

Mission-led Business Review Secretariat
c/o Alexandra Meagher
Cabinet Office
1 Horse Guards Road
London
SW1A 2HQ

7 July 2016

Dear Alexandra,

Response to Mission Led Business Review: call for evidence

At Grant Thornton we believe that society and business should be connected and that our purpose as a business is about more than making profits. By looking at the macro environment, and seeing the impact on our clients and industry, we have aligned our firm around a shared purpose and vision that directs us.

Our purpose is to shape a vibrant economy. We believe our success will be achieved by having clarity on this mission and the choices it helps us make: who we work with, what we do to create value for them, what we choose to speak out on and how we are as a business.

We've identified three areas we believe can make the most impact in shaping a vibrant economy. These are areas of credibility and strength for us, where our skills, connections, expertise and knowledge give us an opportunity to help create sustainable growth:

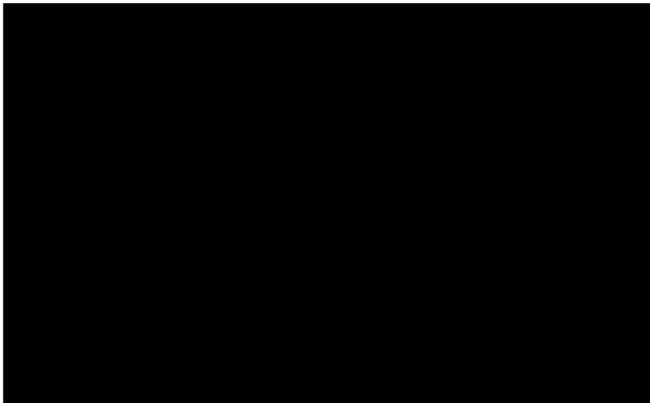
- Building trust and integrity in markets
- Unlocking sustainable growth in dynamic organisations
- Creating environments where businesses and people flourish

In working towards this clear purpose we have become a mission led for the benefit of our clients, our people, our business and our communities.

We would like to support your Mission Led Business Review as we believe that business has a pivotal role to play in shaping a vibrant economy and that every business has the potential to be a mission led business. As a firm we work with dynamic businesses including those who are mission led and seeking to become so mission led. For this reason we chose to be the headline sponsor for the Launch of B Corp in the UK last year.

Our Vibrant Economy programme (<http://vibranteconomy.grantthornton.co.uk/>) is about creating a different model for the economy, one where businesses make long term decisions that consider their role in society and their impact on the environment. The Faces of a Vibrant Economy, which we launched this week, showcases and connects some of the leading examples of mission led businesses in the UK.

Adam Jackson



Response to Mission-Led Business Review: Call for Evidence

Instructions for responding to the call for evidence

You can fill out this PDF form to respond to the Call for Evidence. Respondents are invited to respond to all questions or only to some.

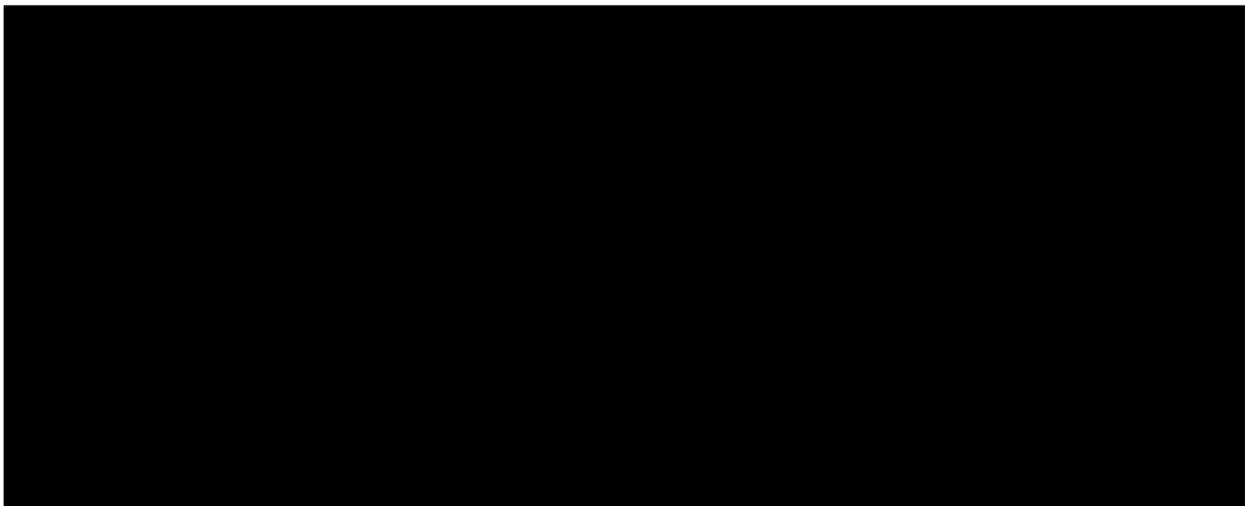
The closing date for responses is 8 July 2016. Responses received after this date may not be read. Call for Evidence responses should be returned to:

missionledbusiness@cabinetoffice.gov.uk

Or if you would prefer to send your response by post:

Mission-led Business Review Secretariat
c/o Alexandra Meagher
Cabinet Office
1 Horse Guards Road
London
SW1A 2HQ

Contact information



Part 1: Profile, drivers and potential of mission-led businesses

Question 1: What do you know about the number and profile of mission-led businesses operating in the UK? Please share evidence.

Corporate reporting trends are seeing businesses set out their vision and mission statements, objectives and progress in annual reports.

There is a growing trend in the UK to demonstrate business as a force for good, hardwiring environmental and social decision making into core business above and beyond CSR activities.

One kind of mission led business is B Corp which launched in the UK in September 2015, the launch was sponsored by Grant Thornton. B Corps tend to be SME profile however we are working with B Corp as a member of a Multinationals and Public Markets (MPM) Advisory Council. The MPM Advisory Council's work will last through 2017 and will result in a clear path to B Corp Certification for multinationals and public companies. We are currently using the B Corp impact assessment as a tool for assessing our progress.

Question 2: What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.

Mission led business is a way of creating long term value and competitive advantage for all stakeholders and superior triple bottom line performance.

Indicators include:

- Customer loyalty
- Employee satisfaction
- Talent attraction and retention
- Supply chain robustness and integrity
- Procurement
- Business development
- Reputation and trust in markets
- Brand recognition

There are a number of methodologies and frameworks aiming to quantify how social impact effects bottom line performance.

For example:

- Fortune 100 in the US
- Future Fit in the UK

Methodologies such as:

- Social Return on Investment
- Local Multiplier Effect



Question 3: In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?

Clearly articulated mission statement against which KPIs can be set, monitored and reported
Adoption of robust methodology and single framework to capture and communicate data with the same rigour as financial data.
Third party verification of quantitative data using robust assurance methodologies
Undertake in-depth materiality assessment of business impacts to ensure data captured is relevant to key issues
Work with investors, analysts and regulators to determine KPIs which best describe performance against mission and will enable confidence in key decision making, for example capital allocation

Question 4: Why would a business set-up as or become a mission-led business? Please share evidence.

To create long term value and competitive advantage for all stakeholders and triple bottom line performance.
Indicators include:
Customer loyalty
Employee satisfaction,
Talent attraction and retention: Millennial employees (over 50% of the global workforce) are looking for employers who share their values and want to have a positive social impact in their roles.
Supply chain robustness and integrity
Procurement
Business development
Reputation and trust in markets
Brand recognition

Mission led businesses are both for profit and have a positive social impact, this allows social impact to be hardwired into business DNA rather than being a CSR activity.

Need for a clearly articulated set of values and purpose for stakeholders to identify with.

Question 5: How do you see mission-led businesses developing over the next decade?
Please share evidence.

Drivers to be a mission led business in the next decade may include:

Greater consumer awareness

Social media

Open data

Millenials and centennials want to work for mission led/higher social purpose organisations, people are working for longer (e.g till 75) so want to have positive impact.

100 year life spans influencing working choices

Leadership vision

Customer demand

Sector disruption

Technology innovation

Big data

Mission led businesses will develop more sophisticated and robust corporate reporting and benchmarking data and methodologies:

Expect mission led businesses to develop and use reputation and culture audits, trackers and dashboards.

There is a trend for advisory and consultancy services for purpose and mission led businesses in the UK. There is increasing number of dedicated purpose/mission consultancies and development dashboards and indexes to measure and communicate mission related metrics.



Mission-led business - case studies:

If you are a mission-led business, or know of mission-led businesses that you are willing to share publicly, please complete the following table.

