

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

Full name:	
Job title:	
Organisation:	
Type of organisation:	
Contact address:	
Telephone number:	
Email:	

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.

Social Enterprise UK say that “the best government data estimates that there are approximately 70,000 social enterprises in the UK contributing £18.5 billion to the UK economy (based upon 2012 Small Business Survey, 2013) and employing almost a million people.”

More detailed data can be found in the State of Social Enterprise Report 2015.

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

There is some empirical evidence that vision led businesses perform more strongly over the long term than comparator businesses. For instance, see Built to Last (Successful Habits of Visionary Companies) by Jim Collins and Jerry Porras - Random House 2004.

The co-operative movement demonstrated significantly stronger performance during the downturn than businesses generally:

<http://www.uk.coop/economy2016>

SEUK say that “The proportion of social enterprises that grew their turnover over the past 12 months is 52%. A greater proportion of social enterprises are growing than mainstream SMEs (40%).”

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

No comment.

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

Businesses are human organisations and therefore respond to human impulses. There is an increasing sense, among those we work with, that private sector businesses need to do more than simply make a profit. To retain staff loyalty and promote flourishing conditions for employees, businesses need to allow staff to build their careers around a sense of vocation and mission. Younger people (Millennials), in particular, are telling us that they want to work for organisations that do more than simply make money. For example, see the Question 5 below.

For a fuller exposition of these arguments see "Drive" by Daniel Pink, Riverhead 2009

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

There is evidence from research (eg Findings from The Energy Project and Harvard Business Review, 2014) about the aspirations of Millennials in the workplace. This clearly shows the desire to belong and connect with an organisation's purpose being one of the things that this age group of employees particularly look for. By 2020, 40% of the workforce will be Millennials, which will only serve to increase demand from employees to favour organisations that can provide the higher actualisation available in working for firms that are driven by a strong purpose. In short, employees will increasingly want to found and work in mission-led businesses.

We would also anticipate a continued growth in the number of employee owned businesses, as the evidence suggests that such businesses are more resilient than the average. Whilst this does not guarantee a mission led perspective, part of the mission can itself be the widening and democratisation of ownership and capital in a business.

The continued shrinkage of the public sector is likely to result in more businesses becoming involved in providing public services or securing public assets, which is likely to be part of a broader social mission context.

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)	A law firm driven by its purpose to improve lives, communities and society. ACS specialises in third and public sector clients and private clients, including publicly funded work in childcare and mental health.
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	ACS is a mission led business because its social purpose and values drive everything that the firm does. This has been true since its founding and the organisations social principles are enshrined in its LLP agreement.
Stage of business development (i.e. start-up, growing, mature, repurposed)	ACS was founded in 1973.
Industry sector	Legal
Geographic focus	England and Wales
Evidence of financial growth	ACS has grown to become a £15m business employing 250 people.
Evidence of social impact	ACS serves clients who make a social impact or with whom the firm can make a direct impact themselves. Where possible the firm also uses suppliers who are themselves a social business.
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?

The practical steps that businesses can take fall into two categories:

Prime business activity - does the primary service or product delivery in itself fulfill a social purpose and create a positive social impact?

Secondary business activity - does the business use its supply chain and commercial choices to also deliver a social impact?

Traditional approaches to Corporate Social Responsibility, whilst laudable, do not cut it. CSR can risk being a guilt driven activity that makes up for how a firm actually conducts its primary and secondary business activities. For a mission-led business, the delivery of social impact is not a bolt on CSR activity, it runs through everything that it does.

It is also worth noting that a business that wishes to strengthen a mission focus may also wish to consider whether it should change its governance or its corporate form. ACS has advised many organisations that have moved towards staff or customer ownership as part of this process.

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

ACS is currently considering how best to promote an intentional approach to “organisation design” which includes how a focus on an organisation’s values can be reflected in its governance and legal structure. There is clearly room for a network, perhaps gathered around an annual conference to highlight and promote this approach.

