

Social Value Business Guide

By Coro Strandberg

Principal, Strandberg Consulting

www.corostrandberg.com



2014

Commissioned by Employment and Social Development Canada

Social Value and Your Business

The business sector has a critical role to play in contributing to a flourishing society. And consumers increasingly expect it. There is a high level of consensus around the world that companies' social role goes beyond meeting legal requirements, complying with ethical standards, creating jobs and paying taxes¹.

How can business respond to these rising expectations? What role can business play to contribute to strong communities? And how can this be done in a way that enables business growth and delivers financial value?

Business is not apart from society but a part of society.

— TOMORROW'S COMPANY

This "Social Value Business Guide" is a partial answer to these questions.

It is designed to address the knowledge gap for businesses large and small that seek to foster more inclusive and equitable communities, yet lack the tools and insights to play an effective role.

It is premised on the view that the business sector has much to contribute to addressing social issues and can provide social leadership on pressing problems. It can bring financial support and expertise and customize products and services. It also can harness its core competencies and business assets to create lasting societal and business benefits.

Indeed, leading businesses know that their financial health and the health of their communities are interdependent. By supporting the vibrancy, health and resilience of the communities in which they operate, they are contributing to their future workforce and supplier and customer base. Everyone, including business, will benefit from a vibrant and healthy community and society. Business has the ingenuity, resources and know-how to address important social issues.

The rise of corporate social responsibility (CSR) over the past three decades has provided a framework for business to identify and address its social impacts. Global consensus on CSR culminated in the development of international guidance on CSR, the [ISO 26000](#), published in 2010. This has resulted in considerable innovation as business experiments with how best to generate social value while enhancing business value.

While many companies and industry sectors such as apparel, electronics and mining are seeking to reduce the negative social impacts of their operations and suppliers, another trail-blazing group of businesses are rethinking their business models to address widespread societal issues directly through their products, services, operations and business relationships. They are embedding social value into their functions and collaborating with community organizations, governments and even competitors to tackle poverty and social exclusion; two key factors that undermine business and community success. They recognize that they have a role to play in partnering with other sectors to address the problems that affect social stability and community quality of life.

While for years companies have “given back” to society through philanthropy and community relations, increasingly they are tapping into their core competencies and operations to create a more positive social footprint. They are going beyond charity to use their power to purchase, develop products, invest, market, hire and train to create lasting value for society and their business.

Companies can access a range of benefits by addressing social challenges through their core business, including:

- Increased customer loyalty
- Improved brand and reputation
- Access to new markets
- Breakthrough innovation
- New business opportunities
- Social license to operate
- Workforce productivity improvements
- Becoming a business partner of choice
- Employee recruitment and retention.

Employees may become an even bigger driver of social value business in the future, as research reveals (see text box below). A more active and engaged workforce can result in two-percent-average reductions in employee turnover and an average potential increase in employee productivity by 16 percent². These benefits can drive substantial ROI for social value investments.

Employees Want To Make a Difference

Employees who say they have the opportunity to make a direct social and environmental impact at work report higher job satisfaction levels than those who don't by a 2:1 ratio. Two-thirds of graduating university students say making a difference through their next job is a priority, and 45 percent of students say they would even take a pay cut to do so.

[Net Impact Study on What Workers Want, 2012, p. 3.](#)

This guide will help you understand four emerging opportunities to create strong social value from your business investments and tap into the business benefits:

- **Community hiring**
- **Living wage**
- **Social buying**
- **Social innovation**



About the Guide

This guide is an initial effort to identify ways to build social value creation into your company’s business model. It is drawn from a more [comprehensive list of social sustainability opportunities](#). You can draw from this list (called “CSR as a Poverty Reduction Strategy”) to customize a set of priorities for your business – to identify a set of social impacts levers that reflect what matters to you and your business and where you can make a positive difference.

This guide pulls four social value measures from this check-list tool and explores them in greater detail. The four measures in the guide are generic and represent varying levels of commitment, difficulty, cost and impact.

The Guide is organized as follows:

Overview **Page 6**

Social Value Creation:

The Context: An Overview of the Social Context for Canadian Businesses

Section One **Page 8**

Social Value Creation through Human Resource and Procurement Functions:

A description of three opportunities to create social value through two business functions:

Human Resources: Community Hiring and Living Wage

Procurement: Social Buying

Section Two **Page 21**

Social Value Creation Through Social Innovation and Collaboration:

A description of a management strategy that can help businesses foster both commercial and social success:

Social Innovation and Collaboration

The advice, tips, recommendations and case studies in the guide are directed at business owners and business leaders or executives and are structured to address the following questions:

- > **What is it?**
- > **Why is it important?**
- > **What can you (your business) do?**
- > **What are the business benefits?**

The appendix includes a list of resources for the social value measures described in the guide, including links to the main resources which informed this tool-kit.

This guide is a work in progress – the strategies and tactics it profiles are emerging business practices and the roadmap is under constant construction. If you have advice, tools, case studies or feedback on the guide, please contact the author at: coro@corostrandberg.com.

About the Author

Coro Strandberg is the Principal of Strandberg Consulting, which provides strategy advice to companies seeking to integrate social and environmental considerations into their business purpose, models, operations and value chains in ways that create business value and lasting societal benefit. www.corostrandberg.com

Acknowledgement

Darcy Riddell, Social Innovation Consultant and PhD Candidate, Social and Ecological Sustainability, University of Waterloo authored the “innovate” section of the Social Innovation chapter and contributed other insights.

Coro Strandberg further acknowledges other individuals and organizations whose content and insights she has built into this guide to build upon – rather than recreate – existing knowledge. They are referenced throughout the document, cited in the endnotes and profiled in the resource section.

Overview:

Social Value Creation: The Context

While globally and in Canada we have made considerable economic and social progress in our life expectancy and living standards over the past century, these gains have not been shared equitably. In Canada we see increasing income inequality³, stubborn unemployment rates of seven percent⁴ or higher for a number of vulnerable groups in Canada⁵, 900,000 Canadians visiting food banks monthly,⁶ and nearly nine percent of Canadians living in poverty⁷ – over one in seven of them being children.^{8,9} Moreover, many employed households remain below the low-income cut-off: 44 percent of poor households in Canada had at least one person working in 2011¹⁰.

A number of health and housing challenges prevail. One in three Canadians report they have had mental-health or substance-abuse problems¹¹, and an estimated 150,000 to 300,000 people are homeless across the country, costing Canadians \$1.4 billion each year in health care, justice and social services costs¹². One in four adult Canadians and one in 10 children are clinically obese, meaning six million Canadians living with obesity require support in managing and controlling their weight¹³. Obesity is a huge strain on the health care system, with annual costs estimated at between \$4.6 and \$7.1 billion¹⁴.

Among the groups facing special challenges are Aboriginal people and youth-at-risk. The life expectancy of Aboriginal people is 10 – 15 years less than the total Canadian population¹⁵. There are many youth-at-risk: in 2010, 8.5 percent of youth had dropped out of school, while 153,000 youth (six percent) were involved in the criminal justice system¹⁶.

Leading businesses are realizing they can play a positive role to contribute their unique expertise and capacities to address these social challenges – and that there is a business opportunity in doing so. To enable growth, gain competitive advantage and give their employees a sense of purpose, businesses are innovating new models that create both community and business value. Businesses also realize that if these issues remain unaddressed, social stability is jeopardized, as is economic growth, competitiveness and productivity.

The World Economic Forum identifies severe income disparity and high structural unemployment and underemployment as two of the top five greatest global risks.

GLOBAL RISKS 2014
WORLD ECONOMIC FORUM

These business opportunities are inspiring a new generation of business leaders – the [Transformational Company](#). [Global research](#) conducted by [Canadian Business for Social Responsibility](#) reveals that leading companies are going beyond business boundaries and planning beyond the foreseeable future to invest in solutions to systemic social challenges. These companies are becoming social impact generators – unleashing the power of business to foster social inclusion and cohesion at community, regional and national levels. They are discovering new business value and profitable business strategies.

Transformational companies rethink their approach to community investment as well. They evolve their donations and granting programs to become more strategic and innovative, where community investments serve as “R&D” for new products, new markets and new business models as Table 1 reveals.

Transformational Community Investment Continuum

Table 1

Level	Approach	Tools
1.0	Incremental & Responsive	Donations, sponsorships
2.0	Targeted & Proactive	Goals and targets, employee engagement, partnerships
3.0	Strategic & Aligned	Corporate strategy, core competencies, collaborations, products, customers, suppliers
4.0	Transformational & Innovative	Business model, whole of enterprise, advocacy

Section 1:

Social Value Creation through Human Resource and Procurement Functions

This section addresses how you and your business can create social value benefits from your existing management systems within the procurement and human resource functions:

Human Resources:

- Community Hiring
- Living Wage

Procurement:

- Social Buying



By adding a social value component to these core business functions you will create direct and immediate community benefits – and help to reduce poverty, boost the local economy, foster social inclusion and enhance social cohesion.

