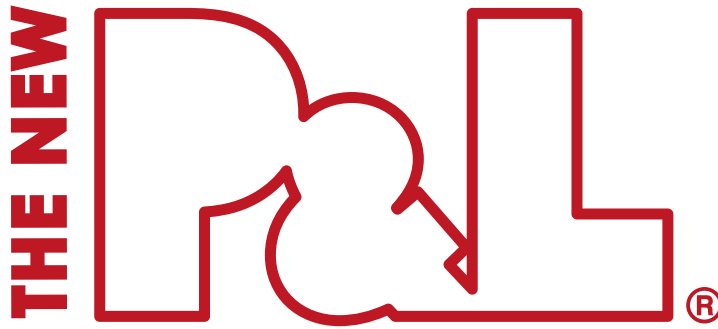


Hosted by Paul Spiers



Sponsored by:



Principles & Leadership in Business

SOCIAL ENTREPRENEURSHIP: The Future for Innovation

ROUNDTABLE DISCUSSION



“Portraying businesses as ‘baddies’ doesn’t encourage them to be good, and it also silos the social entrepreneurship lobby as a narrow group more concerned with arguing their case than getting on with business. This has to change.”

Hilary Sutcliffe,
Director, SocietyInside & TIGTech

One of the more remarkable results of the Covid-19 pandemic has been the validation by governments around the world of a fundamental tenet of social entrepreneurship — namely, that people should come before profit. The UK’s £100 billion furlough scheme is a case in point — an extraordinary reversion to Keynesian economics from a Conservative government — and there are many similar examples around the globe.

So it was timely for The New P&L to host a round table panel discussion on “Social Entrepreneurship — The Future for Innovation”. Sponsored by **SocietyInside**, the event brought together a range of voices from the social enterprise and innovation space to discuss how businesses can integrate social innovation into the heart of their commercial strategy and what a commitment to social innovation will mean for the future of business.

Defining the space

There was also broad agreement among the participants about the essential characteristics of social entrepreneurship. For Mark Norbury, chief executive of **UnLtd**, the Foundation for Social Entrepreneurs, “the defining feature is whether or not the business sets out to solve an injustice or an inequality.” Emma Joy Obanye, entrepreneur-in-residence at **Capital Enterprise** and Head of Delivery at **OneTech**, defined the social purpose at the core of the OneTech business model as “supporting under-represented founders of start-ups.” Speaking from New Zealand, Ben Gleisner said **CoGo** was set up specifically to solve social or environmental issues.

Innovation, strategy, service and business designer Daniel Tuitt suggested “what social entrepreneurship means changes depending on who I speak to, but for me it’s about ideas that create value, not just profit, for a wider community or group. And is the idea scalable? Is it good for the planet? Is it sustainable and durable over time, without grants to support it?”

Kelly Bowers, whose experience in this space includes a tenure as managing director of Year Here thinks social entrepreneurship and social innovation are often confused with each other. “For me, social innovation is something anyone can do to deliver an impact that addresses an injustice or



“Most employees want the companies they work for to have a social purpose and the pandemic has given people time and space to think. It has triggered their consciousness of on a range of issues they probably didn’t think about before.”

Emma Joy Obanye,
Co-Founder & CEO, Mindful Team & Head of Delivery, OneTech



“Founders and business leaders need to be asking themselves ‘what’s it like to be led by me? What do I stand for?’ Because those values have to be embodied by everyone in the business. Going forward, it’s going to be more about collaborative leadership — working together.”

Martin Leuw, Founder Growth4Good

inequality. It could be a large organisation, a charity or a small frontline team at a GP surgery. And social entrepreneurship is a mechanism or model for delivering innovation in a commercial and purposeful way.”

The unfortunate perception held by some in the business community that social innovation does not equate to profitable innovation received short shrift from self-described “unrepentant capitalist”

Martin Leuw, whose **Growth4Good** business accelerator focuses on partnering with high-growth social businesses in the digital media and technology sectors. “I don’t believe profits have to be diluted. It’s about balancing all stakeholders’ needs while creating value over the long term, rather than pursuing short-term profit gains.”

Picking up on the profit theme Hilary Sutcliffe, founder and CEO of the roundtable’s sponsor, SocietyInside, warned against simplistically labelling ordinary businesspeople as intent only on making as much money as possible, saying “portraying them as baddies doesn’t encourage them to be good, and also silos the social entrepreneurship lobby as a narrow group more concerned with arguing their case than getting on with business.”

Profitable and innovative

This lingering misperception among investors that social entrepreneurship is inherently riskier is hard to sustain given that recent statistics suggest the UK’s 100,000-plus social enterprises are actually pretty good at turning a profit. According to the 2019 State of Social Enterprise

report over half did just that, and 56% introduced a new product or service.

