

Number and profile of mission-led businesses

1	<p>What do you know about the number and profile of mission-led businesses operating in the UK? Please share evidence</p>	<p>How many companies could already be said to be mission-led businesses? How does this change when you consider businesses that might take this model in future? What stages of development would you say most mission-led businesses are at today (i.e. start-up, growing, mature), and how would you expect this to change in future? Are there industry sectors where more mission-led businesses are already operating than others? Are you aware of any geographic clusters of mission-led businesses? If so, where?</p>	<p>-Difficult to size the market given it is not yet clearly defined. From an investor perspective existing numbers appear overstated (190K businesses identifying as having primarily social/environmental objectives with est. turnover of £120B a year - Source: BIS small business survey, 2012 and 2014)</p> <p>-We endorse the Cabinet Office's definition of mission-led businesses: a) call fully distribute profits, b) identifies an intention to have a positive social impact as a central purpose of its business, c) makes a long-term or binding commitment to deliver on that intention through its business and operations; and d) reports on its social impact to its stakeholders.</p> <p>-One possible approach is to look at characteristics that mission-led businesses exhibit (as per the above) and where you may find them, e.g.,:</p> <ol style="list-style-type: none"> 1. Private businesses "going social" 2. Spin-outs and mutuals 3. Scalable social sector organisations
2	<p>What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.</p>	<p>What impact does taking a mission-led approach have on business performance (e.g. revenue growth, jobs, business confidence, innovation, resilience, employee engagement)? Do you have evidence of the social impact of mission-led businesses that differentiates them from traditional (i.e. non mission-led) businesses?</p>	<p>-Driver of competitive advantage and growth where one of more stakeholders value the impact achieved, e.g.,:</p> <p>-Customer alignment: Building strong relationships with socially motivated customers, such as commissioners</p> <p>-Employee engagement: Mission-Led Businesses can act as an attractive recruitment and retention tool e.g. CASA staff turnover 30% below industry average</p> <p>-Beneficiary focus: Supporting innovation and driving improvements in service delivery; e.g. HCT user-led design process on new route design, reacting to feedback from beneficiaries. Route became so popular it is now commissioned by TfL.</p> <p>- Scale: capture new markets and benefit from innovative partnership opportunities e.g. CASA - had commissioners calling them up to ensure they bid for contracts; grew almost 4x during the 4y life of our investment, and added many new FTE jobs as a result.</p> <p>-Risk mitigation: Manage risk and build trust with stakeholders</p> <p>-Sustainability: build resilient stakeholder-led business that are set up to create long-term value</p> <p>- Need for greater transparency over delivery of impact to be able to accurately benchmark against private sector models (impact monitoring & reporting)</p>
3	<p>In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?</p>	<p>-</p>	<p>-Once a clear definition has been agreed, there may be an opportunity for annual reporting on e.g., size, growth & outcomes achieved to an external regulator</p> <p>-Developing the understanding of auditors, investors, and other advisors and stakeholders who may identify businesses which are not yet self-identifying could also ensure ongoing data capture.</p>