Community hiring¹⁷

> What is it?

Community hiring is a deliberate human resource strategy to fill job positions by hiring people from groups who face employment barriers whether they are youth, Aboriginal people, people with disabilities, new Canadians, people recovering from addictions, or are re-entering the workforce or are otherwise long-term unemployed.

Companies seeking to make a direct and meaningful contribution to poverty reduction and economic and social inclusion may be interested in opportunities to hire people who face labour market barriers because of a physical, mental or developmental disability; lack of work experience or difficulty finding employment that matches their skill-set; age, cultural or language barriers; or a lack of credential recognition. People with such employment barriers have often been out of the workforce for a number of years or struggle with various issues preventing labour market attachment.

While qualified, responsible and motivated, these individuals often experience difficulty (re)entering the workforce. They are often supported and sourced through community service agencies – government-funded organizations that provide pre-employment training to job seekers and hiring referral services for employers.

> Why is it important?

According to Statistics Canada 2011 information¹⁸ single parents, recent immigrants, people with disabilities, Aboriginal people and unattached middle-aged individuals are more at risk of experiencing low income than other Canadians. As of 2011, low income affected about one in five single parents (of whom nine out of ten were single mothers). Among off-reserve Aboriginal people and recent immigrants (those who arrived in Canada after 2001) one in every six individuals experienced low income. In 2011, over one in every three unattached individuals, aged 45 to 64 years old, experienced low income and over one in five people with disabilities experienced low income. Finally, in 2012, the youth unemployment rate (youth aged 15 to 24) was 14.3 percent, more than double that of the adult unemployment rate of 6.0 percent¹⁹.

Providing jobs for vulnerable and excluded people can have a direct positive benefit on their quality of life. Creating good and decent jobs for an appropriately qualified labour force will maintain social cohesion, promote prosperity and enable business development and innovation towards a more sustainable future.

> What can you do?

There are many routes to finding quality candidates for consideration. You might prefer to go through a government-funded employment service agency, directories of which are listed in the Resource Section in the appendix. These programs, which are found across Canada, can assist employers with recruitment, pre-screening and sometimes follow-up services, often helping to reduce recruitment costs. Alternatively, a business could target specific disadvantaged groups, such as youth, new immigrants, or people with disabilities, and locate the local or provincial resource agency, community organization or educational institution to provide the necessary hands-on support. Sometimes the



employment organization can help the business access government wage subsidy or other incentive programs, to offset some of the costs and create greater value-added for the firm.

A few steps you can follow:

- Appoint a human resource champion to lead the initiative.
- Identify a suitable position or appropriate roles, which might require some task or workplace accommodation. Typically suitable positions do not require technical skills or prior experience. Possible work roles include administration, manufacturing, construction, general labour, painting, warehousing, landscaping, fulfillment, etc.
- Research and contact the appropriate community or provincial organization to help you with a job-match. If your priority is to hire youth with employment barriers, you may wish to contact youth agencies; if your priority is people with disabilities or new immigrants you may wish to contact those organizations.

> What are the business benefits?

Experience with community hiring programs reveals the following business benefits²⁰:

Recruitment cost savings – Recruitment services from community agencies are free, and will save you time, money and effort which would have otherwise been expended putting ads in the newspaper, online or in social media, sifting through resumes, and interviewing unqualified candidates. Instead of receiving and screening dozens of resumes, your local agency can help you identify the top two to four candidates best suited for your position, and who may already possess the requisite experience and training.

Productive Workforce – Employees hired through community agencies tend to take pride in their work and are serious about their jobs. They also typically display greater performance, productivity and commitment when working for their respective employers.

Reduced Turnover – By gaining a more dependable, motivated and loyal entry-level workforce, employers often benefit from reduced turnover rates.

Brand and Reputation – By implementing a community hiring program, business owners are provided with a strong marketing platform to showcase their social responsibility commitment. This enables them to become an employer and partner of choice.

Risk Management – Companies can counteract the effects of demographic change and labour market talent gaps. A community-hiring program can help a firm gain access to talent in a tight labour market.

Potential Wage Subsidies – Individuals hired through community-service agencies may be eligible for wage subsidies through government-sponsored programs. A wage subsidy reimburses an employer for a percentage of a new employee's wage for a certain number of weeks.

Traditional Knowledge and Local Insight

Depending on the nature of your company, a benefit of local hiring can be local expertise and insight and “traditional knowledge”. An example is the extractive sector, where hiring Aboriginal people can provide detailed knowledge of the physical geography or local culture, which can be very valuable to companies. Hiring someone with local insight could help to understand new markets and create more inclusive design opportunities. An immigrant can help to understand the cultural nuances in a different market allowing for insight-led innovation.

Case Study 1

Community Engagement: Mills Office Productivity

www.mills.ca



Mills Office Productivity is a B.C.-based, family-owned and -operated supplier of stationery, technology products, furniture, facilities, printing services and education products. Mills' experience in the office supply industry dates back to 1949. Since then Mills has grown to 118 employees and has remained a viable and strong competitor in the office supply industry.

Mills' social responsibility practices are based on the principle that businesses have an important role to play in addressing the social interests and sustainable development goals of their community. Mills is located in Vancouver's Downtown Eastside, an area with high rates of poverty and homelessness. The company embraces its community leadership through active engagement with social enterprises and unique hiring practices. It also gives back through sponsorships and donations to initiatives, foundations and charities that aim to instil real and permanent improvements to the lives of disadvantaged community residents.

In 2002, Mills began hiring residents of Vancouver's Downtown Eastside and provided training, employment and benefits to at-risk youth and hard-to-employ community residents through a partnership with Fast Track for Employment, a community employment services agency. Three employees still work for the company.

Mills strongly believes in giving people opportunities that may have not been otherwise extended to them. In a joint effort with other business associates, the owner led an effort in 2007 to create [HAVE Café](#), a social enterprise operating as a culinary training society and a restaurant in the Downtown Eastside. HAVE provides occupational and life skills training to residents of the community that have been excluded from work due to poverty, homelessness, addiction or mental and physical disabilities. In addition to occupational training, students in the eight-week program receive meals, Food Safe Certification and employment counselling as support to successfully transition into the local workforce. To date over 600 students have graduated from the program, with nearly one third successfully finding employment. Mills donates significant funds, time, services, marketing and fundraising support to ensure HAVE Café continues to help those out who need it most. For example, the owner serves as chair on the board of directors for the café, a role he has played since its inception. In this capacity he provides his business expertise and support to the organization. The company engages its customers and employees to support the café's fund-raising efforts and hires the café to provide catering services onsite at staff and marketing events and functions. Mills also requires vendors to use the café's services when hosting marketing events at its corporate office.

While Mills social contributions are altruistically motivated, the company is able to tell a compelling story of their local and social roots which resonates with customers, building brand value and customer loyalty.

Living wage



> What is it?

A living wage is an hourly wage that enables employees and their families to meet their basic needs such as food, clothing, shelter, transportation and childcare. It sets a higher test than the legal minimum wage, reflecting what earners in a family need to earn based on the actual costs of living in a specific community²¹. For example, the minimum wage in Alberta is estimated at \$9.95 and the living wage in Medicine Hat is estimated at \$13.00 an hour while the minimum wage in Ontario is \$10.25 and the living wage in Toronto is estimated to be \$16.60 per hour²².

The living wage is the hourly rate of pay at which a household can meet its expenses once government transfers have been added and government deductions from wages and government taxes have been subtracted.

Paying a living wage is a step towards considering your workforce not as a cost to be minimized but as a strategic asset. According to a recent Forbes article, companies with this mindset “invest in their employees with the expectation that they will get even more back in terms of labor productivity, customer service, cost-cutting, innovation and flexibility during difficult times. Most businesses consider their high-level managers and skilled professionals to be strategic assets. But these companies see their front-line people that way, too.”²³

> Why is it important?

Working is not always enough to escape low income. In 2011, 6.4 percent of earners were considered working poor.²⁴ Low-income conditions affected some 1,289,000 individuals in households where the main income recipient worked for pay at least 910 hours in 2011²⁵.

Paying a living wage can lift low-income earners and their families out of poverty, reduce their financial stress and foster healthy child development. Families are provided economic security that enables them to plan and invest in the future. It reduces the need for parents to work long hours at two or three jobs to make ends meet. Families are able to spend more time together and participate in community activities, promoting social inclusion. Paying a living wage also benefits the local economy by stimulating consumer spending, according to Goldman Sachs’ research, which shows that increasing the income of people with lower wages has a proportionately larger stimulating effect on the economy than increasing the income of those on high incomes²⁶.

> What can you do?

The first step is to determine the living wage in your area. Depending on where you operate, the living wage might have already been determined. Living Wage Canada, a national living wage online resource, provides a searchable [database](#) of living wage calculations by city.

