



Cabinet Office

Re: Mission-led businesses: potential case study

Hi Ed,

Thanks so much for this comprehensive email and for taking the time - it is really helpful for to learn more about businesses such as yours and great to have all this information to build a case study. I think that this could be an interesting case study of ways that businesses are locking in their social mission and working effectively to increase their social impact.

I cc here my colleague Felipe who is currently working on drawing up the case studies for the report. Felipe has the best view of the kinds of case studies that we are building and so I'm sure he'll let you know if any questions.

We'll keep you posted on progress also.

Many thanks,
Thea

Mission-led Business Review Secretariat
Social Investment and Finance | Office of Civil Society and Innovation | Cabinet Office
missionledbusiness@cabinetoffice.gov.uk | +44(0)207 271 6502

Hi

It was good to meet you all at the roundtable event at MediaCityUK in Salford last week.

As discussed on the day, we're a mission-led business and wanted to tell you a bit more about us in case we were a suitable subject for a case study in the forthcoming report. Our new website is currently in development, so our existing one doesn't really communicate our current position or the diversity of our work. Hence this rather lengthy email.

History

We established in 2008 and are what's traditionally described as a "digital agency" – we make websites, mobile apps and digital communications/fundraising campaigns for charities, social enterprises and other pro-social organisations, so they can magnify their own social impact.

We do this by helping them use digital technology to:

- reach more people;
- deliver services at scale;
- make back-office efficiencies.

More recently, we've worked on Corporate Responsibility projects for private businesses and corporates, promoting the use of digital technology to help engage employees in CR activity. This has

involved creating annual corporate responsibility reports for the BBC, helping corporate sponsors raise money for hospice care through online competitions and helping corporate foundations/charities communicate and report their impact.

We've also recently diversified into product development, developing new innovations in fundraising or in service delivery and experimenting with different models of raising capital, structuring spin-off businesses and working with partners to continue our mission in order to deliver our own social impact beyond working for our clients.

Some award-winning examples include:

- **SafetyNets:** a mobile app to help keep sex workers safer by enabling them to alert each other to imminent threats or dangers nearby. Apart from the terrible social cost of violence, rape and murder, there is a tangible cost to the public sector of crime against sex workers, including to the NHS and to the legal system. It costs £100,000 to investigate the rape of a sex worker and up to £1m to investigate a murder. The project was initially funded by The Nominet Trust and co-produced with sex workers in Manchester and has been rolled out to London with the aid of funding from Comic Relief. The app has already saved the life of – and is supporting the ongoing wellbeing of – a Portuguese sex worker in London who couldn't call the police because of her deafness, and we've received interest from, and are in discussions with, organisations looking to launch the app in Germany, Portugal and Kenya to help protect women from violence.

http://www.huffingtonpost.co.uk/ed-cox1/sex-workers-safety-app_b_10107074.html

- **Gone For Good:** a mobile app to make it as easy to donate unwanted goods to charity as it is to donate money. Donors photograph an unwanted item, choose a nearby charity that accepts that type of item, then waits for a van to collect it. This way, we reduce the amount of unwanted goods going into landfill and increase charity retail income at the same time. The app was funded by private investors and with a loan from the King's Fund.

<http://loveyourclothes.org.uk/blogs/gone-good-finding-good-home-your-unwanted-clothes>

We're committed to developing products and services that help further our social mission and that interact where possible to magnify impact in a deeper way than individual services can.

We're currently seeing compound growth of 55% over the past two years, which makes us a "hypergrowth" company according to the World Economic Forum's definition and puts us in the minority of businesses, never mind mission-led businesses.

We currently employ 40 people in Manchester and they're a mix of local people, recent graduates from Manchester & Salford's huge student population, and people who travel from nearby cities across the north (Liverpool, Huddersfield, Sheffield). We decided early on to create local jobs rather than outsource, which makes staff salaries our single biggest cost. Our clients are located across the UK – and beyond – so we're also bringing money into the region.

However, we believe we have a duty to be as profitable as possible in order to have the largest social impact possible, so we're currently focusing on improving our processes in order to make the business more efficient, more profitable and ultimately more impactful.

We also believe that we have a duty to be a responsible member of our community, so our staff support issues that are specific to Manchester, including urban greening initiatives and charities around the relief of poverty and homelessness. Our staff sit on boards of charities advising about digital transformation and we're keen to support new social entrepreneurs, having helped write the specification for the government's new Entrepreneurship Apprenticeship, with organisations such as UnLtd, The City of London Corporation and Deutsche Bank:

<https://unltd.org.uk/2015/07/22/apprenticeship-entrepreneurs-reflects-new-economic-reality/>

Me and my co-founder Matt Haworth have a joint Digital Entrepreneur of the Year 2015 award for our work in this area and were EY Entrepreneur of the Year 2016 North region finalists– against some very impressive competition. As a testament to our growth and to our future potential, we're due to join the London Stock Exchange Elite programme in November in order to prepare us for a potential entry onto the stock market.

