

## SOCIAL PURPOSE 101 PRIMER

### INTRODUCTION

Our Social Purpose 101 Primer equips you to participate in the Propelling Purpose Summit 2021. It covers the following topics:

- What is the Purpose Economy?
- What is a Social Purpose Business?
- What are examples of Social Purpose Business?
- What is the Social Purpose Business Case?
- Where should I go for more information?

### WHAT DO WE MEAN WHEN WE SAY THE PURPOSE ECONOMY?

The Purpose Economy is **an economy powered by the pursuit of long-term well-being for all in which business, regulatory and financial systems foster an equitable, flourishing, resilient future.**

### HOW CAN WE ACCELERATE THE PURPOSE ECONOMY?

These are the six levers to accelerate the Purpose Economy in Canada. They were identified at GLOBE Forum 2020 in which sixty social purpose experts and allies participated in a social purpose strategy session convened by the Social Purpose Institute. Together, they crowd-sourced visions and actions in the following priority areas to mainstream social purpose business.

1. Corporate Leadership
2. Post-Secondary Education
3. Trade and Professional Associations
4. Ecosystem Enablement
5. Public Policy Development
6. Social Purpose Procurement

For more details, here is a link to the [full report](#), and a link to the [summary version](#). The Propelling Purpose Summit is organized around these six levers of change.

### WHAT DO WE MEAN WHEN WE SAY SOCIAL PURPOSE BUSINESS?

A Social Purpose Business is **a company whose enduring reason for being is to create a better world.** It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society. There are three elements of a social purpose business, summarized below.

Here is a link to a summary document [defining a social purpose business](#).

## **REASON FOR BEING**

First, the purpose company has an enduring core reason for being. It is clear and consistent about why its business exists, what it stands for and what it is about – beyond what it makes, does, or sells. It has defined its:

- Unique purpose for being in business at all
- Inspirational, essential, aspirational reason for being
- Burning ambition, quest, world view, belief system, core identity, higher calling or ideal – the engine that powers its business

## **SOCIAL AMBITION**

- It creates a better world and beneficial results for society at large; it improves life for humanity, is humanistic or human-centric
- It is a force or vehicle for good where its growth is a positive force in society; it couples its growth with its positive social impact, so that as the company prospers, its stakeholders prosper too
- Its core offer is aligned with long-term social solutions so that the company's core business, products, services and operations create value for, and benefit, society

## **WHAT A SOCIAL PURPOSE IS NOT**

- A vision, mission statement, a company's values, specific business strategy or a big goal
- Core to the business model; how the company grows; driving force of the business model
- Representative of what is possible today Aspirational and belief-driven
- Branding, marketing, tagline, strapline, campaign or slogan, a communications device
- A tactical decision
- Supporting a social issue or the objective of the company's community investment or corporate responsibility strategy
- Morality, altruism, giving back, philanthropy
- A goal or a strategy that can be achieved

## **WHAT A SOCIAL PURPOSE SHOULD BE**

- Core to the business model; how the company grows; driving force of the business model
- Aspirational and belief-driven
- Energizing and inspirational, builds momentum
- Long-term
- An organizing centre for the company's vision, strategy, and culture

- Broader than the company's activities, products or services; incorporated into the company's marketing and products
- A North Star, an ongoing quest, forever pursued but never reached; it cannot be fulfilled

## **PROFIT MOTIVE**

The final consideration is the profit motive or model. Social purpose companies take different approaches to this question of profits, pursuing one of two profit models:

- 1) they see their social purpose as either beyond profitability and transcending profitability; or
- 2) as the route to profitability.

In both cases the financial agenda is linked with the societal agenda.

## **WHAT ARE EXAMPLES OF SOCIAL PURPOSE BUSINESSES?**

The Social Purpose Institute has helped over 40 businesses define and implement their social purpose. Here are three profiles of companies bringing their social purpose to life: [Purpose in Practice Case Study Series](#).

## **WHAT IS THE SOCIAL PURPOSE BUSINESS CASE?**

Social Purpose companies realize six main business benefits from embedding their social purpose across their operations, platforms, relationships, and value chain.