Drivers of growth for mission-led businesses

4	<p>Why would a business set-up as or become a mission-led business? Please share evidence.</p>	<p>What are the advantages (if any) to being a mission-led business? Do you think mission-led businesses are more innovative? If so what is the evidence of this? To what extent is a commitment to social impact important to the stakeholders of mission-led businesses? Why might an entrepreneur choose to set-up a mission-led business? Why, in particular, might they do this rather than using another social sector legal form, such as a charity, a Community Interest Company or a community benefit society? Why might an established business repurpose itself to become a mission-led business?</p>	<ul style="list-style-type: none"> -To reap the benefits listed in Q2 -Individuals, especially Millennials, increasingly want to make money and make a difference (87% Millennials believe that "the success of a business should be measured in terms of more than just its financial performance" yet a majority (54%) believe businesses around the world have "no ambition beyond making money") - Source: Deloitte millennials survey 2016 - To better reflect the values & objectives of the founder / owners / management team - MLB rather than "traditional" social sector organisation - cultural factors; want to be clearly entrepreneurial / commercial but with a social objective rather than creating restrictions (via surplus / asset distribution). -To attract young talent: more and more people are looking for job roles that allow them to feel a greater sense of purpose in what they do. -To build trust and resilience -To access new business opportunities (see http://bridgesventures.com/wp-content/uploads/2015/09/To-B-or-Not-To-B-online-4-print.pdf for further info).
5	<p>How do you see mission-led businesses developing over the next decade? Please share evidence.</p>	<p>What are the drivers for businesses to become mission-led over the next decade (e.g. consumer demand, employee interest, investor interest)? Do you have evidence of entrepreneurial demand to create mission-led businesses? What is the size of demand from consumers, employees and investors (or any one of these groups) for mission-led businesses over the next decade? Is the mission-led business model more likely to be relevant to businesses at certain stages of development than others? (i.e. start-up, growing, mature). What industry sectors do you think have the biggest potential for growth amongst mission-led businesses and why? What geographic areas in the UK do you think have the most potential to develop mission-led businesses and why? Do you see any risks in the</p>	<ul style="list-style-type: none"> -Clearer definitions and understanding from all stakeholders of what mission-led businesses (MLB) are. -Desire for early evidence of outcomes performance to test hypothesis that MLB are able to deliver more cost effective outcomes vs. alternatives. - Consumers increasingly demanding evidence of a) mission and b) performance against mission - see Millennial survey response in Q4 above - Relevant for businesses of all stages - the benefits apply to all stages. The impact / effect can be greatest in more mature organisations due to the effect of scale and number of beneficiaries. - No particular geographical focus - Evidence of entrepreneurial demand: anecdotal evidence from execs, NXDs and teams we have spoken to through running the SEF and market testing / pitching Evergreen -There may be segmentation between those MLBs addressing some market failure who will have ongoing difficulty in raising commercial capital vs. those where the lack of understanding temporarily makes capital raising more difficult vs. those where the 'lock step' model is totally clear from the outset.

		development of mission-led businesses?	
Challenges faced by mission-led businesses			
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6	What are the practical steps that a business can take to make a commitment to deliver on its intention to have a positive social impact?	What is the role of frameworks/tools such as corporate governance structures, amendments to articles, using golden shares, appointing social impact directors, using external certification systems, involving stakeholders in decision-making? Who are the enforcers of these types of mission lock? What is the role for investors or employees in helping businesses to become and remain mission-led? How does your answer differ depending on the size and profile of the mission-led business? What are the pros and cons of these steps? Please draw on best practices in other countries or sectors if relevant.	<p>-A MLB can have a performance-lock, where the alignment of social objectives and financial performance within the business model creates an intrinsic lock on impact performance.</p> <p>-Where there is a risk that social objectives and financial performance are not or may not be aligned, a MLB can adopt a mission-lock whereby the directors choose to embed impact into the company's governance, either by amending its articles of association or otherwise.</p> <p>-A MLB could commit to evaluate its performance against a benchmark/standard e.g. B Impact Assessment for example Please refer to http://bridgesventures.com/wp-content/uploads/2014/11/Social-business-frontier_final3.pdf for further information.</p>
7	Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?	-	<p>-Definitely yes. This could be communicated through education or training programmes (e.g., MBAs, entrepreneurship courses) and through membership bodies and associations (e.g., SEUK, BVCA, City of London, ICRS, Federation of Small Businesses etc.)</p> <p>-Clearer definitions and understanding of MLB will help with this.</p> <p>- Clearer government or regulator set definitions or guidance (potentially with incentive structure alongside) so that all stakeholders "know what one is when they see it".</p>
8	The loss of focus on social and environmental aims has been identified as a potential problem for mission-led businesses ("mission drift"). When do you think this is most likely to	-	<p>-Mission drift is most likely to happen when:</p> <p>1) A business does not have a mission-lock and a historical performance lock is no longer effective due to significant change in: (i) the market landscape, (ii) the business' capital structure (e.g., an overreliance on finance-first capital such as debt) or (iii) its core activity as a result of entering a new market or acquiring another business etc.</p> <p>2) A business changes owners and new owners remove or undermine the mission lock.</p> <p>-To prevent this businesses can:</p> <p>1) Adopt a mission lock if there is a risk that social objectives</p>

