

Response to Mission Led Business Review: Call for Evidence

From: Neighbourly

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About Neighbourly

Neighbourly.com is the social platform that connects local projects with people and organisations who want to help. We do this by breaking down traditional barriers to finding and giving help - Neighbourly is a friendly network of companies, individuals, charities, councils, institutions and community groups.

Our values

- **Collaboration**
The power to create change comes when we work together.
- **Change makers**
We believe in being brave and bringing about change through positive action.
- **Profit on purpose**
There's no shame in making a profit - it's what you do with it that counts - as we grow a percentage of our profits will channel back to help neighbourly projects.

There are many ways to get involved with Neighbourly. You may work for a company who wants to donate time / money or resources to community projects. At the same time you could be on Neighbourly as an individual wanting to help a local cause. And you could also be a project leader who wants to raise money for an astro-pitch at your local school. Neighbourly is the only platform that enables you to do all of these things from one place.

Neighbourly has been recognised as a Bloomberg Business Innovator, was in Marketing Week's Top 100 Disruptive Brands, won the Tech4Good BT My Donate Fundraising Award, and was runner up in the Social Innovation category at the Guardian Sustainable Business Awards.

We are proud to be a founding member of UK B-Corps.

Response to questions

1. Profile, drivers and potential of mission led businesses

- What do you know about the number and profile of mission-led businesses operating in the UK?

Although there is no single measurement for mission-led businesses, the breadth of businesses with social purpose across the UK is growing. Social Enterprise UK has recorded that over half of its survey group in the 2015 report on the state of the sector increased turnover in 2015ⁱ, Power to Change has been tasked with growing Community Businesses. There are already 93 Certified B Corps in UK, with a total annual revenue £0.6bn. Major brands are increasingly seeking to access the growth in the responsible consumer marketⁱⁱ. At Neighbourly we are seeing a huge amount of interest in companies wanting to connect with communities and discover or rediscover their social purpose, with a clear business case behind this.

- What do you know about the impact of being a mission-led business on business performance and social impact?

We are seeing links between an increasing trend towards becoming mission-led, and improvements in business performance in areas, including:

- Staff recruitment, retention and happiness. For example, since Grant Thornton launched its purpose-led change management programme, its unplanned employee turnover has fallen from 20% to 14%ⁱⁱⁱ
 - Social sentiment. In the three weeks of the Starbucks 'Red Cup Cheer' campaign, which was facilitated by Neighbourly, positive social sentiment towards the company was as much as across the whole of Q3 and Q4.
 - A greater demand from employees to get involved in social projects through their employers. For example, the proportion of people participating in employer-supported volunteering grew significantly between 2008/9 and 2014/15^{iv}
- In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?

We need to move beyond self-reporting of input data and harness the power of technology to create a dynamic picture of the total contribution of mission-led businesses on social outcomes. Neighbourly is starting to do this by capturing data on the activity of businesses to create social good ie employee volunteering, corporate giving, food surplus donations. As is set out below, we are developing a social impact model that will automate and model the measurement of total impact on outcomes by the activities of business.

- Why would a business set-up as or become a mission-led business?

At Neighbourly we are seeing a new generation of consumers who don't want interruption from advertising, but want to see authentic, accountable business, with social good at its core. There is an estimated \$108bn marketing shift to creation and distribution of authentic digital content by 2025. The future of business will need to work within planetary boundaries, respond to new generations of consumers and employees who are demanding greater brand integrity and open up the space for innovation created by socially responsible businesses. The rise of social proof, and the new level of transparency demanded by social media, is also leading companies to deliver a more ethical, sustainable way of doing business.

- How do you see mission-led businesses developing over the next decade?

