

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.

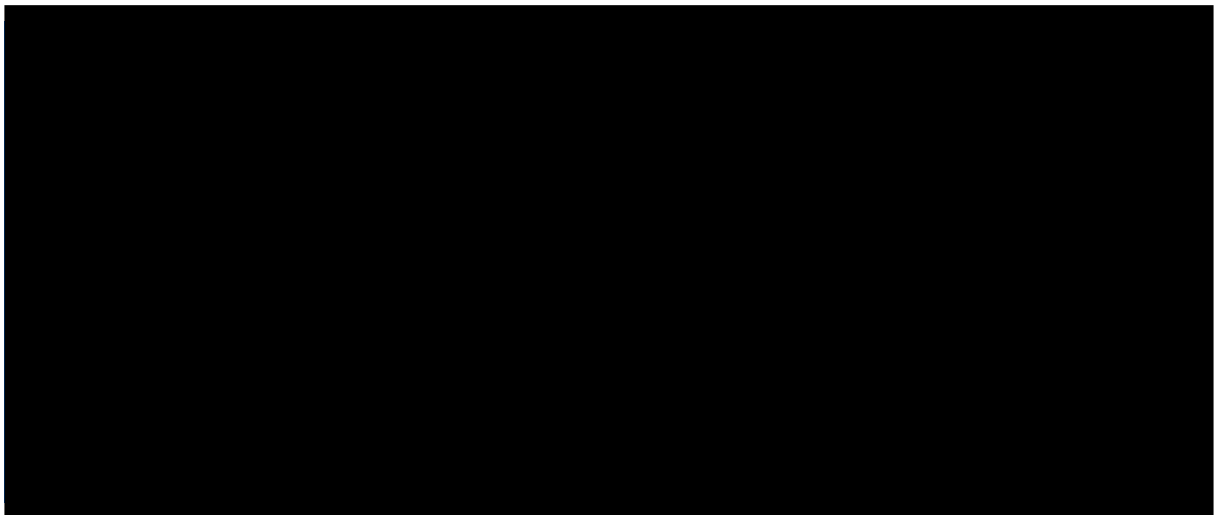
The closing date for responses is 8 July 2016. Responses received after this date may not be read. Call for Evidence responses should be returned to:

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.

N/A

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

N/A

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

N/A

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

Faith-based personal calling to use business skills to generate monies to address social issues.

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

N/A

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)	Ninety CIC is a social enterprise that wholly owns 3 trading companies currently. Ninety Consulting, Create and Technology work with large corporates on digital disruption.
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	90% of distributable profits (equivalent to dividends) are donated to Ninety Foundation - a CIO. These are given as grants or invested in social investments in developing countries. We report to 3 regulators - CIC, Companies House and the Charity Commission. The remaining 10% of distributable profits are given to staff.
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growing. Other companies will be added to group over time either wholly owned or JVs.
Industry sector	IT Services
Geographic focus	UK, Europe and USA for trading. Africa for social
Evidence of financial growth	We started 3 years ago and have built to £1.3M sales in 2015.
Evidence of social impact	Grants and investments have been made by the Foundation and these are being monitored. It is early days.
Any other details (e.g. legal form)	

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?

It has to come from the shareholders and leaders - be in the DNA.

Write it in the articles.

An asset lock could be used but this has its drawbacks - see 9 below.

Social impact reporting treated as equal to financial reporting.

Tax incentives on social spend.

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?

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 has been our experience:

A ‘confusion’ of ‘business for good’ entities.

A ‘confusion’ is perhaps a good collective noun for the current forms of trading businesses that seek to have social impact.

We have traditional ‘for profit’ companies, both large and small, who in recent years have been mainly working on social impact through CSR practices. Initially, the CSR practices focused on the environment (especially energy and recycling) and community relations. Links to charities or their own foundations have also materialized. Many are now trying to push beyond these initiatives with pro-poor products, mentoring, fairness in the supply chain, etc.

We have charities who have wholly owned ‘for profit’ trading subsidiaries who donate the profits to the charity. Well-known examples are charity shops, but the move to commissioning services traditionally provided by the state has led to an expansion of these entities.

We also now see people talking about ‘mission-led’ businesses which further adds to head-scratching and overlapping definitions.

Then there are social enterprises - ‘for profit’ businesses with an asset lock who seek to trade but

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?

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.

Yes

Ninety have an Ethics Board of external people. MDs of companies must report to and attend the Ethics Board once a year and present answers to a number of questions. Ethics Board recommendations are then processed by the Ninety Board and actioned.

Ninety ask staff to indicate preferences as to where profits should be granted.

We encourage staff to be involved with local charities

We are open to helping staff develop their own businesses with social impact.

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

Customers and employees have been very positive. We have had one challenge however:

An issue that Ninety has experienced is in gaining work above a certain value for public bodies. Work was won with a large public body and delivered well. As a result more work was awarded and again delivered well. The client was very satisfied with the relationship and the outcomes. The next phase exceeded the thresholds contained in the Public Contracts Regulations based on the Official Journal of the EU (OJEU) limits. Ninety was not an approved supplier on the OJEU supplier list for the digital marketplace. So despite the client having budget, wanting Ninety to continue the project and the social mission, the work could not be granted. On average, an OJEU is open for 6 weeks, every 6 to 9 months so there was no way to fast-track an application. Obviously very frustrating for all concerned as well as disrupting continuity of work for both Ninety and the customer who also has the extra cost getting pitches from other suppliers. These regulations could also frustrate the desire to increase social impact via the Social Value Act.

Our recommendation is that there should be alternative public procurement regulations for social mission organisations. There are already to some extent with organisations employing disabled workers but this should be extended at least to wholly owned subsidiaries of charities or CICs and CICs themselves. Such companies should also be able to be fast-tracked on the OJEU list overtaking normal commercial companies.

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?

Not convinced as we have the CIC mantle.

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

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.

See 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?

Thank you for your response.