If the living wage for your community has not been determined, a national methodology for calculating the living wage is available at [Living Wage Canada](#). The “[Canadian Living Wage Framework](#)” defines a living wage as the hourly rate that allows two income earners to support a family of four, assuming the following scenario:

- A healthy family of four with two children.
- One child in full-time daycare, one in before and after-school care.
- Full-time hours of employment between two parents (35 – 40 hours a week).
- One parent taking evening courses at a local college to improve employment capacity.
- Costs of living including transportation, food, rental housing, clothing, childcare and medical expenses.
- Inclusion of tax credits, returns and government benefits, such as child tax benefits.

Businesses may also wish to become certified as a Living Wage Employer. To do so, you would be expected to require any contracted and subcontracted service staff to be paid a living wage in addition to your direct full-time, part-time and casual employees.

> What are the business benefits?

Paying a living wage benefits employers in a number of ways. Studies show that living-wage employers experience significantly reduced staff turnover and savings from reduced hiring and training costs, which is a strong benefit given that turnover costs can range from 10 to 30 percent of an employee’s annual wage²⁷. Other employee benefits include:

- Reduced absenteeism
- Increased employee engagement, morale and productivity levels
- Reduced employee theft
- Fewer disciplinary issues
- Improved work performance

Living wage employers also report increases in customer satisfaction and brand and reputation benefits²⁸. While it is conventional wisdom that business needs to keep wages low to keep prices low, research has found that “even in highly competitive industries like low-cost retail, it is possible to pay employees decent wages and treat them well while giving customers the low prices they demand”²⁹.

One major UK firm found that paying contractor staff a Living Wage cut staff turnover by half, saving them £75,000 on the value of a single contract³⁰.

Social buying

> What is it?

Social buying is purchasing goods and services from social enterprises – business ventures owned by non-profit organizations that sell goods and services to generate income and achieve social aims such as employment development and workforce integration for people with employment barriers³¹. Social buying creates opportunities for business to “unleash the power of [their] existing spend for social purposes”³².

Shifting some of your spending to social enterprises helps provide jobs and training for people with employment barriers, including youth at risk, people with developmental or physical disabilities, Aboriginal people, people living with a mental illness, immigrants and refugees and long-term unemployed. Some social enterprises generate income for a parent non-profit organization to help diversify its revenues from grants, donations and government contracts.

Social enterprises are small businesses, typically with under \$5 million in sales and fewer than 50 employees³³. They offer a wide range of goods and services including:

- Catering
- Cleaning services
- Grounds maintenance, landscaping, gardening
- Construction and renovations
- Courier and delivery services
- Promotional items
- Flowers and gifts
- Recycling services
- Printing
- Sewing
- Property management
- Moving and hauling
- Meeting and conference facilities

There are a few thousand social enterprises in Canada, with over 1,000 in Ontario³⁴, 358 in BC³⁵ and 188 in Alberta³⁶ where studies have been conducted.

See the text box below for different examples of social enterprise services across the county that address people with mental health issues, youth at risk, women in transition, Aboriginal people, hard to employ individuals and revenue diversification.

Social Enterprise Examples

The Cleaning Solution in Vancouver is a commercial janitorial service employing over 50 people with mental health issues. www.cleaningsolution.ca



Phoenix Print Shop in Toronto trains youth at risk in the printing business, preparing them to leave their street lives and enter the labour market. Current print customers include Toronto Hydro, Bombardier, PwC, Scotiabank and TD Bank. www.phoenixprintshop.ca

A-Way Express Courier in Toronto employs about 60 people with a history of mental illness as couriers in the Toronto area, and uses public transit instead of private vehicles. www.awaycourier.ca

Inner City Renovations is a general commercial renovations contractor in Winnipeg providing employment for inner city low-income residents. The company has completed 325 projects and employed 150 people, many of them referred to the company by social service agencies. www.innecityrenovation.ca

Atira Property Management provides property management services in the Vancouver area. Owned by Atira Women's Resource Society, the company's profits are donated to the organization to fund transition housing and support services for women and children who are recovering from the effects of violence and abuse within their families. Eighty percent of the company's employees are hard to employ individuals. www.atira.ca

The Prince George Native Friendship Centre rents out the excess space in the building they own, including several meeting rooms, halls and a computer lab. The income from rent covers the mortgage payment and program administrative costs. The Friendship Centre also provides catering for meetings and events. www.pgnfc.com

> Why is it important?

Buying from social enterprises that hire people with employment barriers can generate a number of benefits for the individual, the local economy and society overall³⁷:

- Employees pay income taxes contributing to government revenues
- Increased local spending
- Reduced reliance on government social programs such as social assistance, shelter and health care
- Increase availability of shelter for others
- Reduced reliance on food banks and meal programs
- Reduced crime-related costs
- Increase in employability and job skills
- Increase in employee and family quality of life

Companies that shift some of their spending to social enterprises can help reduce family and child poverty, reduce homelessness and improve social cohesion and community quality of life.

Sourcing from social enterprises whose mission is to generate income for a parent organization contributes to its financial stability and resilience. Supporting those organizations through your buying

power can build organizational capacity, diversify revenues sources and strengthen the community sector to provide essential services and foster overall community well-being.

Social Enterprise Sector Contributes to the Local Economy

According to academic research conducted of social enterprises in B.C. and Alberta in 2009 the 140 social enterprises surveyed generated at least \$113 million in revenues, including at least \$78 million in sales. They paid \$63 million in wages and salaries to almost 4,500 people, of whom 2,700 were employed as part of the mission of the organization. They also trained 11,670 people, provided services to over 678,000, and involved 6,780 volunteers.

[“Strength, Size, Scope: A Survey of Social Enterprises in Alberta and British Columbia”, p. 15](#)

Social Enterprise Helps Marginalized People Get off Welfare and into the Workforce

“Gordon Brown spent 16 years ‘in and out of reality,’ addicted to the crack pipe and eventually living on the street. He has remade his life over the last five years as a baker, a popular speaker for the United Way, and as a cooking teacher for children.

In his own words, he is a ‘broken person made whole again.’ And that is thanks to the St. John's Bakery, an unincorporated social enterprise run by St. John the Compassionate Mission in downtown Toronto. Mr. Brown stumbled upon the bakery in his homeless days, became a volunteer and eventually one of 15 full-time employees. Today he is lead baker. ‘It's almost like they built it knowing I was coming,’ he says.”

[The Globe and Mail, October 19, 2010.](#)

> What can you do³⁸?

There are a number of low-hanging fruit actions most companies can pursue to purchase from social enterprises:

- Look at your upcoming buying requirements and identify some quick wins to source from a social enterprise. Find one at the [Canadian Social Enterprise Marketplace](#).
- Develop a resource list of preferred social-enterprise suppliers and share with administrative, operational, procurement and other staff with buying responsibilities.
- Encourage your suppliers to buy from or sub-contract to social enterprises, perhaps by including such a provision in your bid documents or working with an individual supplier to identify opportunities.
- Organize a supplier event to bring your current or prospective suppliers together with local social enterprises and encourage bid collaborations.

- Train your procurement teams on social-buying opportunities.

Be prepared to invest some time supporting the social enterprise to better understand and meet your needs. Some social enterprises initially may not be able to deliver at the scale you require or have the capacity to go through a formal procurement process. Work together closely at the start-up of the contract to ensure the enterprise understands your expectations. Consider small direct sourcing pilots to help build the supplier's capacity and track record and reduce supply risks.

As your experience grows, consider formalizing your commitments by adopting a social enterprise sourcing policy and procedures. Include social sourcing as an evaluation criterion in your bid review process. Proactively identify your social-buying goals and prioritize social-buying opportunities that advance your corporate social goals, such as diversity, social inclusion, local economic development etc. Develop a social buying work plan and assign internal accountability.

Other opportunities include:

- Unbundle large contracts to create opportunities for small social enterprises.
- Purchase via social-tender process in a closed market of social enterprises.
- Simplify your RFP processes to reduce burdensome procedures as social enterprises lack the human resources and legal expertise to bid on complex procurements.
- Designate a buyer or internal champion to increase your social enterprise spend.

Don't forget to track, measure, report and celebrate the social impacts you have generated. Possible metrics could include: dollar value of social sourcing expenditures, number of social enterprise contracts and number of suppliers that are buying from or sub-contracting to social enterprises. Work with your social enterprise supplier to identify and communicate the social impact of your sourcing contract.

Social Buying In Action

BP is working with its Tier 1 suppliers Johnson Controls and ARAMARK to encourage their procurement from social enterprises.

Wates, a large UK building and construction company, has spent over £4 million with around 30 social enterprises, and created a Social Enterprise Brokerage service and directory for the construction industry.

Veolia, a French global service and utility company, reduces the waste it sends to landfill by creating long-term partnerships with social enterprises to reroute its waste streams for reuse and recycling.

From: [Buying From Social Enterprises Brief for Chief Executives](#)

> What are the business benefits?