9	happen? What could be done to prevent this?		and financial performance are not or may not be aligned. 2) Design a mission lock that ensures that any sale of the company must be consistent with its social mission.
	Have you identified barriers to new entrepreneurs or established businesses who want to easily convert their intent to make social impact into a long-term or binding commitment? If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.	-	-No clear definition and understanding of what a MLB is (definition must balance competing demands for precision vs. flexibility) -Lack of awareness of how to lock-in social mission in a way that (i) does not undermine commercial performance and (ii) can be communicated compellingly to a diverse set of stakeholders. -Data showing the advantages (if they exist) of better engagement with stakeholders and businesses losing out to MLBs in competitive bidding processes.
	In your view, what are the barriers to a large corporate (including a public company) to becoming a mission-led business or owning a mission-led business within its group structure?	-	-Short-term financial obligations of existing shareholders. -Perceived risk given limited clarity and understanding of what a MLB is. - Example of B&J / Unilever -Reputational risk of not delivering on stated goals and conflict of interest in decisions where for example a business line is doing well on impact or financial but not both
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11	Do you think mission-led businesses have or should have a different culture/values system to traditional (i.e. non mission-led) business? If yes, please provide best practice examples of this.	Do you think that behaviour of directors of mission-led businesses differs from directors of traditional (i.e. non mission-led) businesses? If yes, please share evidence. If no, please set out whether you think this should be the case and how. What do you think are the practical ways that a mission-led business can ensure that it is "living out its values" and serving wider stakeholder interests through its business and operations?	-Yes: MLB embrace a multi-stakeholder approach, thus it is likely that one of their key stakeholders, their employees, will build a different culture from traditional businesses. -Example: CASA's employee-ownership model, whereby staff receive not only a share of the profits of the business but also a say in how the company is run, creates a culture of personal responsibility and integrity, resulting in significantly lower rates of staff attrition than the industry average for domiciliary care. - Social mission embedded in governance structure and reflected in all decision-making. - E.g. Unforgettable - social mission in Articles and Unforgettable Foundation holds golden share >> impact is reflected in decision-making throughout the organisation, including: - Board discussions (impact as standing item on agenda) - Reflecting impact KPIs in monitoring throughout the organisation - Active focus on areas which advance the mission when setting operational priorities

			- Recruitment, hiring, retention & incentive structures
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Understanding how mission-led businesses can engage with potential customers, employees and investors

12	What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?	How can customers and employees differentiate between a mission-led business and good marketing? What practical steps could be taken to raise consumer awareness of the "value" of buying from mission-led businesses? In your view, what is the impact of being mission-led on attracting talent (i.e. employees)? Please share evidence.	<ul style="list-style-type: none"> -Limited good quality data -Poor understanding of what constitutes good vs. bad outcomes - Limited market comps - e.g. even if they report good outcomes, private sector competitors do not, and therefore hard for both the organisation & its stakeholders & beneficiaries to know what good looks like
13	What do you think is the role of certifications systems (e.g. B Corps) or of frameworks (e.g. Blueprint for Better Business) in helping mission-led businesses engage with external stakeholders?	-	<ul style="list-style-type: none"> -Independent certifications can signal legitimacy to external stakeholders -Independent certification systems can validate business performance and create benchmarks -Audit is a concept that is well understood for financial goals and would allow mission-led businesses to move away from the use of impact experts to measure impact as though it is an "extra" to integrating it into the core business goals for each division and being audited on that basis <p>Please see http://bridgesventures.com/wp-content/uploads/2015/09/To-B-or-Not-To-B-online-4-print.pdf for further info.</p>

