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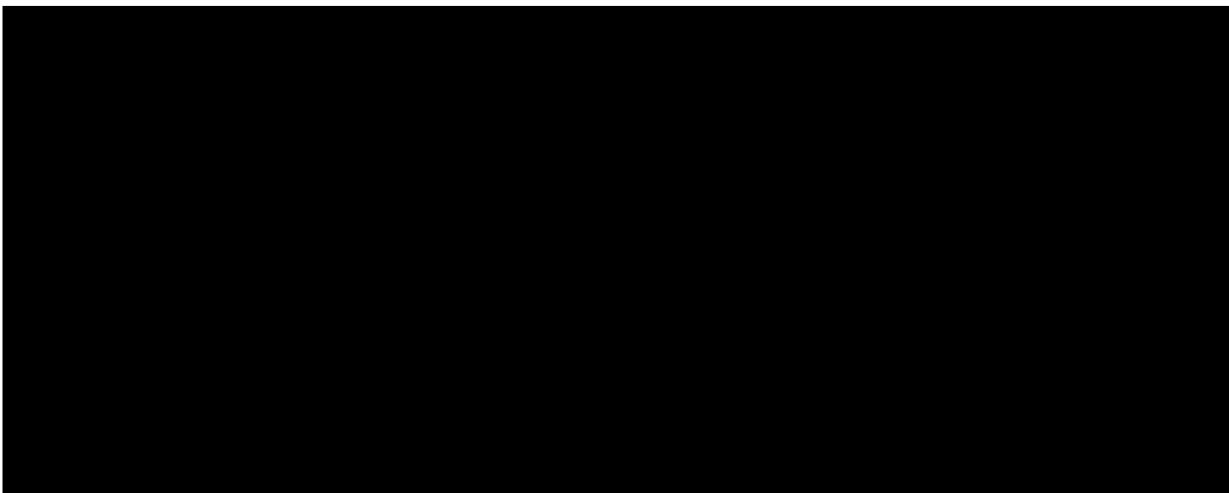
The closing date for responses is 8 July 2016. Responses received after this date may not be read. Call for Evidence responses should be returned to:

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.

We ourselves are a social purpose business which supports corporate, high net-worth and charity/ social enterprise clients both here in UK & overseas. We were created to "have a positive impact on the world by supporting others in activating their ethical purpose ideas". Our experience is therefore very broad and multi-functional and supports the concept of being mission orientated across a wide variety of sectors and size if organization. To properly assess the potential scale of existing mission orientated businesses, one ideally needs to have a clear definition. However, one could start with measuring social enterprise activity. The 2015 social enterprise UK report gives a good analysis of their perceived scale of this sector.

However, Mission/Purpose led organizations/businesses go beyond those classified as Social enterprises. Many emerging, millennial entrepreneurs see mission/purpose being central to their core objectives, whether they actually have a social impact 'lock' or not. Equally, at the other end of the scale, major corporates are now becoming increasingly purpose (or mission) focused in order to embrace new innovation, new ways of working and as an extension of the CSR/Sustainability agenda.

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

The rise of mission/purpose has in recent years developed as a key promotor of a vision for business where increased accountability to a wide range of stakeholders, besides shareholders and investors, shapes decision making behaviors. Key areas motivating mission/purpose driven businesses include either overarching "good", most often motivated by the values of the individual, but not necessarily a particular social concern, or specifically where the character of the business will aim to address issues of concern such as environmental, social or ethical issues identified by the business owners. Alongside these are often other drivers such as the protection and the wellbeing of a particular set of employees, the local community and or civil society in general.

The concept of mission/purpose is built on a foundation of thinking that businesses no longer act as isolated economic entities detached from broader society. In addition this has merged into a belief that business with key social purpose can actually have a positive effect overall, rather than just minimize negative effects. Traditional views about competitiveness, survival and profitability are being swept away.

Overall, there is substantial evidence of performance as measured in staff motivation, reputational enhancement and over all performance, held in a variety of institutions all be it that they will not necessarily be classified as mission/purpose businesses. Various business schools have undertaken various research of this kind.

The reason for the difference in definition is of course because we are in a period where the language itself is being refined and developed, whilst the evidence held to date sits under the sustainability/CSR definition. It does however provide the basis for assessing how ethical businesses are more sustainable and successful in the longer term.

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

In our view, mission/purpose is driven by the key stakeholders - internal and external of any organisation. Therefore, quantitative data should be tracked accross a variety of indicators which specifically cover:

Employees
Owners/board
Customers
Suppliers
and any special stakeholders dependent upon the business such as Government, regulators etc.

