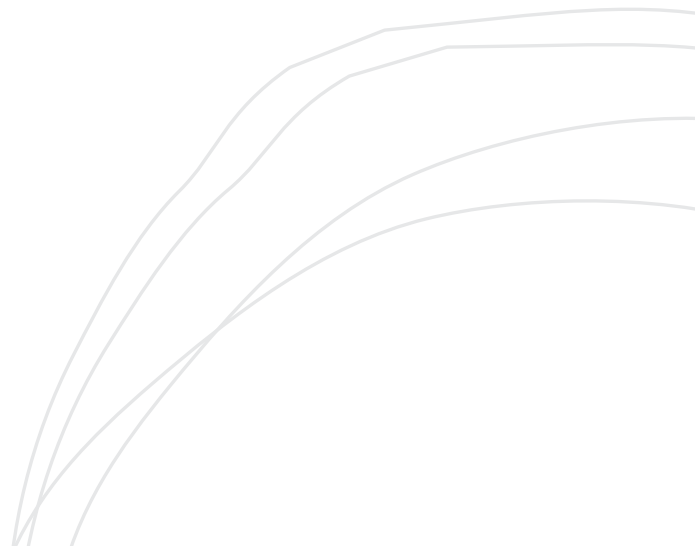




INSIGHT BRIEFING 2

The Social Purpose Company.

Issue: After investing in and measuring corporate social responsibility strategies for a decade or more, many leading companies are finding that their impacts are only modest and they need an accelerated model to achieve social impact at a greater scale. They are rewiring their business so that their growth is a positive force in society, and they are realizing a competitive advantage in doing so.



Corporate Responsibility & Sustainability Institute



About the Corporate Responsibility & Sustainability Institute

The Corporate Responsibility & Sustainability Institute was established by The Conference Board of Canada in 2016 after an extensive consultation revealed the need for a professional body to help practitioners excel in their roles. The Institute brings together business, industry, government, academia, and civil society as partners to envision a sustainable future and identify corporate responsibility and sustainability challenges and

opportunities. We offer independent research and thought leadership that support collaboration, knowledge transfer, innovation, monitoring, and evaluation of contemporary corporate responsibility and sustainability issues. Our collaborative program of research, education, information dissemination, and engagement accelerates and scales next-generation practices in corporate responsibility and sustainability in Canada.

The Social Purpose Company

Transformational companies aim to align overall corporate purpose with sustainability principles, where sustainability drives value and what the company does is a benefit to society.

Definition

Social purpose companies are profit-driven businesses whose core purpose is to contribute positively to society. They use their products, supply chains, people, capital, influence, relationships, real estate, and scale to accelerate positive impacts. As a positive force for change in everything they do, they become multipliers for responsible business practices and sustainable development in society. By identifying, catalyzing, and building new social purpose markets, they create significant social benefits, grow their business, and increase their capacity to further their social purpose aims.

Adopting a social purpose can help companies engage and mobilize employees, attract customers, drive innovation and differentiation, and enhance profitability. This is a route by which shareholder and societal value are created over the long term.

Drivers

Expectations of business and its role in society have changed. As society faces more serious challenges—from climate change to resource scarcity to rising inequality—stakeholders increasingly look to business to play a stronger role, particularly in driving inclusive prosperity within the earth's limits. To do so, businesses are starting to re-engineer their operating models, reinvent their strategies, and engage in disruptive innovation. The businesses with a sustainable or social purpose at their core will lead the way and not only survive, but thrive.

Arguably, businesses that become forces for good in society will benefit from the social licence to grow. As Edelman outlines in its global “goodpurpose” research, when price and quality are equal, social purpose ranks as the most important factor in selecting a brand—over design, innovation, and brand loyalty. Social purpose as a purchase trigger when quality and price are equal grew 26 per cent from 2008 to 2012. The millennial generation, which will dominate the future workforce and customer base, is especially attracted to social purpose companies.

The social purpose company can be seen as an emerging business trend reflective of a new social contract developing between business and society.

Examples of Social Purpose Companies

The following companies have adopted a social purpose and made it central to their business model:

- BASF is a multinational chemicals manufacturing corporation. “We create chemistry for a sustainable future.”
- Green Shield Canada is a not-for-profit health and dental benefits specialist. Its mission is “to create innovative solutions that improve access to better health.”
- MEC is a specialty retailer of outdoor lifestyle, travel gear, and sporting goods. MEC “exists to inspire and enable everyone to lead active outdoor lifestyles.”

Some companies adopt a purpose statement for marketing purposes but are not committed to embedding it in the company’s culture or operations. One way to determine a company’s authenticity is to read its annual report or other formal disclosures to see if its social purpose is included.

The Social Purpose Continuum

The social purpose continuum in Table 1 can be used to foster internal discussions on how to position your company on a social purpose path. It can be used to help company leaders quickly understand the steps necessary to move from a philanthropic model to that of a social purpose.

Table 1
Social Purpose Continuum

Business model	1.0 Philanthropic	2.0 Strategic	3.0 Integrated	4.0 Social purpose
Motivation	Give back or PR	Achieve results	Be more competitive	Build a better world
Strategy	Sidelined	Siloed	Component of corporate strategy	Central to and inseparable from corporate strategy
Lead	Community relations manager	CSR manager	Chief sustainability officer	CEO
Customer role	None	Volunteer and donate	Join and co-create	Part of a social movement
Business value	Goodwill	Reputation	Profitability	Long-term viability

Source: Strandberg Consulting; The Conference Board of Canada.

Resources

“The Social Purpose of Business”—Webinar

Three panellists share their perspectives on social purpose, why it is relevant to businesses, and how to pursue it in your company. Panellists include:

- Abby Brennan, Senior Manager, Purpose Strategy & Activation, PwC U.S.
- Liz Arkinstall, Manager, Community Engagement, Libro Credit Union
- Coro Strandberg, Director, Strandberg Consulting

<http://www.conferenceboard.ca/e-library/abstract.aspx?did=8579>

The Transformational Company Guide, Quality #1—Sustainable Purpose

This short, five-page guide summarizes the business case for pursuing a sustainable or social purpose. It includes case studies, suggestions on how to get started, and additional resources to help companies thinking of adopting a social purpose.

<http://cbsr.ca/transformationalcompany/wp-content/uploads/2015/11/1-sustainable-purpose.pdf>

Purpose Toolkit

Business in the Community’s Purpose Toolkit explains the business case for being a purpose-driven organization and provides the tools to help achieve this.

www.bitc.org.uk/programmes/marketplace

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