Protecting our mission

We're constituted as a company limited by shares, with two shareholders of 50% each. We set up in this way because we wanted to be able to take advantage of all the opportunities available to business in order to have as much social impact as possible.

Our mission is protected in our memorandum and articles of association. Our objectives are charitable and the wording is taken from The Charity Commission's guidance.

Our business is built on four pillars – each as important as the other

1. Financial sustainability
2. Social impact
3. Client satisfaction
4. Employee fulfilment

Communicating our mission

To staff

Culture is important to us as an employer.

Our employees were involved in developing our vision, mission and values. We believe that level of involvement encourages buy-in. The values were written in the language they use everyday and communicate the way they would like to be treated as well as how they should treat each other and our stakeholders. Each team is encouraged to develop its own culture within that of the larger organisation.

Some examples of these values are expressed succinctly and directly, and can be applied widely to a number of work areas and stakeholders, such as:

- Don't be a dick
- Give a shit

The culture and the nature of our work is a great attractor for talent. People travel or move from all over to work for our business and on our clients' projects. We've been able to hire people who used to work on optimising conversion rates in betting apps and put them to work for the benefit of credit unions and gambling addiction charities instead. We believe strongly in applying the skills and experience of every single person in the organisation to the furtherance of our mission and for

improving the impact of our work.

To prospective customers

One of our main messages to prospective clients is “We understand the sector because we *are* the sector.” This has helped us in pitches and it’s been fed back to us that we understand their needs in a way that many of our competitors don’t.

Organisations can increase their own social impact by working with us, because their fees go towards funding our other work, such as staff volunteering and discounted rates for smaller charities. Some of our profits have been spent developing a platform to enable us to more quickly deploy effective websites to charities that may not have been able to afford our services as we grow. This way we can offer the benefit of our experience of working with many larger charities as well as allow the same larger charities to feel they’re actively contributing to the development of smaller ones. This approach has clear benefits for organisations looking to utilise the Social Value Act in order to win work from the public sector.

To other stakeholders

We support any charity or organisation that directly contributes to the United Nations’ Sustainable Development Goals, which are very broad, but allow us a strategic framework upon which to explain and communicate our work to prospective funders, the media and more.

Challenges and needs

Proving impact

Proving social impact has been difficult, as there are plenty of frameworks (Global Reporting Initiative), but very few practical tools that are easy for small businesses to use and flexible enough for larger enterprises. We developed our own platform to fulfil our needs.

Impact is an online software-as-a-service to help organisations record, measure and report their social impact. The project was funded with an R&D grant from Innovate UK, has since been developed into a full product and is being taken to market, with companies such as DWF, Barclays and The University of Manchester committed to deploying it to their teams.

Impact is another example of our internal innovation process that sources and tests new ideas that support our social mission and helps other organisations make a positive impact too. It integrates with other systems (such as Google Analytics to track financial impact and SROI, and our own Gone For Good app to track environmental impact). We have global ambitions for *Impact* and are currently in discussions to launch in Australia.

Funding

It’s been difficult to access some kinds of funding for social impact as they’ve been restricted to certain legal structures that have an asset lock.

However, we have been able to take advantage of the range of funding available to private businesses through networks such as Business Angels.

Advice

There is good support for business startup and growth in Manchester, but specific support for mission-

led businesses is currently lacking and what currently exists is patchy or is just getting started.

For example, the Business Growth Hub is great for aspects of growth and funding, but has very little knowledge or experience of advising on or supporting social impact. Manchester has a vibrant startup culture and an increasing number of incubators and accelerators, but there is less specialist support for “tech for good” startups, particularly since we hope that one day all tech startups will have a social mission as technology is the best way of delivering scalable services efficiently and effectively.

Identity

Difficulty fitting in because we weren't easily defined. We have described ourselves as a social enterprise (which is difficult to define) though we are not legally constituted as one of several forms of social enterprise.

As a result, some types of organisations have been suspicious of our motives. Some in the voluntary, community and social enterprise (VCSE) sector have considered us a private business intent on making money out of them. Some in the private sector have dismissed us as fluffy or do-gooders rather than being a serious business.

How can the government help?

Terminology: we've been described as a lot of different things over the years and the current term seems to be “mission-led business”

Defining and supporting social impact. We're of the opinion that social impact comes from lots of different kinds of individuals and organisations. It would be good if there was some form of agreed framework

More specialist support for mission-led business, including how to have real social impact – how to plan meaningful activities, how to find and work with partners and how to set objectives and measure results.

How can the sector help?

Agreeing on standards and best practices when it comes to social impact.

Committing to real social value, not just “greenwashing” or box ticking for the purposes of winning public sector contracts. This will create a healthy ecosystem where companies with resources have access to specialists, consultants and smaller businesses that can help them deliver effective social value programmes, including designing human-centred products and services in conjunction with beneficiaries, according to a realistic and robust Theory of Change designed for specific issues.

All the best.

Ed



Reason Digital is a Social Enterprise, registered in England & Wales #06517726