Senior buyers and chief procurement officers with social-buying experience report four business benefits³⁹:

1. Generate innovation and creativity: taking different supply chain approaches unlocks a company's innovative potential and inspires creativity within the business.
2. Provide local insight: because they are rooted in the communities they serve, social enterprises are well placed to develop local, tailored solutions to deal with pressing business challenges.
3. Demonstrate value to customers: customers prefer to buy from companies who create social value – telling your social buying story can help your business attract and retain customers.
4. Diversify the supply chain: supply-chain diversification reduces business risk and enhances business resilience; social-enterprise sourcing can play a role in securing supply and reducing business disruption risk.

Other business benefits include building the company's brand and reputation as a socially responsible business, supporting the local economy and enhancing the local community, enhancing employee morale and engagement and building strong supplier relationships.

Case Study 2

Social Enterprise Collaboration: Beau's All Natural Brewing Company

Adapted from: "Success Stories in Social Partnerships" By Linda Graupner, Consultant.

www.beaus.ca

Beau's All Natural Brewing Company is a craft brewery in Vankleek Hill, Ontario. This privately owned company earns close to \$10 million in annual revenue, and has over 70 employees. The brewery is one of the fastest growing in Ontario, with growth rates exceeding 50 percent annually for six years. It does not market its products, but relies on its community investments to raise its profile and help create a positive brand.

The company contributes to community betterment through a range of programs: cash and in-kind donations, employee volunteering, social benefit products (such as its "My Community" beer where proceeds go to the United Way) and social enterprise collaboration.

Beau's has partnered with the social enterprise, Operation Come Home (OCH), since 2009. OCH is a non-profit charity based in Ontario with a mission to prevent homeless youth from becoming homeless adults by providing employment, education and support. It operates a bottle drive project, run as a social enterprise to provide employment for street youth. Beau's contracted with OCH to recover its specialty ceramic beer bottles which were not being returned by customers. Rather than lose \$2 per bottle, the company paid OCH \$2 per bottle for their recovery. This collaboration created employment for street youth, helped OCH diversify its revenue – and solved a business problem for the company.

Two years later, Beau's initiated a second phase of the social buying partnership. The company engaged OCH to supplement the beer bottle pick-up with a beer delivery service. The youth work under a six-month

contract, during which OCH provides them work and life skills training such as Smart Serve, customer service, financial literacy, and conflict resolution and support.



To date, six youth have graduated from the beer delivery program. Of these, two have started college and university, two have jobs and two continue to work towards achieving their goals, while OCH generates \$10,000 per year in revenue from the delivery service.

Of note, Beau's online customer service standard further highlights its commitment to inclusion: "Beau's All Natural Brewing Co. is committed to excellence in serving all visitors, including people with disabilities. If you require an accommodation, simply give us a shout and we'll be happy to help!"

The company's business aligned approach to community betterment and social inclusion reveals a path to creating both business and social value which other companies can replicate.

Section 2:

Social Value Creation through Social Innovation and Collaboration



This section goes beyond adding social value to core business functions such as procurement and human resources. It introduces the concept of social innovation and collaboration to businesses that seek to embed social value into their core business model to foster social well-being at a deeper, more systemic level.

> What is it?

Social innovation is defined as an “initiative, product, process or program that profoundly changes the basic routines, resource and authority flows or beliefs of any social system (e.g. individuals, organizations, neighbourhoods, communities, whole societies)”⁴⁰. It is about new ideas or new ways of addressing pressing unmet needs.

Social innovation in the corporate context is doing business in ways that create business and social value. Social innovation is when companies re-engineer their business models, products, services, structures, systems, processes or relationships to generate profits and new value propositions in tandem with social outcomes. It is a new approach to business value creation in which firms bring their unique set of corporate assets (such as their entrepreneurial skills, business acumen, resources and ability to scale) to create solutions to complex societal issues while generating new customer value propositions.⁴¹

Social innovation involves reframing a social problem or getting to the root of social issues using the tools of business. This kind of innovation is possible when a business is tuned into its broader social, economic, technical, political and environmental context. Through partnerships and stakeholder relationships, a business is able to powerfully harness insights from the larger system within which it operates to address otherwise intractable issues – sometimes called “wicked problems”.

Collaboration is thus critical to social innovation. In order to tackle complex social challenges and scale solutions businesses reach outside traditional business and operational boundaries and planning horizons to work with other companies, governments and civil society organizations at the regional, national, sectoral or value-chain level (up and downstream of its operations with suppliers or customers).

By using the tools of social innovation and collaboration a company can create new business opportunities and advance social progress. The challenge and opportunity is to find social concerns that intersect with your core business and co-create solutions with other societal actors⁴². It involves pivoting your business competencies to test, prototype, and scale new business value propositions that create social value for communities and the broader society. This can result in new products and services that address unmet needs, inclusive supply chains (through social buying strategies) and last-mile distribution systems that break down access and affordability barriers for marginalized or excluded

people, markets or regions (e.g. seniors, people with disabilities, remote communities, inner-city communities, etc.).

Thus, social innovation for business is a shift in perspective in how a company contributes to community and social well-being, and can be understood along a continuum⁴³:

From:

Charitable Investments

The company contributes to specific social causes through donations, sponsorships and volunteering to enhance the company brand, image or reputation

To:

Strategic Investments

The company invests in new ventures and enterprises that value social impact along with their bottom line.

To:

Systemic Investments

The company addresses systemic social issues through its core business and external collaborations to make a sustained social impact and drive business value.

With this new mindset (similar to the Transformational Community Investment Framework on page 7), a company evolves from ad hoc granting transactions with non-profits, and defensive compliance relationships with governments, to progressive multi-stakeholder collaborations for social change. By playing different and complimentary roles, societal partners cross-pollinate ideas and harness unique resources, insights and competencies to further social prosperity.

Danone's Approach to Social Value Creation

[Adapted from: "Co-Creation: Moving Beyond CSR", March 3, 2014.](#)



Danone, a French multi-national food products company, is developing innovative business models that generate new social and environmental value. Through three platforms, Danone addresses critical issues related to the corporation's expertise and goals—issues like malnutrition, access to water, sustainable resources management and sustainable supply and value chains. One of these platforms is the Danone Ecosystem Fund which supports the partners of Danone's "ecosystem" (small agricultural producers, small suppliers and distributors) to effect powerful social change—

and reinforce the company at the same time. The Fund supports initiatives with general interest purposes, which are first identified by Danone subsidiaries in the territories where they operate. The initiatives add value in three areas: employment, skills and employability and micro-entrepreneurship.

By design, projects need a top manager from a Danone business unit to champion them and a partner from a non-profit organization to co-design, co-manage, and co-monitor the project over time. This process ensures the commitment of Danone's subsidiaries and non-profit organizations to developing what is known as a "hybrid" approach to dialogue, design and strategies, based on new and alternative methods of creating and sharing value. Other parties may be brought on board as well, such as local government bodies or international institutions. Social mission organizations facilitate dialogue between communities and Danone and provide expert knowledge of the local context. This co-creation process commits Danone to rethinking its practices and business models, through partnerships with players who traditionally stick to their own fields of expertise.

Such innovations are intended to spread across the company and help advance its transformation. To this end, the Ecosystem approach promotes open-source knowledge in terms of business models and project management: good practices, practical tips and decision-making tools are formalized and shared with the business community.

One example project is the Social School for Women Empowerment. In Spain, two million women suffer from gender violence, according to the Spanish Institute for Women. Since November 2011, Danone Spain and the Danone Ecosystem Fund, in partnership with the Ana Bella Foundation, have run a Social School for Women Empowerment to help abused women become more autonomous in their lives and better integrated into society. The women benefit from personal coaching, social workshops and professional training. With the aim to become financially independent, they are offered job opportunities by Danone Spain as sales promoters for the Group's brands in supermarkets (similar to the community-hiring approach described in Section One). On top of committing to diversity and promoting women's leadership, the project is a means for Danone Spain to recruit and keep salespeople who are qualified and motivated – the commercial performance of these women as healthy nutrition and brand ambassadors is above average. Sales increased in several sales points as a result of the work of the project's beneficiaries.

This type of project is meant to be replicated and scaled-up to maximize its social and societal potential, as well as contribute to transforming business practices from the inside.

After four years of existence, the Danone Ecosystem Fund has supported the co-creation of nearly 50 programs with more than 30 different non-profit partners, aiming to impact 50,000 direct beneficiaries. The best proof of the relevance of such models is that they have attracted co-funding from a variety of stakeholders, matching the amount committed by the Fund itself so far.

> Why is it important?

Business has unique insights, skills and resources to contribute to address important social issues. Businesses need to collaborate with customers, suppliers, peers, governments and civil society in order to reduce poverty, homelessness, un- and under employment, skill shortages, poor health and nutrition, obesity, income inequality and social exclusion. Breakthrough solutions can only be developed and scaled by combining the tools, means, expertise and synergies of all stakeholders.