Here is a link to a workbook that summarizes all the [business benefits in detail](#), and a link to [short business case document](#).

## **CUSTOMER COMMITMENT: Attract and Retain Customers & Build Customer Brand**

### Advocacy

- Two-thirds of consumers try to support companies that have a social purpose and two-thirds refuse to buy a brand if it does not, while over 70% of global consumers would recommend a company with a purpose over one without and this number is rising.
- Nearly 70% of Canadian consumers believe companies should show how their products and services make the world better.
- For every 10% increase in purposeful performance there is 5 - 12% increase in premium pricing, purchasing decisions, and advocacy.
- 70% of North American organizations take social and environmental factors into account in their procurement, driving demand for suppliers to demonstrate their beneficial social impact.

**EMPLOYEE ENGAGEMENT:** Recruit, Retain and Motivate Employees & Build Employee Brand Advocacy

- 60% of millennials want to work for companies with a 'purpose'; a sense of purpose and impact on society is the second top criteria for young people when considering job opportunities (40.6% versus 49.3% for salary and financial compensation); employers lacking a social purpose could limit their recruitment base to about 50% of the future workforce.
- Purpose drives engagement: Purpose-driven workers have 20% longer expected tenures, are 50% more likely to be in leadership positions, 47% more likely to be promoters of their employers and have 64% higher levels of fulfillment in their work; employees with a shared sense of purpose are willing to give more discretionary effort and are more satisfied with their pay.

**STAKEHOLDER RELATIONSHIPS:** Strengthen Third-Party Relationships & Enable Collaboration

- Businesses that demonstrate social purpose build trust, reputation, and loyalty with their stakeholders, opening up opportunities for new and deeper partnerships.
- Stakeholder-oriented companies experience four times the growth in sales.

**SOCIAL CAPITAL:** Strengthen Operating Context & Increase Trust

- Most Canadians (77%) agree that "A company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates". 89% of Canadian consumers believe business needs to place equal weight on society's interests as on business' interests, while less than a quarter believe business is performing well in addressing societal issues. This performance gap is likely to drive disillusionment, disengagement, and outright distrust from Canadian consumers.
- Consumers of trusted companies buy their products and services (80%); recommend them to friends (68%); pay more for their products and services (54%); share positive opinions about the company online (48%); defend the company (40%); and buy its shares (28%). Distrusted companies realize the opposite results.

**FINANCIAL PERFORMANCE:** Enhance Financial Performance; Increase Access to Capital & Manage Risk

- Companies that operate with a social purpose, outperformed the S&P 500 by a factor of 10 between 1996 and 2001; purposeful business outperformed other companies by 206% in the stock market between 2006 and 2016.
- 58% of companies with a social purpose experienced growth of 10% or more versus 42% of companies not prioritizing purpose; 42% of non-purpose led companies showed a revenue drop versus 58% of purpose-led companies that showed positive growth.

**INNOVATION GENERATION:** Increase Innovation; Enable Business Transformation & Enhance Resiliency

- Executives who treat purpose as a core driver of strategy and decision-making report greater ability to drive successful innovation and transformational change and deliver consistent revenue growth: 53% compared with 19% of the companies who have not thought about it at all. 75% of executives of social purpose companies report that it gives their company the agility to innovate in times of disruption and the ability to drive transformational change.
- Social purpose is a response to societal pressures on business to transform, and equally a successful strategy to help business manage transformation.
- Having a purpose enhances employee decision-making, improves creativity and problem-solving, promotes resilience and reduces employee stress.

## LOOKING FOR MORE INFORMATION?

For more information about Social Purpose in Business visit the Social Purpose Institute website. You can find all our purpose resources and sign up for our newsletter there. [www.socialpurpose.ca](http://www.socialpurpose.ca).

If your business is considering adopting and bringing a social purpose to life, the Social Purpose Institute has openings in Fall 2021 and Spring 2022 for companies interested in joining a peer cohort program. Do you know of companies who might want to define their social purpose North Star? Click [here](#) to learn more and refer your business or other businesses you know.