Alongside the factors above, we see four major trends:

- Reduced state funding creating a stronger pull factor for business to become more sharply focussed on its role in the creation of social good
- The development of technology leading to a new level of connectivity to create, collaborate and share responsibility
- A renewed focus on the inequalities in society and an increased expectation for business to act as a force for good, as shown by initiatives such as The B Team and We Mean Business.
- The 'digital vortex'^v - the inevitable movement of industries toward a "digital centre" in which business models, offerings, and value chains are digitized to the maximum extent

possible, creating a huge potential for the use of big data and open data to demonstrate social impact

Mission-led business case study

Name of Business	Neighbourly
Contact Details for Business	
Brief Description of Business	Neighbourly.com is the social platform that connects local projects with people and organisations who want to help.
Why is this a mission-led business? Please include details on any corporate governance or reporting steps	We have a global vision to create a movement for good facilitated by a social platform using stories and data to increase the amount of community giving by individuals, businesses and large companies - as part of their CSR, marketing and HR programmes.
Stage of Business Development	Growing
Industry Sector	Technology, Social Good
Geographic Focus	Currently UK, Ireland, Netherlands, with developed international growth plans
Evidence of Financial Growth	Projected 400% YOY sales growth for 2016
Evidence of Social Impact	£ 3,875,865 and 11,280 hours pledged by companies, alongside 238t of food surplus donated to date to support 3,989 social projects run by charities and community groups
Any Other Details (eg legal form)	Registered B-Corporation

2. Challenges faced by mission-led businesses

- 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?

At Neighbourly we have seen several indicators of authentic steps to increase social impact:

- A coordinated, resourced plan with CEO sponsorship and clear success measures. For example, Neighbourly has supported Marks and Spenser's Plan A initiative through their Spark Something Good employee volunteering programme, and has connected its stores with food surplus redistribution charities^{vi}
- Transparent reporting, in line with the Sustainable Development Goals. Neighbourly is planning to restructure our site alongside the SDGs, so that efficient reporting from companies and the impact of charities and community projects can be automated through the site
- Incorporating schemes such as Fairtrade certification and changing governance, such as becoming a B Corporation
- Putting in place schemes that incentivise sustainable behaviour by employees and customers, such as household food waste reduction, recognising volunteering outside of work hours and incentives and bonus structures to reduce climate impact
- Pooling budgets across HR, marketing and CSR to put social impact and sustainability at the core of business operations. We have seen the benefits of this approach with

our partnership to deliver Brewing Good with Heineken, with a commitment across the organisation to benefit communities

- Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?

The business case for becoming or setting up a mission led business should be more clearly communicated. Bodies such as the Department for Business, Innovation and Skills and related agencies, working with Cabinet Office and employer's forums can play a key role in promoting these business models. Neighbourly is working to bridge conversation between sustainable business and the future of charity through networking and advocacy events such as The Crowd and The Future of Doing Good.

- 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 happen? What could be done to prevent this?

In our experience this marks the difference between businesses that still practice CSR and those that have activated their social purpose (their mission) in pursuit of 'creating shared value' (CSV). The latter requires an understanding that doing the right thing creates long-term value for shareholders, meaning CSV strategies survive even when trading conditions worsen.

Mission-drift can and will be prevented by surfacing more data that validates CSV as 'good for business' – activation case studies, data on changing attitudes and behaviour of customers, employee engagement data, supply chain collaboration data. Business should be supported in sharing pre-competitive outcomes so that others follow, reducing the short-termism that ultimately destroys value for people, planet and shareholders.

- 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.

We support B Lab's UK's proposal that Government explores the possibility of creating Benefit Company status in the UK. As a social purpose start-up Neighbourly was forced to make a choice between CIC and for-profit at incorporation. CIC was untenable as our idea required us to raise significant funds for product development. But society continues to distrust business and from time-to-time our motives have been questioned. We have since worked hard to become one of the UK's first B Corporations, but the creation of Benefit Company legislation would encourage many more to stay true to their guiding principles^{vii} at the outset of their business venture.

- 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-termism (and its physical manifestation Quarterly Reporting) is widely acknowledged to be a major hurdle for businesses aspiring to make long-term changes to the way they operate.

Shareholder disquiet is often cited as a second reason - however there's been a significant shift in investor sentiment in the last 12 months as new evidence that 'purpose equals profit' continues to emerge. Investors are rarely emotional in their decision-making – present the cold hard facts and they're quick to respond.

A journey towards purpose has to start from within. You can establish the conditions for a new, more inclusive culture and operational approach but it can take time for colleagues to engage (new behaviours still need to be incentivised, even if they're the right ones) and to learn where the boundaries are. Becoming a mission-led business takes time and there are few short-cuts to this.