Kelly Bowers regards the term as “an antidote to traditional aggressive venture capital models. It’s hard to apply these to social and environmental impacts and still drive the right outcomes for founders. The incredibly complex problems — homelessness and social inequality, for example — that social innovation sets out to solve don’t meet quarterly ROI targets. Investors need to apply a different lens and try different approaches. Revenue-based financing is emerging as an option, because founders don’t have to give up ownership or take on debt, both of which come with equity financing.” For Martin Leuw labelling investment in social enterprises as “patient capital” doesn’t help, although it is a valid concept. “What the phrase says is that you’re building value over time, and value that’s sustainable.”



“What matters is mindset. That’s where I begin with a start-up — what do they believe in, and how does it align with the whole purpose of the business. The worst thing is starting with an idea that hasn’t been fully thought through.”

Daniel Tuitt,

Innovation, Strategy, Service and Business Designer

And, as Emma Joy Obanye was quick to point out, investor misgivings about social enterprises are certainly not shared by the people who work in them. “A 2018 survey by Deloitte showed most employees want the companies they work for to have a social purpose. Before the pandemic we were already seeing more entrepreneurs coming to us with ideas for tech businesses with a social aspect, and I think the last few months will accelerate this. The pandemic has given people time and space to think, and triggered their consciousness of issues they probably didn’t think of before.”

Banishing bias

A challenge that faces most social entrepreneurs is how to “design out” personal assumptions and biases they may bring to a venture. For Daniel

Tuitt, the wider the view you take of a problem the less likely it is that bias will creep in. “Look beyond the people you’re trying to support to the wider community. Identify the touchpoints that you might not think about immediately.” He also gave a real-world example, describing his work in East London, specifically Hackney Wick. “The area has been changed hugely by the London 2012 Olympics. There’s been a huge influx of new people, from creatives to large businesses, and they’re co-existing with residents and businesses who’ve been there for generations. You have to apply a community lens to problems to understand how they work together. There’s no quick fix — you just have to work with people, understanding their pain-points and challenges.”

Affirming the point that you have to start with the heart of the issue and work outwards, rather than starting with the technology and trying to fit it into a social solution, Hilary Sutcliffe said, “you can find yourself working to solve your idea of what the problem is, not the actual problem, with unintended consequences. The solution is to immerse yourself in the problem, working with the people that have the problem.” Kelly Bewers advocated the systems approach, spending time understanding and analysing “the whole complex framework, not just coming at it with a solution. That way you’ll see how an intervention over here can cause something to happen over there.”

Show me the money

Considerable discussion revolved around issues of the funding available to social entrepreneurs and — more importantly — its equitable distribution. Support for OneTech comes from a variety of sources, said Emma Joy Obanye. “Local authorities will help when there are issues in a particular area and a need for a policy change. The philanthropic arms of private organisations are another source.”

Mark Norbury described himself as “as fan of government stimulus that’s well thought through, focused and given on the right terms — with a hands-off approach, not actively managed.”



“All capital should be patient capital. The incredibly complex problems — homelessness and social inequality, for example — that social innovation sets out to solve don’t meet quarterly ROI targets. Investors need to apply a different lens and try different approaches.”

Kelly Bewers,
Social Innovation Leader, Designing for the New Economy

Although social innovation currently gets significantly less support than traditional business models, he is hopeful that the current pandemic will change this. “I think the recovery we want will be based on a more meaningful and inclusive employment environment, where communities have more input, which is better served by social entrepreneurship.”

Ben Gleisner rewound a decade, to his time as an economist with the New Zealand Treasury and his work on the Living Standards Framework that has become the cornerstone of the New Zealand’s government’s wellbeing agenda. “Governments are trying to achieve the same as social entrepreneurs, so I’m baffled as to why they wouldn’t support the sector. It’s crazy not to support enterprises that are delivering outcomes that are the goals of other policy interventions.”

Rebalancing acts

Exactly who gets the money is a thorny question, and the regional, cultural and gender imbalances that exist in the distribution of funds are notable and seem stubbornly resistant to opening up. A great deal of public funding is centred around London, Oxford and Cambridge, and Martin Leuw understands why. “A key characteristic of investment is risk, so you have to show that something works, which is why investment generally is concentrated where there’s a higher degree of perceived talent.” While acknowledging that measures like targeted grants and tax breaks could help spread funding wider, he argued that we also need to look at how the funding is delivered. “What most start-ups need help with first are



“We have to make sure that young people and marginalised and minoritised communities are at the forefront of designing the work that we need as we come out of the pandemic. If we – government and business - can come up with the right offers and solutions, we can get the country back on track in a more sustainable, equitable way.”

Mark Norbury
Chief Executive at UnLtd,
the Foundation for Social Entrepreneurs

strategy, access to talent, door-opening, and so on — then they might need money. Too often, the money comes first, the other things don't follow and so people think it doesn't work.”

Equally pressing is the need to address the significant underrepresentation in the funding of those start-ups and emerging social innovation businesses founded and run by female, Black or Asian entrepreneurs and those from other ethnic minority backgrounds. According to the UK VC and Female Founders report in 2017, for every £1 of venture capital investment in the UK, all-female founder teams get less than 1p, mixed-gender teams 10p and all-male teams 89p. The funding statistics for Black and Asian entrepreneurs appear equally disappointing, with research showing, for example, that black-owned businesses are more likely to be rejected for overdrafts and charged higher interest rates than their white-owned counterparts.