The assessmnet in its broadest senses shoud specifically ask whether they believe the business is living up to the mission/purpsoe, and if not, what they might consider the business needs to address it.

In other words, we consider there to be no specific consistent measure, but if the mission or purpose is unique and tailored to the business, such evaluation should reflect that.

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

Traditionally, businesses have been divided into two major types: non-profits and for-profits. The traditional division has gone and we now describe 'business' as a spectrum ranging from on the one hand, traditional charity activity through charities which trade, social enterprises, to social purpose businesses, mission specific businesses through to commercial businesses with responsible business practices. The assumption that to be purpose or mission driven means one has to be a non-profit, sacrificing 'value' (in the form of profit) has gone.

People are attracted to purpose/mission for a variety of reasons. Some establish such businesses as profit-earning enterprises with a conscience. Not all mission/purpose businesses have to have fully altruistic; but we believe (and see) that people in this space believe they have a responsibility to care generally about their impact on the world and think that one way of doing so is to have an ethical business which can improve the world in even the smallest way, via for example an ethical based coffee shop. In other instances, some people see a particular social need which needs to be addressed (perhaps employing marginal youth or ex-offenders) and are driven to create a purpose-driven business because they don't see other businesses filling that need. The various influences are too great to go into to much detail here as factors of motivation but for smaller owner/starters these types of influences are dominant.

However, a lot of our work is with large companies who are moving in this direction because of the proven impact that changing a company culture can have on the bottom line, their employees, reputation, communities and other stakeholders. For example, in attracting millennial top prospect talent, companies know that they need to behave in certain ways, with authentic values and a commitment that goes beyond traditional CSR. Again, the influences affecting the adoption of ethical purpose/mission in big businesses are too extensive to cover off fully here. These simply

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

We work across all sectors with clients in the private, public, military, academic and not for profit sectors all looking at clarity of ethical purpose/mission based delivery. We know therefore that in the last few years alone, the sense of people's need for purpose generally has expanded, alongside the significance it has in markets and society generally. There have been a number of factors for this and these act as key drivers for growth over the next decade.

Firstly, the millennials; that generation 'Y' has come of age and unlike previous generations, their ambition is not generally fuelled in the same way, by the mating call of the Porsche, the excesses of consumption based on fat salaries, or as in previous generations the need to conform to perceived societal roles or norms to illustrate to others their success. They see a world which is far less stable or constrained than that of their parents and as the myth of the attraction of working steadily for a lifetime to enjoy a retirement has disappeared, they are looking at their life and the world completely differently.

A key aspect of this shift is that this generation is now much more demonstrative and more easily capable through technology and a shrunken world to be attracted to be a part of something bigger than themselves. They are the most socially and environmentally conscious and active generation ever, embark and embrace both local and global issues and are rightly vocal in their denouncement of the past mistakes of their parents and grandparents.

They have loyalty to causes and experiences and "brands" far beyond formal political or religious structures and assume they will have multiple employment experiences (rather than jobs) and value individuality rather than conformity. They embrace principles of entrepreneurship rather than specifically those of business and generally are optimistic that they matter to the world and want to

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	Destria Partners ltd
Contact details for business	Destria Partners Limited: 6 Regents Wharf: All S;
Brief description of business (please keep under 5 lines)	Ethical Purpose Advisory Business supporting Corporates, social enterprises, charities and philanthropists on the mission/purpose agenda
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	We were created as a purpose driven business where we were looking to impact positively on the world through our advisory work. We support a wide range of pro-bono and chatrity clients at nil or reduced fees, offsetting costs from our corporate client work. We are led primarily by former charity sector professionals.
Stage of business development (i.e. start-up, growing, mature, repurposed)	growing
Industry sector	consultancy & advisory
Geographic focus	UK & International: Europe; USA; Middle East &
Evidence of financial growth	Question is mis-judged - We look at growth of Impact and scale of work/influence rather than purely measure financial growth
Evidence of social impact	Extensive internatioanl impact of changed corporate behaviour as well as three major national initiatives: all recognised & supported by Government: The Jubilee Hour
Any other details (e.g. legal form)	Limited company

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?

We have our own process which supports mission & purpose driven business based on six key steps of activity. To embed the desired mission/purpose, the founders, directors or owners need clarity of their Start Point (what values and what point to the mission); the Rationale for the business (it needs to function 'profitably' to be able to have a social mission); the Experience (of the key individuals), the Vision (what you wish to achieve), Perspective (external views and factors) and finally the Future actions necessary to create that clarity of purpose in business. Unlike the approach indicated in the question, these steps make clarity of purpose rather than the process the start point. Then when this is achieved, one can look at structure, how one operates etc. which is where some of the existing support mechanisms such as social enterprise networks, B Corp or others can assist.