Using social innovation and collaboration companies can co-create game-changing solutions for more inclusive and humane societies, redefining their business models, structures, processes and value propositions in ways that create new value for both the firm and stakeholders.

> What can you do?

There is no one formula for social innovation and collaboration. The following is a suggested process you can follow on the path to social and business value creation. *(Note: A number of the steps below have been informed by the [Shared Value Initiative](#) and [Phil Preston's](#) "Turning Community Engagement into a Business Proposition".)*

Step 1. Understand

Step 1. Understand

Engage senior leaders to understand the benefits and opportunities of social innovation and collaboration investments. Research best practices within and outside your industry to learn how leading businesses are pursuing this innovation path. Share the [2050 Vision](#) and [2020 Action Plan](#) of the World Business Council for Sustainable Development and the World Economic Forum's [2014 Global Risk Report](#) that create a call to action for business leadership. Understand the macro social trends and systemic challenges, which will have the biggest implications for the future of your business, suppliers, customers and markets. Document how your products and services up- and downstream of your business operations affect people, communities and society to identify vulnerable or opportunistic leverage points for social change. Determine top stakeholder social concerns, challenges and expectations. Find out if any of your industry associations are working on these issues and if they have insights to share. (See the [Industry Association Roadmap for Sustainability](#) for advice on how to work with your industry association on social issues.) Compile this into a list of relevant social issues.

Tip: You have a number of options for focusing this effort. You could take a company-wide approach or pursue innovation at a brand, product, process, project, country, facility, customer segment, business unit or department level. Narrowing your initial focus can help build internal buy-in and experience to scale up in future years as you build your capacity and achieve results in this new business approach.

Step 2. Analyze

Step 2. Analyze

Using information generated from the first step, conduct a deeper dive into your company's business model and strategic positioning. Assess your corporate strategy or business plan to identify win-win opportunities. Catalogue your organization's assets, competencies, and resources, which you can pivot to address the societal or community issues you identified in Step 1. See Figure 1 below for potential business assets that can be harnessed for social change. The most effective innovations will emerge out of the unique context, plans, structure, culture, and assets of your business.

Figure 1

Business Assets to Leverage

- ✓ **Products & services**
- ✓ **Physical assets**
- ✓ **Logistics infrastructure**
- ✓ **Distribution network**
- ✓ **Intellectual property**
- ✓ **Research & consumer insights**
- ✓ **Stores**
- ✓ **Hiring process**
- ✓ **Employees**
- ✓ **Customers**
- ✓ **Vendors & supply chain**
- ✓ **Relationships**
- ✓ **Management expertise**
- ✓ **Operational & technical skills**
- ✓ **International reach**
- ✓ **Brand & convening power**
- ✓ **Marketing channels**
- ✓ **Communication capacity**

From your initial list of important societal or community-based issues relevant to your business, ask: what strengths does your business have to address them, what opportunities are there to apply these strengths in new or innovative ways, who might be some key partners to capitalize on these opportunities? Look beyond your business boundaries for some of these answers, including your upstream suppliers and your customer base.

Gap Analysis: Sample Exercise for Turning Low-impact Social Initiatives into High-impact Social-value Initiatives

Reflect on your existing social or community initiatives. Estimate the significance of the social value and business value created for each one (e.g. rate them low / med / high). Plot them on an X-Y chart with social value on the vertical axis and business value on the horizontal axis.

Are any in the high impact zone? If so, can more impact be realized? If not, do they have potential to be there? Is there an opportunity to develop initiatives in this space? (adapted from [Phil Preston](#))

Gain further insights from across your company by convening a cross-organizational group, including marketing, sales, product development, human resources, government and community relations, strategy, finance, and operations to contribute ideas. Business lines, functions and departments often hold important strategic information so their participation is important. Ask them what specific social issues or trends the company is well placed to address that are relevant to your operations, supply chains and customers. These internal stakeholders will be critical knowledge and collaboration partners for future phases of social innovation. This process will enable staff from across the company to become engaged as change-makers and social innovation champions in the organization.

Consider consulting external stakeholders – including community groups and NGOs, suppliers, governments, customers and others – and ask them what social issues matter to them when they think about your company’s impact on their lives and in their communities – on what issues do they look to you for leadership and which of their priorities could be met from your core capabilities? Often seemingly disruptive voices have important or game-changing insights to offer.

Thinking outside of the box and questioning common business assumptions can also generate innovative approaches. For example, managing through the use of quarterly business cycles and short-term differentiation strategies can undermine opportunities to innovate⁴⁴. Unilever’s CEO Paul Polman has declared that the company’s primary fiduciary duty is to improve the lives of the world’s citizens, a value proposition that will ultimately benefit the company’s shareholders. Thus, he has stopped quarterly earnings reporting, which has contributed to a reduction in his company’s share-price fluctuations as hedge-fund investments declined from 15 percent to five percent⁴⁵.

Step 3. Engage

Step 3. Engage

From Step 2 you should have a list of business development opportunities and capabilities that intersects with issues relevant to your company and stakeholders. With this information invite key internal and external partners with unique expertise in the business opportunity and social problem to a joint exploration session. An intentional mix of perspectives can foster cross-pollination and bring different insights, skills, competencies and roles to the innovation process. Bring people with outlying ideas to the conversation to stimulate and provoke new thinking.

Collectively and systematically confirm the areas of overlap between your business and social issues. This step should help you finalize a list of priority social issues that your company is well positioned to tackle and that can be addressed through your core business strategy.

From this process you will likely also have determined strategic external partners to help you implement your business priorities.

Social Collaboration Links Education and Workforce Needs

Arcelor-Mittal, the world's leading steel company, recognized growing education challenges in US communities: unacceptable high school dropout rates, inadequate work-ready skills, and growing numbers of work-qualified students relocating from their home communities – a veritable “brain drain”. Simultaneously, faced with an aging, skilled workforce, Arcelor-Mittal was challenged with increased recruitment needs.

Teaming with multiple non-profit and government partners, the company is changing how it manages education and workforce issues. “STEM Futures” provides teacher training and equipment for elementary and middle schools; “Steelworker for the Futures” enables community colleges to provide a combination of education and hands-on job learning through the company; and the “Campus Partnership program” supports four-year university programs in business and metallurgical engineering.

The company is now piloting a collaborative, led by the Council for Adult Experiential Learning, to focus on high schools. The goal is to graduate students ready for college and work, improve manufacturing-focused curricula, and build a workforce pipeline to support local employer needs.

[From “Increasing Impact, Enhancing Value”, p. 43](#)

As with any business innovation you will need to conduct business feasibility studies and develop business and social benefit and cost projections. Pilots and proofs of concept can validate your social value initiatives and position your business to launch and scale its social impact strategy. The next step will outline how to go from idea to operational concept.

Step 4. Innovate

Step 4. Innovate

The foregoing understanding, analysis, and engagement steps provide rich ground for innovation. Leading companies are increasingly embracing the following innovation tools and methods to continuously foster social and business value creation. The tools draw on approaches that predominate in technology development using “rapid innovation” techniques and instilling an innovation culture. They shift emphasis away from centralized or hierarchical planning structures to tap the knowledge of customers, the social media universe, stakeholders and big data (a collection of data from traditional and digital sources inside and outside your company that represents a source for ongoing discovery and analysis⁴⁶). To encourage innovation it is important to create experimental and safe spaces where innovation can thrive apart from the requirements of everyday operation, and where failure is embraced as a learning process.

Design Thinking and User-Centred Design Methods⁴⁷: Many companies use design techniques when developing new products, in media development and marketing. But design thinking can be applied more broadly to rethink the value chain and find new ways to link the business mission to social impact. Design-based and user-centred approaches start with a discovery

phase of research about the user, problem or context. Design methods make things tangible, using physical, visual, experiential and creative means. Divergent thinking is encouraged. Involving multi-disciplinary people (for example, architects who have studied psychology, artists with MBAs, or engineers with marketing experience) can foster innovation across disciplines. Ideas are made concrete and tested with users or beneficiaries via rapid prototyping (described below) to iterate the best strategy or solution. Design thinking is gaining profile in the world's leading universities and business schools, such as MIT's multiple design labs, Stanford's d.school, Harvard's i.lab, and University of Toronto's DesignWorks in the Rotman School of Management.

Rapid Prototyping: Rapid prototyping enables a company to seek quick feedback from customers, stakeholders and employees by engaging them to hone an innovation over several rapid cycles of design. Old-style approaches involve heavy up-front investment to get a product or process right, a big launch and little room for ongoing experimentation. Rapid prototyping starts with something that is "good enough" and invests in ongoing learning and development. The motto is "show, don't tell". Rapid prototyping involves framing a particular challenge and seeking responses on many parallel tracks. A prototyping mindset values failing fast, engaging affected people all the way through the design and prototyping process, and rigorous commitment to evidence and results. Phillips Healthcare runs a rapid prototyping lab where the company recently designed six new solutions in two weeks, including designs for smart baby monitors and air purifiers, a portable ultrasound and new voice-controlled operating room devices to keep surgeon's hands sterile⁴⁸.