If you would like to share examples of more than one business please complete an additional table and submit with this questionnaire.

Name of business	
Contact details for business	
Brief description of business (please keep under 5 lines)	We are a leading business adviser that helps dynamic organisations unlock their potential for growth. In the UK we are led by 185 partners and over 4,500 people under the UK's first shared enterprise model. Grant Thornton has +
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	Taken from Grant Thornton UK, 2016 Strategic Review "By looking at the macro environment, and seeing the impact on our clients and industry, we have aligned our firm around a shared purpose and vision that directs us. "Our purpose is to shape a vibrant economy, and our vision is that by 2020 we will be the +
Stage of business development (i.e. start-up, growing, mature, repurposed)	Mature and repurposed
Industry sector	Professional Services
Geographic focus	UK based firm and member of a global network
Evidence of financial growth	Repurposed in 2016 strategic review, too early for evidence of financial growth following this report to date.
Evidence of social impact	http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/strategic-review-2016.pdf +
Any other details (e.g. legal form)	Limited Liability Partnership

Part II: Challenges faced by mission-led businesses

Question 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?

Embed mission led objectives into:

- Job descriptions
- Performance reviews
- Remuneration
- Targets & accountability

Report both internally and externally against objectives. This can be done using frameworks including:

- B Corp
- Business In The Community
- Future Fit
- Forum for the Future
- GRI
- Dow Jones Index
- Integrated Reporting Framework
- SASB
- Climate Disclosure Standards Boards
- UN sustainable development goals/Principles for Responsible Investment/ Global Compact
- Strategic Report
- Legislation such as 2013 Companies Act, Modern Slavery Act, Mandatory Carbon Reporting and Social Value Act provide guidance for measuring aspects of social impact.



Question 7: Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?

Question 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 happen? What could be done to prevent this?

Business mission must be core and embedded into central strategy and hardwired into organisational and individual objectives.

There are a number of scenarios where there is risk of mission drift, such as:

Change in leadership
Lack of clear leadership structures to embed and sustainably drive mission
Lack of alignment between brand strategy and business strategy
Investor or shareholder pressure to maximise profits
Lack of stakeholder engagement

This could be prevented by:
Clearly articulated and communicated mission
Clear and achievable KPIs to support mission
See Question 6

Question 9: 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.

Lack of resource, time and expertise
Lack of effective leadership and management structures

See question 8

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Question 10: 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?

- Authenticity of mission statement
- Conflicting mission strategy and business strategy
- Shareholder/Investor/Funder requirements conflicting with mission aims
- Leadership structures that do not support mission
- Complexity of supply chains
- Global organisation structures
- Lack of employee engagement and support for mission
- Lack of resource and funding allocated to shaping, embedding and delivering on mission

Question 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.

No – all business should have values and culture system.

However mission led businesses should have incentives, targets and reward systems in place to support and deliver against mission.

All businesses have the potential to be a mission led business.

Question 12: What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?

Not having the right data
Clear articulation of mission that is understood both internally and externally
Lack of robust data available
Incomplete reporting frameworks
Measuring qualitative data such as social impact and outcomes
Social media – a lot of mission led statements posted online which are a risk as often not backed up by data/ robust information

Question 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?

Provides a platform for benchmarking performance both year on year and against competitors/sector best practice

Provides framework to set targets and measure what matters.

Gives commonality of language to articulate metrics which underpin mission

Gives performance indicators which can be communicated in reports to stakeholders

A good social impact reporting framework can be inclusive of multiple certifications.

For example an integrated report will set out a business mission statement and the Capitals and comprising KPIs that measure it's impact and can also meet the criteria for other frameworks/certifications such as GRI, DJI, SASB, CDP, ISO14001, B Corp

Frameworks such as Blueprint for Better Business provides a robust set of principles and a clear framework for decision making by a purpose driven business.

B Corp accreditation is one way of demonstrating specific commitments and performance in terms of mission against a single standard which delivers a robust methodology and independently verifiable trust mark.

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Question 14: What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?

Future Fit is an excellent example of best practice social impact measurement that is currently being used by forward leading mission led businesses such as Body Shop and Patagonia.

Question 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.

Please see questions 8 - 12

Question 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?

Leadership support – e.g Blueprint for Better Business immersions.
Better access to funding
Less costly certification
Communications to investor
Better data to link mission led business performance/ long term value creation to financial performance (e.g Future Fit)

Thank you for your response.