In our opinion, there is a risk in the question and the potential of a governmental approach, that a single or set of benchmark, frameworks or structures are promoted to become an "expectation". The risk associated with this is that at present, the very openness and lack of constraint on definition of a mission/purpose business fosters creativity, entrepreneurism and innovation. Certainly for some, things like B Corp, or Blue Print for Business offer very useful, supportive eco systems of guidance and 'certification' in effect which can help some businesses and individuals make progress.

They have a key part to play, but are in effect only applying their activities to a minority of those businesses which are mission or purpose led. Undoubtedly as memberships and participations grow, they have their place but should not have it assumed that their positions represent either the scale or thinking of the "sector" overall. A minority of those businesses and social enterprises which we interact with are actually members of such initiatives or will ever contemplate becoming so.

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

As alluded to above, there are risks in creating yet another mechanism of promoting mission/ purpose orientated pathway. Certainly a road map that is not too prescriptive, but rather asks questions and offers potential opportunities and examples, might be useful.

Equally though, this type of support should be integrated across existing business start-up platforms rather than be seen in isolation. So our question would be to ask where new entreprenuers etc currently go for business advice and having identfied those we would suggest highting the mission/ purpose potential within such existing advice platforms.

Part II: Challenges faced by mission-led businesses

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?

we are not sure we agree thsi assumption and question where this assumption has been identified from. It is a bold statement to make and suggests a lack of consistency and commitment from those embarking upon this agenda which is contrary to our experience. There will of course be instances where difficult decisions may need to be made, but the character of individuals and institutions we work with suggest two key factors which keep this risk to a minimum:

1.   Micro/SME Founder businesses: highly embedded self-regulating values set which reduces risk of drift from original social purpose. Often doubly 'locked' in by others stakeholders such as employees, family members, suppliers and customers.

2.   Large corporates/multi nationals: More highly influenced external risk & reputation management factors, where such drift would be noticed and cause detrimental reputational effect, thereby mitigating good previously and wiping value off business. Thereby such businesses, if not actively self-regulating do show concern at maintaining mission.

There are various internal processes of course which can eb applied, but in our experience, mission/purpose in business clarifies decision making, thereby making this assumption harder to justify.

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.

This is a complex question which cannot be esaily simplified to answer in a short pargraph of this type.

Rather, an awareness that barriers can exist but are specific to the status, legal structure, ownership, age and other fcators of any particular business.

A long list would or could include any or all of the following:

1. Employee resistance
2. Owner/investment expectations around financial ROI
3. Access to start up or growth/R&D/investment finance
4. Existing customer expectations on a product or service
5. In adequate flexibility in processes
6. Supplier resistance
7. Physical constraints, built environment etc.
8. Lack of clarity of vision

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?

Much of our work is focused on transformational mission/purpose training, strategy development, employee engagement and activation of purpose in major global corporates.

By way of example these include EY, AkzoNobel, Boots, L'ocitanne, AstraZeneca, Virgin Atlantic, Etihad amongst others. We have extensive experience in assisting such businesses overcome barriers to become more mission/purpose led.

The barriers are as those detailed above and although will vary from company to company are consistent.

One additional factor specific to large corporates however is complexity:
In this we include:
1. Operating in multi-national sites locations,
2. Cultural influences (for example a western company opertaing in a Muslim country)
3. Operating under varying judicila, legal and or governmental expectations
4. Language and communication
5. Ability to create unifying corporate cultures

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.

There is no doubt in our experience that such businesses who have demonstrable, deeply engrained mission/purpose within the business have equally deeply engrained cultural values.

However, we have to take issue with the wording of the question, because it suggests under the term "traditional" that mission/purpose businesses are something radical or new. They are not. The root of this and those business which were and may still be mission/purpose led goes back well over 100 years. In the UK & Europe such companies would include those who still maintain such clarity and some who sadly may have lost it, but the point is that their founders and often family members subsequently have been doing this as a "traditional" part of doing good businesses for many decades.

Such businesses include those which emerged out of the co-operative movement but as a very short illustrative list we would include the likes of the following:

Unilever – traditional soap business going back to Victorian founder on Merseyside
LEGO a business founded on deep purpose in the 1930's
Booths Supermarket's in Northwest, still in family ownership for 100 years.
Boots (now Walgreen Boots Alliance)

Of course some businesses which had a very strong sense of mission/purpose have through changes of ownership lost that, even though they may still undertake a set of CSR type initiatives. The most recent example of this is Cadbury and the changes in ownership which have taken what was a purpose driven business into a much weaker global corporate where the chocolate has stayed the same (although that can is also disputed by some) yet the wider purpose is diminished.