Collaborative Innovation Labs: The two methods above are often found in "lab" settings – collaborative innovation labs – which are increasingly recognized as effective ways to convene multiple sectors and stakeholders around challenges of mutual concern. Businesses can set up their own lab processes to get ongoing feedback and start to design products or services that can be more nimble or responsive to shifting demand or markets. But more powerfully, businesses can help solve problems that they have identified as priorities through collaboration. One example of this is the Sustainable Food Lab⁴⁹ – a consortium of business, non-profit and public organizations that works to connect the goals of food commodity buyers with the goals and practices of producers, suppliers and customers, in order to accelerate the shift toward sustainable food systems. The Food Lab addresses topics such as inclusion of small-scale producers in developing countries, strategies for low-carbon farming, and sustainability metrics. Member organizations include Unilever, Oxfam, Sysco, Costco and Rainforest Alliance (the latter is an environmental organization). When setting up an innovation lab ensure there is a plan for re-entry of the innovation into the business to ensure the ideas diffuse across the organization.

Open Innovation Platforms: Idea jams, crowd-sourcing and competitions are examples of open innovation platforms – engagement approaches that enable companies to learn about their broader operating context, grow reputation and build relationships. Open innovation platforms can be used with employees, customers, other stakeholders and broader publics to direct resources, solve problems and generate buzz. Idea jams involve employees, suppliers or

customers in developing new business ideas. Crowd sourcing is an approach to gathering ideas or content by soliciting contributions from a large group of people and especially from the online community. Competitions identify and recognize internal or community initiatives, using online voting to build social media presence and direct resources to innovation. These can connect directly to corporate activities, or link to relevant social or environmental issues and key stakeholder interests. IBM has been using “jams” since 2001 to involve its over 300,000 employees around the world in exploration and problem-solving, with established thought leaders, practitioners and the public⁵⁰. Universities can also be great partners. For example, the [Rotman Design Challenge](#) (RDC) brings together over one hundred graduate students from all over the world to compete on solutions to social problems posed by business sponsors. The RDC uses creative problem solving techniques and frameworks from both business and design disciplines in a collaborative environment supported by academics, professionals and consultants from the fields of business and design.



Open Innovation at Unilever

“We have world-class research and development facilities, making breakthroughs that keep Unilever at the forefront of product development. But we know that the world is full of brilliant people, with brilliant ideas – and we are constantly looking for new ways to work with potential partners.

We call this way of working Open Innovation.

We’re looking for help in achieving our most important ambition. We want good technological ideas to become reality quickly – whoever thought of them first.

Often we will have specific challenges we'd welcome your collaboration on: a new formula, a new technique, new packaging or a fresh design solution to a product we already have in mind. We call these our 'wants'. We're looking for new designs and technologies that help us improve the way we make our products. There are a series of challenges which we're already working on, and where we'd like to work together with partners.”

Unilever’s current list of [wants](#) includes safe drinking water and fighting viruses.

Big Data: New datasets and the patterns revealed by their aggregation present a significant opportunity for understanding systems and creating social value in the future. The wealth of information now available to many companies about their customers promises to provide many new insights about the complexity of human behavior and societies. While there are important privacy implications, researchers and businesses around the world are looking at ways to

leverage massive datasets to better serve both people who generate the data, and ultimately the societies in which they live.

Step 5. Sustain

Step 5. Sustain

The foregoing steps should put your company on the path of pursuing one or more social change strategies through your core business. Leader companies go the next step of embedding their social mission into their core business purpose. Nestlé, for example, evolved its core purpose as a producer of food and beverage products to be the world's leading nutrition, health and wellness company and prioritized nutrition, water and rural development as top social issues to address through its business. Unilever's core purpose is "To make sustainable living commonplace" and it has adopted business priorities to improve global health and well-being and enhance livelihoods.

Redefining your company's core purpose to include your social mission, will send a signal to your shareholders, employees, customers, suppliers and other stakeholders of your commitment and will tap into the pent-up consumer and societal demand for company leadership on societal issues. (See quote below.)

"The vast majority of people, in fact, well over 80 percent of consumers from Shanghai to London, New Delhi to New York feel strongly that companies and brands must actively lead social change."

Tony Pigott

Recent past CEO of J Walter Thompson Canada (JWT), a global marketing communications agency operating in over 90 countries worldwide.

You may wish to adopt the following measures to further embed your social purpose into your core business and value chain (adapted from [Shared Value Initiative](#)):

- Invest in the platforms or mechanisms that sustain collaboration and innovation. The methods listed above, including design thinking, prototyping, labs, open collaboration or crowd-sourcing platforms and big data, provide ongoing opportunity sourcing mechanisms. Identify how these approaches can dovetail with your existing stakeholder engagement programs.
- Set up a cross-functional innovation team to ensure a steady pipeline of social value ideas aligned with your business. This team can test out different ways of thinking and engaging with opportunities, and as the team develops expertise, they can share it more widely.
- Regularize social-value considerations in your corporate plans, investments, decisions and remuneration systems.
- Ensure your leaders have the knowledge and experience to work across sectors on social development issues; embed social value collaboration competencies into your recruitment, training, competency and leadership development models. You will want to foster a social-purpose culture that encourages exploration and rewards social value innovation.

- Pursue innovation from the inside out, by surfacing the inner experiences of employees during the normal course of the workday⁵¹. “Inscaping” is a new approach to working from a deeply experiential place, drawing on the full range of things that constitute our inner lives: ideas, intuitions, curiosities, aspirations, fears, values, emotions, life circumstances, etc.⁵²
- Set business and social goals, targets and measures for your social value strategy and anticipated business growth objectives. Monitor your progress and refine your strategy with insights and experience.

Encouraging and sustaining ongoing social innovation in this fashion will help foster both a cultural shift – and a strategic business shift. While this will place heavier demands on your firm, the social and business rewards are worth it.

> What are the business benefits?

The business benefits are dependent on the particular social issues and business strategies you pursue. The range of business benefits include:

- Increased market share through new and more loyal customers and markets
- New and deeper insights into customer segments
- New products and services
- Improved reputation and brand differentiation
- Improved employee recruitment and retention
- Improved productivity
- Secured access to supplies and resources

“In any company, you have to go back to what drives people. Making more money or being bigger means less and less. Brands with a purpose and that are values-led over time are going to be more successful.”

— UNILEVER CEO PAUL POLMAN⁵³

Case Study 3

Social Business: Assiniboine Credit Union⁵⁴

www.assiniboine.mb.ca



Assiniboine Credit Union (ACU), a financial institution based in Winnipeg with nearly 600 employees, over 100,000 customers (members) and over \$3 billion in assets, has a mission to provide financial services for the betterment of their customers (members), employees and communities. Their vision is of a “world where

financial services in local communities contribute to a sustainable future for all”. As part of their mission, they look for opportunities to provide financial services that make a difference in the lives of people and communities not well served by mainstream financial institutions. They also build partnerships and invest financial and non-financial resources to foster self-reliant, sustainable communities.

They pursue their inclusive objectives through community hiring, financial inclusion, ‘social impact’ financial services and social purchasing, expanding opportunities for people facing economic barriers as employees, customers and suppliers.

With a focus on community hiring, ACU’s “Diversity and Inclusion Vision” is to be an inclusive workplace with a diverse workforce that mirrors the communities they serve. To move this vision forward they established a steering committee of senior leaders and managers to lead their Diversity and Inclusion vision and strategy. They conduct regular workplace surveys to measure their progress and partner with community organizations and schools to provide training and employment for people facing barriers to employment. The following table summarizes their diversity and inclusion progress as of 2012:

Group:	% of community	% of ACU employees
Aboriginal People	10.0%	9.2%
People of Colour	16.0%	20.0%
People with Disabilities	6.4%	7.3%

With a commitment to financial inclusion, the credit union also sets goals to increase access to affordable financial services for people living in poverty. ACU works with community partners to open accounts for unbanked and under-banked citizens and partners with SEED Winnipeg Inc. (Supporting Employment and Economic Development) to help families living on low income open Registered Education Savings Plans (RESPs) to save for their children’s post-secondary education. They also offer special Matched Savings Accounts for participants of poverty-reducing asset building programs offered by members of the Winnipeg *AssetBuilders* Partnership.

The credit union pursues strategies to grow the value of ‘social impact’ financial services benefitting underserved neighbourhoods, organizations, communities and households. They operate an inner city branch, and created the Community Financial Centre to better serve non-profits, co-operatives and social enterprises and to deliver special micro-credit programs. With SEED Winnipeg they launched the “Recognition Counts! Loans for Skilled Immigrants Program” to support skilled immigrants living on low income to pursue certification, upgrading or training so they can gain employment in their field here in Canada.