Challenges will exist through the supply chain. Many businesses try to move their suppliers on a collaborative journey but there are limits to what can be achieved without potential operational disruption.

Most marketing teams and their agencies are still on a journey from 'less ads to more acts'. Unless Marketing recognises opportunity in authenticity they'll be a drag on a business's ambition for change. Other internal resisters typically include Health and Safety and Legal functions, who are prone (and tasked) to see risk ahead of opportunity.

In more developed markets such the UK, consumer expectation of what brands should do for the world is changing far faster than actual behaviour. If society doesn't start voting with their wallets, many large businesses will find it hard to make a long-term commitment to CSV.

- 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.

For many businesses the primary motivation for becoming mission-led is their long-term ability to attract the best talent. There is significant evidence to show that millennials will happily work for less if a company has a clear mission and they're empowered to contribute within the scope of their employment. Securing the very best talent is critical to sustaining shareholder returns.

- What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?

At Neighbourly we are starting to see a 'purpose disconnect' in businesses in bridging global values with community impact, but struggling to communicate or activate this:

- At a customer level, brands are struggling to communicate the link between product and relate to social impact ie how in practice buying ice cream is contributing to a positive impact on climate change
- Employees want to reflect the positive social impact values of their organisation but can't find how to get involved in social impact ie how in practice they can through their work at a global cosmetics brand help get young people in their local community back into work
- And giving confidence for investors to let go of short term profit and see the longer trajectory of a balanced scorecard ie being able to attribute social impact activities to their business

Too often, despite excellent work done by those leading the mission, they are not empowered within their organisations. At Neighbourly we create inspirational stories and compelling evidence that corporate giving at scale has a powerful social impact and at the same time improves employee engagement, customer sentiment, and ultimately the bottom line. These stories transcend traditional communications about the social impact of businesses, by bringing the story to the core of the purpose of the company. Increasingly we are seeing businesses wanting to communicate this core purpose, but it requires a different way of doing things.

- 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?

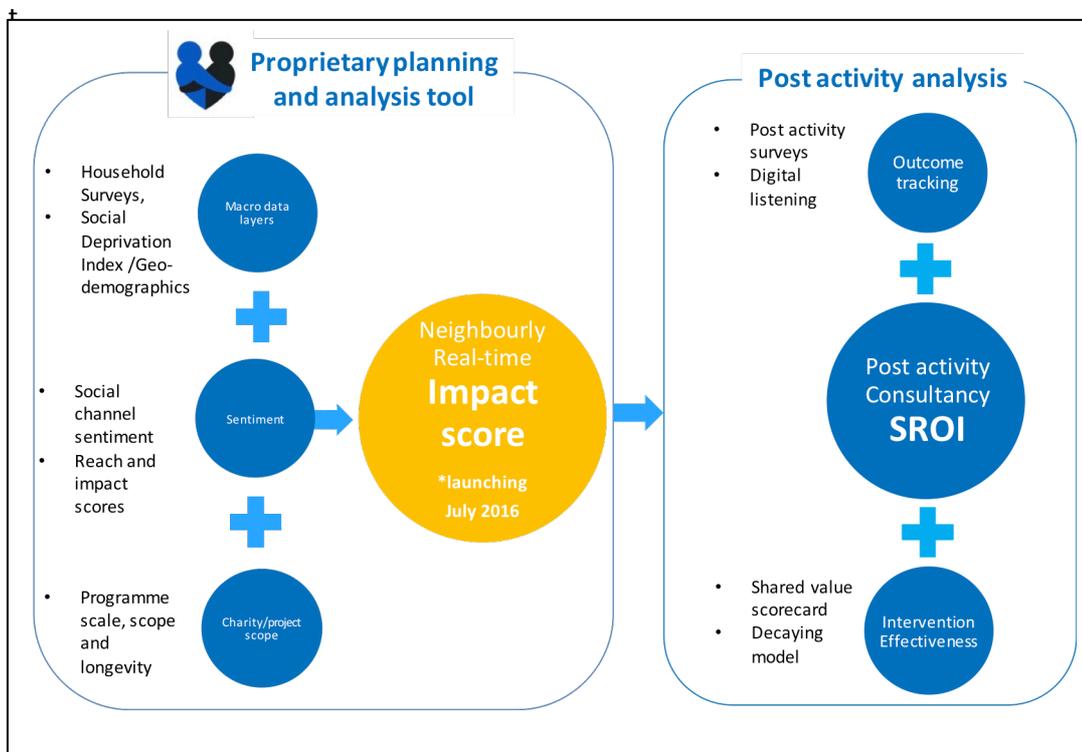
As an active, founding member of the UK B Corp movement, Neighbourly has benefited from the rigour of the certification, the interest generated from other organisations, as well as the connections that have come through the movement. In addition, we are a member of the UN Global Compact and the UKSSD, which tie our work to global responsibility and the framework of the Sustainable Development Goals, situating our work in a wider context of organisations focussed on sustainability and delivering positive social impact. Each of these has played a positive role in communicating our business and supporting us to engage with external stakeholders.