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?

The risk of mission drift becomes particularly acute during periods of rapid growth where a firm may be taking on large numbers of staff who are not as familiar with a firm's founding principles and not as steeped in them as existing staff.

In order to prevent this it is important that mission-led businesses write down and codify the things that make them unique. For instance, capturing a firm's purpose, values and goal in a way that can then be shared with everyone is a vital first step. Once written down and communicated, firms need to build in mechanisms into their operation that generate and strengthen the ongoing adherence to the firm's mission and founding vision. The process of alignment does not stop.

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.

Choosing a corporate form that requires, for example, an organisation to maximise profits for its shareholders can limit a focus on mission. The links between mission and legal structure, governance, profit aspiration and distribution are crucial.

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?

As with the answer to Q9, the very nature of being a large corporate with an imperative to publish quarterly figures can drive a focus on short term financial return rather than long term financial and social return.

Group structure arrangements might also interfere with mission if the parent doesn't share the same values / mission focus.

The common law duty to maximise shareholder value may also run at odds with more mission-led imperatives for social value.

Arguably, social businesses are often more likely to be privately owned as a result.

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.

Mission-led business should have a values system that reinforces their mission. It is the coherence of these elements that helps mission-led business to succeed.

For an example of how this works in practice - please see the accompanying vision framework from Anthony Collins Solicitors.

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

Where there is an alignment between the social impact achieved and the customer group served by the mission-led business, that alignment can be a reason to buy, a differentiator. This can be the same when it comes to attracting like minded staff and investors.

However, the more price sensitive that a market place becomes and the lower the levels of alignment of customers to the businesses goals, the more problematic notions of social impact can become. It can be a peripheral "nice to have" when the core purchasing decision is made on price and basic competence. This can be the same for staff too.

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?

Certification systems can lend credibility to organisations' claims to be mission-led. However, such systems are very embryonic in their development and do not have much public recognition. At the moment certification may therefore be more about supporting communities of interest to develop to the point where they may gain some public awareness, only then helping the mission-led business to gain recognition for what it is doing.

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

Please see web addresses below for two approaches to the measurement of social value that we have come across.

<http://www.hact.org.uk/value-calculator>

<https://www.rsmuk.com/~media/images/services/consulting/social-impact/recognising-value.pdf>

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.

There are barriers to growth for mission-led business, simply because of the fact that the business is mission-led; growth for growth's sake is not part of a mission-led businesses DNA.

Also by nature of the mission focus, a mission-led business makes a far pickier merger partner because it sees itself as distinctive and wants to hold on to that distinctiveness. Organic growth is therefore the main way for a mission-led business to grow.

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?

We believe that there is room for the development of a stronger confederation/network of some description to promote the ongoing development of mission-led businesses. It may also be helpful to review the legal frameworks available to mission-led businesses to ensure that the promotion of shareholder value does not impede the achievement of the businesses mission.

Thank you for your response.