There was firm agreement that more can and should be done to promote the great work many entrepreneurs in these communities are undertaking to a much wider audience. As Martin Leuw put it, “we need to be sharing more stories about the amazing people from diverse backgrounds working together in diverse teams and doing great things.” At OneTech, Emma Joy Obanye is doing just this, “we are working on diverse founders' stories to change the narrative and encourage the next wave.” She's a great believer in taking the “eco system approach and educating everyone in it. Only 47% of venture capital teams have a female member, for example.”

Mark Norbury and his team have taken practical steps to revamp UnLtd's decision-making. “All our panels must have majority representation from across the Black, Asian and other ethnic minority communities as well as representation from those with disabilities. We've set a goal that 50% of the organisations we support are led by people from these communities. What that's done for the rigour and quality of our decision-making is amazing.”

And a bit more shouting wouldn't go amiss, according to Hilary Sutcliffe. “I'm an activist by nature. What makes change is governments being harangued and fearing that their mandates are being challenged. We need to make more noise about inequality.”

Follow the leader

The panel considered if there are any characteristics peculiar to social entrepreneurs. For Daniel Tuitt mindset is the most important factor. “They can be introverts or extroverts, but what matters is mindset. That's where I begin when I work with a start-up — what do they believe in, and how does it align with the whole purpose of the business. The worst thing is starting with an idea that hasn't been fully thought through.”

Martin Leuw suggested founders ask themselves “What's it like to be led by me? What do I stand for? Because those values have to be embodied by everyone in the business. Going forward, it's about collaborative leadership — working together.”

Kelly Bewers has observed a certain “humility in social innovation leaders, which I think could be taken into the corporate world.” She also thinks that many corporate businesses probably have



“Governments are trying to achieve the same as social entrepreneurs, so they need to support the sector. It's crazy not to support enterprises that are delivering outcomes that are the goals of government policy interventions.”

Ben Gleisner,
Founder & CEO, CoGo

hidden social entrepreneurs in their ranks. “In the same way that we know not all social entrepreneurs are in London, the real change-makers in large organisations may not have ‘innovation’ in their job titles. We can help corporates find those people.”

Here to help

If the global pandemic really is an opportunity for a major reset of fundamental business concepts such as work, debt, productivity and investment, what role has social entrepreneurship and social innovation to play in shaping the future?

Many of Mark Norbury’s current conversations with social entrepreneurs are focused on what happens as the UK’s furlough scheme unwinds. “Many of the conversations are about the massive unemployment that’s likely to result, the nature of the jobs that we want to create, and how we ensure sustainable value creation. Fundamental to this is asking how can the 100,000-plus social enterprises be part of a meaningful, inclusive work recovery?”

“The potential is certainly there, because social enterprises look after their people better, invest more in their training and skills, have more diverse workforces and go out and reach people who are further from the labour market. We have to make sure that young people and marginalised

and minoritised communities are at the forefront of designing the work that we need. I think the government understands the gravity of the employment crisis, and if we can come up with the right offers and solutions they will go along with them and get the country back on track in a more sustainable, equitable way.”

Kelly Bowers argued for greater “cultural brokerage” between the social enterprise sector and commercial businesses. “There’s a lot of talk about corporate leaders mentoring social entrepreneurs, but a lot can go the other way, because we have a good story to tell. During the early days of the pandemic there’s strong evidence that businesses with sustainable, green priorities outperformed organisation that are purely profit-maximising. I believe that business is a force for good and that most companies have a genuine intent to do well. They’re just not sure how.”

The general theme of optimism running through the discussion was perhaps best summed up by Martin Leuw. “There is a great opportunity now, because things are changing. At Growth4Good we’ve been doing this form seven or eight years, and at the start people didn’t understand what we were doing. That’s changed. If we imagine that we’re now in 2025 not 2020, the world will change. People recognise that, so we should grab the opportunity to make change happen.”

The New P&L® - Principles & Leadership in business Podcast Series and Institute

We believe business needs a ‘New P&L’: one that is focused as much on ‘Principles and Leadership’ as it is on ‘Profit and Loss’, because we know that if a business’s Principles are right and aligned with its purpose, and its Leadership has clarity of vision and is strong, focused and empathetic, then it will be in profit and not in loss in so many ways.

Our aim is to challenge leaders, entrepreneurs and industry influencers to bring their most intelligent, inspiring and insightful observations and opinions to the conversations on principles & leadership in business.

We do our research thoroughly, ask the deeper questions and aim to give our audiences real tangible insights and examples they can use to help further focus their principles, enhance their leadership and work towards building more ethical, productive, collaborative and ultimately, successful and principled businesses – those that encourage great, inspirational leaders and high performing, motivated teams.

For more information go to www.principlesandleadership.com