In 2012 ACU reported 461 unbanked/under-banked individuals who opened accounts through community partnerships, 268 new RESPs opened for low-income families, and 686 Asset Building Program participants who used ACU’s Matched Savings Account to save. As well, in 2012 the credit union approved \$4.3M in new financing for affordable housing, \$6.2M in financing for community facilities and \$2M in micro-credit financing for business start-ups and expansion. By the end of 2012 they had nearly \$45M invested in community finance loans.

Assiniboine also includes inclusive objectives in its procurement program. In 2012 they sourced over \$350,000 in goods and services from inner-city businesses, co-operatives, fair-trade suppliers and social enterprises. For example, they hired Inner City Renovations, a social enterprise which hires inner city low-income residents for construction projects, to renovate their new inner city branch.

Assiniboine's commitment to social inclusion and community betterment influences its approach to community engagement in ways that create business and social value.

Appendix A

Resources

> Community Hiring

Employer's Toolkits

How to Attract, Retain and Engage Mature Workers

http://www.workbc.ca/WorkBC/media/WorkBC/Documents/Docs/toolKit_Book2.pdf

Diversity at Work: Recruiting and Retaining Immigrants

http://www.workbc.ca/WorkBC/media/WorkBC/Documents/Docs/toolKit_Book4.pdf

Disability in the Workplace: Company Practices

http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_150658.pdf

Social Capital Partners

<http://www.socialcapitalpartners.ca/>

Social Capital Partners applies market-based solutions to tackle systemic social issues. The non-profit, founded by Canadian business leader and philanthropist, Bill Young, designs and implements business models that address access to employment issues. The organization focuses on improving employment opportunities and outcomes for youth, new Canadians, persons with disabilities, aboriginals and single parents. It partners with businesses, community service agencies, governments, consultancy firms and others to test, prove, launch, and scale community hiring models. Their Community Hiring model was the basis for the community hiring section in this business guide.

IHG Academy

IHG, or Intercontinental Hotels Group, is the parent company of a number of hotel chains including Holiday Inn and Crowne Plaza. Building upon their community hiring experience around the world, they have developed a step by step process of how to engage and work with local community hiring partners. Their program allows community employment and training support agencies to train barriered jobseekers in the basic skills they require for entry level positions. <http://www.ihgacademy.com/>

Employment Service Agency Directories

The following is a list of provincial government resources you can contact to find employment service agencies in your province. Click on the link to go to the website.

[Alberta](#)

[Manitoba](#)

[New Brunswick](#)

[Newfoundland and Labrador](#)

[Northwest Territories](#)

[Nova Scotia](#)

[Ontario](#)

[Prince Edward Island](#)

[Quebec](#)

[Saskatchewan](#)

[Yukon](#)

[BC](#)

World Business Council for Sustainable Development (WBCSD) Responsible Business Employment Strategies Program

<http://action2020.org/business-solutions/responsible-employment-strategies>

The WBCSD is a CEO-led, global association of 200 international companies dealing exclusively with business and sustainable development. It developed a [2050 Vision](#) for sustainable development and a [2020 Action Plan](#) to achieve the vision. The Action Plan identifies “societal must-haves” for a sustainable society, one of which is “decent and productive employment for all”. Its ambition is to create 300 million additional good and decent jobs, significantly reduce the number of unfilled positions in business due to skills shortages and significantly reduce the number of people in vulnerable employment. According to its research the global labor market faces a major supply and demand imbalance. Currently, 200 million people are unemployed while 40 million people enter the labor pool annually. At the same time, businesses struggle to recruit appropriately qualified employees to ensure future business development and innovation. The WBCSD’s Responsible Employment Strategies initiative aims to catalyze collective business action to develop skills for the future, enhance employment opportunities, and promote good working conditions within companies and throughout their supply chains.

> Living Wage

Living Wage Canada

<http://livingwagecanada.ca/index.php/living-wage-employers/employer>

Living Wage Canada is a website designed to facilitate learning and information sharing among living wage employers and communities to help build a national living wage movement. It includes details about the Canadian Living Wage Framework which provides a consistent living wage definition, calculation methodology, and strategy for recognizing corporate and community leadership who commit to pass a living wage policy.

A Guide to Becoming a Living Wage Employer

<http://www.livingwagecanada.ca/files/6113/8443/7637/LW-Guide1.pdf>

The Business Case For Paying a Living Wage

http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf

> Social Buying

Social Enterprise Marketplace (searchable social enterprise directory)

<http://www.socialenterprisecanada.ca/purchase/nav/marketplace.html>

Social Purchasing Toolkit

<http://www.socialenterprisecanada.ca/en/toolkits/purchasingtoolkit/>

Buying from Social Enterprises: A Guide for Buying and Procurement Professionals

<http://www.bitc.org.uk/our-resources/report/buying-social-enterprises-guide-buying-and-procurement-professionals>

The Social Enterprise Supply Chain Guide

<http://www.socialenterprise.org.uk/uploads/files/2013/11/buysocialguide.pdf>

BuySmart Network

<http://www.buysmartbc.com>

The BuySmart network is a sustainable purchasing network of buyers and purchasing professionals run by the Fraser Basin Council in BC. It provides resources, training, advice and tools for organizations interested in building their social, ethical and green procurement capacity.

BuySocial Canada

<http://buysocialcanada.ca>

A resource and certification program for businesses who commit to buy goods and services from social enterprises.

> Social Innovation and Collaboration

Shared Value Readiness Assessment

<http://sharedvalue.org/readiness-assessment>

Increasing Impact, Enhancing Value: A Practitioner's Guide to Leading Corporate Philanthropy

Council on Foundations, 2012

<http://www.cof.org/sites/default/files/documents/files/CorporateGuide.pdf>

Danone Co-creation Guide

http://ecosysteme.danone.com/guide_cocreation/#/38

Project Innovation: The Social Innovation Toolkit

<http://www.socialinnovationtoolkit.com/about.html>

Project Innovation is a teaching and learning resource to support the advancement of social innovation among non-profit organizations, charities, governmental agencies, and for-profit ventures that are working to improve the conditions and experiences of vulnerable populations.

DIY Toolkit – Practical tools to trigger and support social innovation

<http://diytoolkit.org/>

Convening a Comprehensive Multi-Sector Effort to Reduce Poverty: A Primer

<http://vibrantcanada.ca/resource-library/multi-sector-collaboration/convening-comprehensive-multi-sector-effort-reduce-pover>

Collective Impact article and resources, Sanford Social Innovation Review

http://www.ssireview.org/articles/entry/collective_impact

“Collective impact” is an approach to create lasting solutions to social problems on a large-scale wherein organizations coordinate their efforts and work together around a clearly defined goal.

Multi-stakeholder Collaboration and Systemic Change articles by Chad Park, The Natural Step, 2014

<http://www.sigeneration.ca/sustainability-driven-collaboration-platform-turning-wicked-problems-wicked-opportunities/>

Breaking Through: How Corporate Social Innovation Creates Business Opportunity, 2014
Social Innovation Generation, Volans and KPMG

<http://volans.com/wp-content/uploads/2014/05/5441-KPMG-Social-Innovation-Report-FY14-web-Final.pdf>

Measuring Shared Value: How to Unlock Value by Linking Social and Business Results

http://sharedvalue.org/sites/default/files/resource-files/Measuring_Shared_Value.pdf

Business and Impact: Inventing new models at the crossroads of the social, business and public sectors to address societal challenges. A 2013 study of new market opportunities with high social impact in Europe.

http://www.ashokacentre.org/documents/Ashoka_Study_English.pdf

Making the Economy Work for Everyone: Business Leadership for an Inclusive Society by Business for Social Responsibility article by Business for Social Responsibility, 2014

<http://www.bsr.org/en/our-insights/bsr-insight-article/business-leadership-for-an-inclusive-economy>

The Reconceptualization of Business Discussion Paper by UN Global Compact and Principles for Social Investment Secretariat, 2012

http://www.siemens.com/sustainability/pool/nachhaltigkeitsverstaendnis/psi_reconceptualization_of_business.pdf

Network for Business Sustainability (NBS)

Driving Social Change, Civic Dialogues and Sustainability Through Partnerships

A research group based at the Ivey Business School, NBS is a network of international academic experts and business leaders which conducts research into top sustainability issues with the goal of shaping management practice and research. Three relevant reports are “Driving Social Change”, which outlines the three conditions necessary for changing people's behaviour to create benefits for society; “Civic Dialogues on Sustainability”, which is a guide on why and how to build broad-based agreement and commitment around complex and controversial issues; and “Sustainability Partnerships”, a toolkit for building effective civil society partnerships.