Mission-led businesses: reporting on social impact

14	What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?	What do you think is best practice in social impact measurement and how is this being applied by mission-led businesses? What wider reporting frameworks are you aware of to help businesses report in a transparent and accountable way on their social impact? What are the pros and cons of these different frameworks? What can be done to improve uptake of best practice in reporting by entrepreneurs and businesses? What is your	<ul style="list-style-type: none"> -MLB should define specific impact goals and financial goals upfront, be transparent with their key stakeholders about what these are, and use data to manage their business to optimise performance against both these goals. -Central to impact management is having theory of change established and a management system that reflects this theory of change by identifying the meaningful indicators required to do so and ensuring these are core to management – daily, weekly, monthly etc – alongside and integrated into financial and operating procedures. <p>Note: Bridges Ventures will publish an Impact Management report sharing best practice in this area in September 2016.</p> <ul style="list-style-type: none"> -BSC: There is too much emphasis on back end measurement of impact and which tools to use rather than consideration of the opportunity to create impact inherent in the business model and what goals can be set to achieve that - either immediately or over time- how the management of that can be incorporated into the operating
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		view on the role of self-certification versus independent analysis in reporting practices?	model of the business and reported through as other KPIs are reported.
Support for mission-led businesses			
15	Have you identified specific barriers to the growth of mission-led businesses? If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.	These barriers might include investment into mission-led businesses, availability of advisory services (including pro bono advice), public awareness and trust and competition with traditional (i.e. non mission-led) businesses.	<ul style="list-style-type: none"> -Access to risk capital: MLB need non-social sources of funding, which will only happen if investors are persuaded that this approach can genuinely create more valuable, sustainable businesses. -Access to flexible, long-term finance to support long-term growth strategies -Mission-locks may be financially disadvantageous at exit if future investors do not see value in the mission lock. This suggests a need for education to support the development of a secondary market. -Hostility from Charity Commission/other social sector players. There is a need to address the concerns raised by this sector. -Leadership and management: dissemination of best practice on how to leverage opportunities created by a multi-stakeholder approach including how to communicate with diverse audiences.
16	What do existing mission-led businesses need in terms of support and what do you think could be done to incentivise the creation of more mission-led businesses over the next decade? Who is best placed to do this?	Should investment in mission-led businesses be rewarded? What would help large corporates to actively invest in mission-led businesses (e.g. incentives, visibility, capacity)? Should mission-led businesses benefit from tax incentives? Why? What could these look like? What is the role for mentoring schemes, partnering, advisory services and supply chain procurement?	<ul style="list-style-type: none"> -HMRC could provide tax breaks for strictly defined MLB, or for investors providing capital to MLB over a long-term holding period -Clarification of definitions and deeper understanding of opportunities and challenges faced by MLB will enable uptake. -Professional membership bodies such as CISI or the accounting bodies and the Institute of Directors could be obliged to include MLBs as part of their education requirements.
Case studies		3 case studies can be found below	

Unforgettable Trading Limited

Name of business	Unforgettable Trading Limited
Contact details for business	
Brief description of business (please keep under 5 lines)	Unforgettable's mission is to improve the life of all those affected by dementia and memory loss world-wide by providing a marketplace for dementia products and services alongside actionable information and advice and a supportive community.

Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	<p>1. Founded through passion to change the way things are currently done: Founder James Ashwell spent 7 years caring for his mother after she was diagnosed with early-onset dementia at the early age of 57, so he had first-hand experience of the many challenges of dealing with this condition. An entrepreneur by nature, James became convinced that there was a commercial solution to some of these problems – one that combined access to useful products and services as well as information and support.</p> <p>2. Funded by investors who demand social impact and financial sustainability</p> <p>3. Innovative social business structure (Alzheimer's Society are shareholders, Unforgettable Foundation holds minority shareholding including a "golden share" that ensures business delivers against social mission now and in the future, any sale of the company must be consistent with its social mission. Also registered as one of first pending B-Corps in the UK)</p> <p>4. Impact intrinsic to business model with advanced impact measurement and transparent performance reporting</p> <p>5. Comprehensive charity strategy</p>
Stage of business development (i.e. start-up, growing, mature, repurposed)	High growth start-up, 9 months trading
Industry sector	Health technology business (eCommerce platform)
Geographic focus	UK-only today with plans to expand to the US shortly
Evidence of financial growth	70% month-on-month revenue growth in the last 3 months
Evidence of social impact	<p>Awareness</p> <ul style="list-style-type: none"> - 87% of the UK population don't believe there are any products that can specifically help someone with dementia. Unforgettable currently has made 1,800 available on its site that have almost 40,000 site visitors a month, growing at 10% a month with no marketing yet initiated <p>Access']</p> <ul style="list-style-type: none"> - Almost 1,500 customers purchasing solutions to their daily challenges - 36% of these customers live in underserved areas (as of Feb 2016) - Highly engaged visitors spending an average of 5.5 minutes on the site and viewing an average of 5 pages a time <p>Feedback</p> <ul style="list-style-type: none"> - The average customer gives Unforgettable's products and service a feedback score of 4.8/5 significantly exceeding the industry average of 4.2 - 93% of customers said the products helped (blend of a) net promoter score, b) feedback on products and c) value for money) - A few customer quotes: "I'm ashamed that we see people every day with these challenges, yet the medical profession seems completely unaware that these innovative products exist"- Jamie Wilson, GP and dementia specialist "I insist that we now only recommend unforgettable for dementia care products, with no alternatives"- Charlotte Alice Overton-Hart, Care Manager at Sussex NHS Foundation Trust "[These products] change my world" - Louise Orpin, Customer "I now feel able to move my mother back home... the most supportive resource I have found over the last five years"- Louise Mackenzie, Customer <p>Systemic</p> <ul style="list-style-type: none"> - Unforgettable has created systemic change by leading the market with innovative solutions that make it easy and obvious that products are available VAT exempt for their customers – forcing others to follow suit and suppliers to change their processes. - Unforgettable has also fostered many young business and innovations enabling products designed for those with dementia to reach the market that otherwise would have struggled. - Unforgettable has supported its charity partners with fundraising with innovations like donate at the checkout.
Any other details (e.g.,	Profit with purpose social business (and a Pending B Corp)

legal form)	
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Care and Share Associates (CASA)

Name of business	Care and Share Associates (CASA)
Contact details for business	
Brief description of business (please keep under 5 lines)	A domiciliary care company that delivers high-quality homecare to the elderly and disabled. Domiciliary care providers in the UK are traditionally characterised by a low-pay, high-churn employee model, inevitably resulting in a lower-quality of care for customers. CASA has developed an innovative way of addressing this challenge: it operates an employee-ownership model, whereby staff receive not only a share of the profits of the business, but also a say in how the company is run.
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	Social mission to support employees and service users enshrined in constitution EOT and General Council ensure employee & beneficiary interests embedded in governance structure and decision-making Stakeholders enforce and support the mission: >> Customers value the quality of care and re-investment into the local community >> Employees value having a voice and sharing in surpluses >> Beneficiaries value a provider with their best interests at heart
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growing
Industry sector	Healthcare
Geographic focus	North of UK (North Tyneside, Newcastle, Manchester, Calderdale and Knowsley)
Evidence of financial growth	Over 700 employees, of whom 91% live in underserved areas Over £6m in remuneration to employees in underserved areas 80% of care provided by key carers
Evidence of social impact	All sites rated “good” by CQC, the industry regulator Over 16,000 hrs of care delivered per week 250% growth in hours delivered since 2011
Any other details (e.g., legal form)	Social enterprise

HCT Group

Name of business	HCT Group
Contact details for business	
Brief description of business (please keep under 5 lines)	The HCT Group provides over 20 million passenger trips through its bus services every year. It operates commercial London red bus routes, yellow school bus routes and Park & Ride services, reinvesting its profits both to operate community transport services for those unable to use conventional public transport due to mobility difficulties, and to provide training opportunities for the long-term unemployed and people with few or no formal qualifications.
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	-Performance lock through redistribution of profits
Stage of business development (i.e. start-	-Growing

up, growing, mature, repurposed)	
Industry sector	Community transport
Geographic focus	UK
Evidence of financial growth	Revenue growth from £24m in 2010 to £45m in 2015 Expansion with new services, new routes and new geographies
Evidence of social impact	Since investment in 2010, HCT has delivered: 1.8m community transport passenger trips 356 jobs created 2,500 non-staff qualifications gained
Any other details (e.g., legal form)	Social enterprise