- What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?

Several companies are considering more deeply the measurement of social impact, moving beyond CSR reporting on inputs ie quantity of days volunteered and to outcome measures ie reach estimates or increased wellbeing. The rise of social impact investors, such as Impact Ventures UK and Bridges Ventures and the work of New Philanthropy Capital have driven higher expectations of proving impact measurement. Companies such as BT have invested in developing and applying methodologies including Social Return on Investment.

The Neighbourly Score

At Neighbourly we are developing 'The Neighbourly Score'. Taking advantage of the unique capacity of the platform to automate measures of social impact, we are creating a live score



y macro social data, activity measures and social sentiment. This will show a full dashboard we can cut by geography, need, individual and company contribution, intervention. Swift and comprehensive reporting can demonstrate the value for:

- Governments ie identifying and reporting against social indicators tracked over time, the Sustainable Development Goals categories, and Social Value and Wellbeing of Future Generations Acts
 - Employers ie retention rates, satisfaction, trust in leadership
 - Marketing ie social sentiment analysis
 - Social projects ie converting to SROI, outcome tracking, sentiment analysis
 - Individuals ie recognition, wellbeing, neighbourliness
 - Beneficiaries ie improvement on issue, wellbeing and wider freedoms
- 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.

Trust in business remains low yet the potential for impact and leadership is huge. Business needs to hear more voices of support from Government, media and citizens to unlock this potential. Mission-led business is barely talked about yet it's critical to a sustainable future. All stakeholders should be prepared to park their prejudices and acknowledge, support and celebrate any business taking steps towards a mission-led approach.

- 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?

When examining what is needed, it will be important to segregate the mission led market eg by size and ownership, as they will require different solutions, support, and engagement from their stakeholders.

Practical support could include:

- Model legal templates for embedding mission that are off the shelf and easy to use
- A structured programme of support for developing future focused leaders
- Advice and templates for governance structures under mission led businesses to ensure stakeholder voices are truly represented
- Ensuring mission led businesses are seen as a critical mechanism to bring social value into the procurement chain
- Sharing best practice on mission led businesses
- Information for investors on what range of returns are on offer and the business case for investing in triple returns
- Understanding and mapping out the financing cycle of mission led businesses
- Building the evidence base that these businesses are potentially able to generate better and broader returns

ⁱ <http://www.socialenterprise.org.uk/news/state-social-enterprise-survey-shows-social-enterprises-are-outperforming-regular-businesses-growth-and-impact> (accessed 07.07.16)

ⁱⁱ <https://www.marketingweek.com/2015/10/13/the-top-100-companies-for-brand-purpose/> (accessed 07.07.16)

ⁱⁱⁱ <http://www.thecrowd.me/tags/purpose> (accessed 07.07.16)

^{iv} <https://data.ncvo.org.uk/dataview/proportion-of-people-taking-part-in-employer-supported-volunteering-200809-to-201415/> (accessed 07.07.16)

^v http://www.imd.org/dbt/digital-business-transformation/?mrk_cmpg_source=test (accessed 08.07.16)

^{vi} <http://planareport.marksandspencer.com/>

^{vii} http://www.managementtoday.co.uk/article/1401322/eight-things-didnt-know-millennial-entrepreneurs?bulletin=mtenterprisebulletin&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20160708&utm_content=