Driving Social Change: <http://nbs.net/topic/stakeholder/social-change/>

Civic Dialogues on Sustainability: <http://nbs.net/knowledge/how-business-can-engage-the-public-in-sustainability-through-civic-dialogue/>

Sustainability Through Partnerships: <http://nbs.net/wp-content/uploads/NBS-Partnerships-Executive-Report.pdf>

Design Thinking for Social Innovation

Sanford Social Innovation Review, Tim Brown & Jocelyn Wyatt, 2010

http://www.ssireview.org/articles/entry/design_thinking_for_social_innovation/

Social Innovation Generation

<http://www.sigeneration.ca/>

Social Innovation Generation (SiG) seeks to address Canada's social and ecological challenges by creating a culture of continuous social innovation.

Shared Value Initiative

<https://www.sharedvalue.org/>

The Shared Value Initiative is a global community of practice committed to driving adoption and implementation of shared value strategies among leading companies, civil society, and government organizations. Their resources informed the Social Innovation and Collaboration section of this guide.

Ashoka

<http://www.ashokacentre.org/index.php>

Ashoka is an international organization which brings together businesses, social entrepreneurs, and governments to find innovative and effective solutions to society's most pressing societal challenges. It operates the Ashoka Centre, a platform for Social and Business Co-Creation to engage different sectors to address urgent societal issues at a large scale.

Endnotes

-
- ¹ “GlobeScan Radar 2013: Business in Society”, August 2013, p. 9.
- ² From: <http://newsroom.accenture.com/news/fortune-favours-the-brave-uk-business-could-benefit-from-100bn-sustainable-innovation-opportunity.htm>, p. 23 accessed on March 19, 2014.
- ³ From: <http://www.oecd.org/els/soc/49499779.pdf> accessed March 19, 2014.
- ⁴ From: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfs01a-eng.htm> accessed March 19, 2014.
- ⁵ From: <http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=16> accessed March 24, 2014.
- ⁶⁶ From: <http://www.conferenceboard.ca/hcp/details/society/child-poverty.aspx> accessed March 19, 2014.
- ⁷ From: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil19a-eng.htm?sdi=low%20income> accessed March 19, 2014.
- ⁸ From: <http://www.conferenceboard.ca/hcp/details/society/child-poverty.aspx> accessed March 19, 2014.
- ⁹ Note: there is no agreed upon official definition or measure of poverty in Canada. Statistics Canada refers to a low-income cut-off which is the income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family.
- ¹⁰ From: <http://www.cpj.ca/sites/default/files/docs/Poverty-Trends-Highlights-2013.pdf>, p. 3, accessed March 24, 2014.
- ¹¹ From: <http://www.torontosun.com/2013/09/18/1-in-10-canadians-have-had-mental-health-or-substance-problems-statscan> accessed March 19, 2014.
- ¹² From: http://www.mentalhealthcommission.ca/English/issues/housing?routetoken=f9890ac9aa3b044eb_a9f5d4a404ca82e&terminal=23 accessed March 19, 2014.
- ¹³ From: <http://www.obesitynetwork.ca/obesity-in-canada> accessed March 19, 2014.
- ¹⁴ From: <http://www.ctvnews.ca/health/canadian-obesity-rates-triple-in-less-than-30-years-1.1713282> accessed March 19, 2014.
- ¹⁵ From: <http://www.statcan.gc.ca/pub/89-645-x/2010001/life-expectancy-esperance-vie-eng.htm> accessed March 19, 2014.
- ¹⁶ From: <https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/ststclsnpsh-t-yth/index-eng.aspx> accessed March 19, 2014.
- ¹⁷ This section is adapted from: <http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00592.html> and <http://www.socialcapitalpartners.ca/index.php/learnings/community-hiring> accessed on March 15, 2014.
- ¹⁸ From: http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=23#M_4 accessed March 19, 2014.
- ¹⁹ From: <http://www.statcan.gc.ca/pub/11-626-x/11-626-x2013024-eng.pdf> accessed March 19, 2014.
- ²⁰ Taken from: “Guide to Community Hiring: A tool for helping source the right employees and support the community”, Social Capital Partners, p. 1.
- ²¹ From: http://www.livingwagecanada.ca/files/7813/8243/8036/living_wage_full_document.pdf accessed March 13, 2014.
- ²² From: <http://www.livingwagecanada.ca/index.php/living-wage-communities/alberta/> accessed March 15, 2014.
- ²³ From: <http://www.forbes.com/sites/forbesleadershipforum/2014/07/01/why-companies-that-pay-above-the-minimum-wage-come-out-ahead/> accessed July 9, 2014.
- ²⁴ From: <http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=23> accessed March 18, 2014.
- ²⁵ From: http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=23#M_8 accessed March 19, 2014.
- ²⁶ “The Business Case for Paying a Living Wage”, p. 2.
http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf

-
- ²⁷ From: <http://www.americanprogress.org/issues/labor/report/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/> accessed August 5, 2014.
- ²⁸ From: http://livingwagecanada.ca/files/7213/8269/9483/Living_Wage_doc...pdf accessed March 15, 2014.
- ²⁹ From: <http://www.forbes.com/sites/forbesleadershipforum/2014/07/01/why-companies-that-pay-above-the-minimum-wage-come-out-ahead/> accessed July 8, 2014.
- ³⁰ From: <http://www.neweconomics.org/blog/entry/Paying-the-living-wage-benefits-business-as-well-as-employees> accessed March 15, 2014.
- ³¹ From: <http://www.socialenterprisecanada.ca/en/learn/nav/whatisasocialenterprise.html> accessed March 15, 2014.
- ³² “Buying from Social Enterprises” 2014, p. 2 <http://www.bitc.org.uk/our-resources/report/buying-social-enterprises-brief-chief-executives>
- ³³ “Exploring Social Impact” 2014, p. 18 draft version.
- ³⁴ “Inspiring Innovation, The Size, Scope and Impact of Non-profit Social Enterprise in Ontario” 2012, p. 4. http://www.sess.ca/english/wp-content/uploads/2013/09/InspiringInnovation_CCEDnet_web.pdf
- ³⁵ “British Columbia Social Enterprise Sector Survey Report” 2014, p. 8. <http://www.sess.ca/english/wp-content/uploads/2014/04/BC-Report-April-17-rev.pdf>
- ³⁶ “Alberta Social Enterprise Sector Survey Report” 2013, p. 10. <http://www.sess.ca/english/wp-content/uploads/2013/11/Final-AB-Report-November-19.pdf>
- ³⁷ “Social Return on Investment of Hiring Target Employee Individuals” by Ernst & Young, 2013. <http://www.atira.ca/sites/default/files/APMI%20SROI%20Report.pdf>
- ³⁸ This section has drawn significantly from the resources listed in the guide in the Resource appendix.
- ³⁹ From: <http://www.bitc.org.uk/our-resources/report/buying-social-enterprises-guide-buying-and-procurement-professionals> accessed March 15, 2014.
- ⁴⁰ Social Innovation: A Primer, http://sigeneration.ca/documents/social_innovation_primer.pdf (Accessed April 1, 2014)
- ⁴¹ Mervis and Googins (2012) in Bradley Googins, “Leading with Innovation: Transforming Corporate Social Responsibility” (2013).
- ⁴² This builds upon the Michael Porter/Mark Kramer “Shared Value” model as summarized here: <https://www.sharedvalue.org/about-shared-value> accessed on March 15, 2014.
- ⁴³ Framework adapted from Business for Social Responsibility’s Guide to Business and Population Health: https://www.bsr.org/reports/BSR_A_New_CSR_Frontier_Business_and_Population_Health.pdf (p. 12).
- ⁴⁴ From: http://www.ssireview.org/articles/entry/wicked_problems_problems_worth_solving accessed June 30, 2014.
- ⁴⁵ From: <http://www.theguardian.com/sustainable-business/paul-polman-unilever-sustainable-living-plan> accessed June 30, 2014.
- ⁴⁶ From: <http://www.forbes.com/sites/lisaarthur/2013/08/15/what-is-big-data/> accessed July 2, 2014.
- ⁴⁷ For more on design thinking in social innovation see: http://www.ssireview.org/articles/entry/design_thinking_for_social_innovation/ accessed June 30, 2014.
- ⁴⁸ From: <http://www.bizjournals.com/boston/blog/health-care/2014/04/six-innovations-from-philips-healthcares-rapid.html> accessed June 30, 2014.
- ⁴⁹ From: sustainablefood.org accessed June 30, 2014.

⁵⁰ From: <http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/Documents/5441-KPMG-Social-Innovation-Report-FY14-web-Final.pdf> accessed June 30, 2014.

⁵¹ Inside-Out Innovation, Stratford Social Innovation Review
http://www.ssireview.org/articles/entry/inside_out_innovation accessed April 1, 2014

⁵² Expressive Change: Inscaping <http://www.ssireview.org/pdf/2-InscapingIntro.pdf> accessed April 1, 2014

⁵³ From: <http://www.theguardian.com/sustainable-business/unilever-ceo-paul-polman-interview> accessed March 17, 2014.

⁵⁴ Adapted from: <http://cbsr.ca/blog/transformational-company-case-study-inclusive-business> by Coro Strandberg.