in 42 countries and B Lab resources to help grow your business through new client acquisition, alliances, partnerships and media connections.
- **World-Class Expertise:** Learn from one of the top experts on B Corporations. Beth earned the 2015 Top B Keeper Award and her company received a 2015 Best for the World Overall award.
- **Unlimited Assistance:** Receive unlimited phone, email and text support from Beth during the 30-day program.
- **Helpful Resources:** Access to policies, procedures and templates to help improve your BIA score.
- **Using Business as a Force for Good:** learn how using business as a force for good can help you attract and retain the best talent, distinguish your company in a crowded market, and increase customer trust, loyalty, and evangelism for your brand.

Program Overview

- ✓ Personalized B Corp Impact Assessment (BIA) completion timeline
- ✓ Score improvement techniques to reach 80-point minimum
- ✓ B Corp certification completion
- ✓ 15-minute pre-B Lab interview preparation
- ✓ 15-minute post-B Lab interview with next steps
- ✓ Examples to complete document submission
- ✓ 3 marketing items to promote new B Corp status
- ✓ Introductions and Company Overview at Austin B Corp Meetup

Full Pay Bonus: Free signed copy "The B Corp Handbook – How to Use Business as a Force for Good" – interviews, tips and best practices from over 1000 B Corporations.

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Beth Carls, Co-Founder, 117 Media

Can we evolve capitalism systemically?

Every economic system is gradually evolving regardless of an prescribed agenda.

We, the larger business community, decide where it heads.

We can be short-sighted which will lead to other crashes like we have had, or we can think systemwide for the long-term and create more stability for us and our business neighbors

We all depend on this capitalistic eco-system, only advantageous speculators love complete crashes, we must think smarter.

What happens if we do not?

We will continue to experience the kind of economic conditions that led to the 2008 economic crash.

We will miss the opportunity in helping experiment and refine our economic system and allow more people to gain confidence for it.

We will have longer recovery times from each crash and burden governments even more to bail larger investors out.

We fail to set an example to our future community business leaders on how to lead with opportunity and discernment.

Questions?

Contact information

For a copy of this presentation and further resources.

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