The ACS Vision – Purpose, Values & Goal

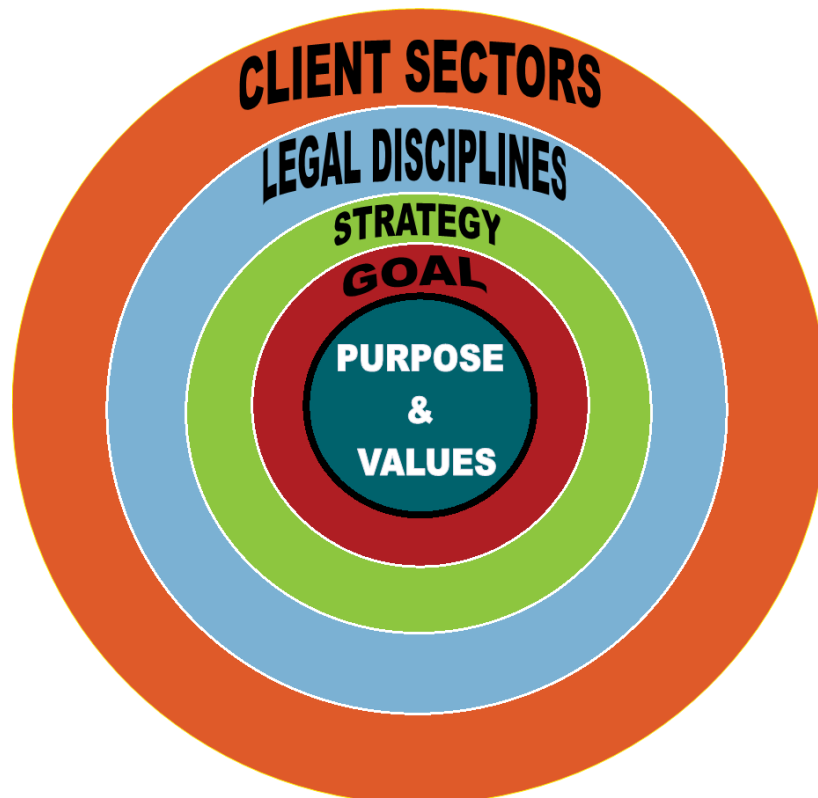
Introduction

The vision framework performs two vital functions for ACS. Firstly it captures and preserves the fundamental DNA of the firm, the aspects of the firm's being which make it who it is, yesterday, today and tomorrow. This unchanging core of the firm is set out in our purpose and values.

Secondly, the vision framework is an essential part of how we stimulate progress within the firm and beyond by establishing a stretching goal that will take a decade or more to achieve. This is set out in our goal and vivid description of the future.

Our intention is that the vision framework strikes a chord within all of us, inspires us to deliver our best efforts and drives us to bring into reality a shared dream about the future that we can create together.

The diagram below is a pictorial representation of our vision in context, showing how the purpose, values and goal influence everything that we do.



OUR PURPOSE

Purpose = The organisation's fundamental reasons for existence beyond just making money – a perpetual guiding star on the horizon; not to be confused with specific goals or business strategies. (Collins/Porras, 2004)

The purpose of Anthony Collins Solicitors is:

To improve lives, communities and society

OUR VALUES

Core Values = The organisation's essential and enduring tenets – a small set of general guiding principles; not to be confused with specific cultural or operating practices; not to be compromised for financial gain or short-term expediency.
(Collins/Porras, 2004)

1. Purpose Driven

We share a passion and vocation to make a difference in the world. We are purpose driven not profit driven and work with clients who share our purpose.

Profit is a means not an end. We seek to make sufficient profit for us to invest in the growth of the business to further our purpose, and to ensure that partners and staff are rewarded appropriately and fairly.

2. Show Respect

Role and status are irrelevant to the way we engage with people. Each individual has potential and a unique contribution to make to the success of the firm.

Our success or failure is an inclusive endeavour in which everyone's contribution is valued; where we all have the humility to know that we cannot do things on our own.

3. Build Relationships

We show care and concern for each other, this is a place where people are able to be themselves.

We encourage people to reach their full potential, in an environment of trust where people can give of their best.

Work for clients is always more than a transaction, we focus on the development of long term client relationships where we can be part of clients' success over time.

4. Demonstrate Integrity

We do the right thing, even where this may not be to our advantage.

We always put clients first. When we commit to something we deliver. We act with consistency and fairness.

We are honest with ourselves and our clients and work hard to ensure that our treatment of staff and situations matches our values.

5. Deliver Excellence

Excellence and innovation are important to us so that we can deliver the most relevant solution for our clients. Our insight into clients' reality and goals enables us to do a better job of meeting their needs.

We develop wisdom in our people so that we can challenge ourselves to provide new solutions to difficult problems.