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

Putting aside the obvious and normal communication constraints particular to any specific sector, this depends partially on the status of the business and its longevity and relationship with stakeholders.

If the business is a start up with social mission/purpose at its heart, the communication with customers and stakeholders has that as the start point and it therefore communicates well to those who believe in the purpose and wish to embrace the product/service.

Mission/Purpose start-ups tend to focus on creating loyalty in customers first from amongst the like-minded and then move out once such a customer base is created to 'convert' the uninitiated.

If you are an established business and this is a radical departure from the previous expected messaging and communication, a new set of challenges emerge, which are not particularly different to those facing a challenging re-direction of strategy anyway.

Overarching all this is perhaps a certain level of risk that cynicism might exist, depending on circumstances. These could include:

1.   Lack of belief in authentic notion of your business mission/purpose
2.   Perception of being a 'charity' or not serious in your business
3.   Probing of practices to reveal weaknesses in your own operation

All these can be addressed but not without a concerted effort.

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?

There is definitely a role from such initiatives which will/can be helpful in creating a sense within wider stakeholder groups that this is an aspect of business now here to stay. We allude to concerns about over reliance on such certifications elsewhere, however, by way of parallel example we would refer to the "Fair Trade Movement"

There can be no doubt that the establishment of the Fair Trade kite Mark did a substantial amount of good, in terms of returning value down supply chains, arising awareness of issues and creating a new dimension to consumer appreciation around products, on which some very successful products and business emerged.

However, within those partitioning in this space we know that the overall progress has led to the following;

1.   Some businesses considering that having a fair trade product means they don't have to consider wider ethical issues. Thereby they in source a small 'fig leaf' of responsibility whereas the wider ethical and value set of the business is not comparable.

2.   Some companies choose to go beyond what they see (rightly or wrongly) as minimum levels of impact of fair trade products, to do more enhanced value chain activities but see less recognition – effectively seeing themselves benchmarked against what they see as entry level activity.

The cautionary aspect of this therefore is to be wary of creating an overarching highly recognized benchmark, without running the risk of alienating other equally or perhaps better propositions.

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

There are a variety of tools, organization and processes available for this. Any can be applied as much to mission/purpose businesses as they can to conventional models. Some originate within the charity sector (guidance from BIG for example), some originate out of Business schools, some have emerged out of larger business needs and or investment agencies concentrating on Social return on investment (SROI).

The list is very large, but some as start points for consideration might be:

London benchmark Group: http://www.lbg-online.net/
Social Impact Mark: http://www.socialenterprisemark.org.uk/
Social Investment Business: http://www.sibgroup.org.uk/
Big Society capital: https://www.bigsocietycapital.com/what-we-do/champion/impact-tools

As we would advise, these and others offer various insights and modelling to support such measurement.

Good examples of major corporates undertaking this are Crown Estates who look at 'total contribution' and Unilever who look through purpose across brands and measuring brand value. Overall, if you are looking at assessing mission based, SROI or impact among stakeholders on that mission is a must however defined.

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.

In our opinion if you put aside the conditions pertaining to individual business development barriers, answered in previous questions, the overarching circumstances have never been better for the creation of new businesses of this kind or the application of mission/purpose clarity in major existing corporates.

In our view, it is the single greater non technological opportunity and development for business growth and success this century.

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?

Some years ago I was involved with assisting the government's creation of the CSR Academy under the then Secretary of State Steven Timms. It had a mixed response and varied success because although its concept was not without merit, many thought that to have the "Government" attempt to foster responsible business behaviors was undermined by (then then) overspends on projects in the public domain such as the passport computer system and certain MOD procurement issues.

The major lesson from this is that for Government to assist in identifying and creating an environment for more mission/purpose businesses to emerge and be successful, the Government itself should have absolute clarity of mission/purpose and thereby then seek a solution which does not create the conditions for any such similar cynicism to emerge.

Saying it wants to encourage more such businesses is not such a purpose/mission in its own right. It is only the means through which to create a higher purpose/mission which may be related to the nations well-being, prosperity and competitiveness. Before therefore rushing to create some interventions, this should be the key priority.

Having worked with Government departments previously we have no doubt that with a clarity of purpose around such an agenda, full assessment and interpretation of this consultation process and appropriate partner involvement, there would be an opportunity to create an environment more

Thank you for your response.