

About TSIC

The Social Investment Consultancy (TSIC) is a strategy consulting firm operating at the intersection of the for- and non-profit worlds.

Our consultants have in-depth experience of working in-house for and consulting to many of the world's leading private and charitable organisations. The integration of skills and expertise from across the public, private and third sector forms the basis for a range of professional services that drive social impact and organisational change.

We provide businesses, foundations, philanthropists, charities and social enterprises with the advice and support they need to reach scale and maximise their social impact.

For more information on our research and services, or to connect with our teams in London, Dubai or New York, please visit www.tsiconsultancy.com, or follow us on Twitter @tsiclondon.

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Foreword

Stripping an organisation down to its constituent parts is always an intriguing process. It is an exercise all top CEOs go through regularly to check they are on mission and maximising their strengths. What's even more fascinating is that the more organisations you break down, the more you see commonalities not just within industries but also across sectors.

Organisations with completely distinct remits in the private, public and third sectors can bear remarkable similarities, and why shouldn't they? To transport goods is to transport goods, whether they be malaria nets or items of clothing; to research and develop new pharmaceuticals for sale or for free distribution is essentially the same activity; to build a trusted brand that people want to engage with as donors rather than consumers relies on the same skillset, just utilised to serve a different aim.

Through TSIC Fuse, The Social Investment Consultancy is launching the first iteration of an open process that shows how to de-construct a business and put the pieces back together in a way that can deliver social change as well as make profits.

The first open-source process of its kind, TSIC Fuse is designed to inspire individuals, businesses and industries that social change platforms—which leverage business strengths and cross-sector partners to deliver new approaches to tackling social issues—are not moments of genius achieved by others, but rather the result of commonplace strategic activities that can originate from the heart of any business.

These social change platforms are designed to complement the core commercial activities of a business, leveraging existing communication platforms and contributing to the core brand. It is an approach that will inspire staff, galvanise cross-sector partners and make a lasting impression on communities.

The proposition that businesses can have a transformative social impact that also benefits their brand and key stakeholders has long been discussed, but only realised in small doses by the most forward-thinking organisations. This tide is turning and we hope that the launch of TSIC Fuse will be a key contributor to that change.

Ad-hoc charitable donations, philanthropy and unfocused and unstructured volunteering will continue. But their value to business and their value to society will be dwarfed by organisations who have CEOs and boards who understand the unique strength of their businesses, want to be more effective and recognise that social action will be an essential component in their quest to maximise long-term, shareholder value.

For any questions on our research and our services, please contact me on jake@tsiconsultancy.com.

Jake Hayman

CEO, The Social Investment Consultancy

“

From my work at Cadbury, Green and Blacks and now Kettle Foods, I know business can be a force for good. The art for me is to find the sweet spot between doing the right thing for the business and the right thing for our communities. Our support for the Fairtrade cocoa cooperative in Belize at Green & Blacks was a case in point. I'm very excited to bring the TSIC Fuse process to Kettle Foods to find that point of intersection for Kettle where we can be a force for good and at the same time do good business.

”

*Dominic Lowe, Managing Director,
Kettle Foods and TSIC Fuse client*



Introduction

Imagine a business that is so exceptional at something that it not only makes money out of its work, but changes the world with it.

Pret A Manger has invested in building up a fleet of delivery vans to transport leftover food at the end of each day to homeless shelters across London, ensuring the maximum number of people in need can access fresh meals and preventing food from ending up in landfill.

Unilever has invested some of its community budget into designing specialised detergents in Vietnam and India that require significantly less water in hand-washing clothes, reducing water source depletion and providing an improved product to consumers.

Thomson Reuters is making profits in a previously untapped market in India through providing an affordably-priced, professional information service that is increasing livelihoods for rural farmers.

What these initiatives have in common is that they leverage core business assets—such as a company’s consumer reach and communications, its information base, or its product development expertise—to address critical social and environmental challenges in new ways (See Figure 3). Such innovative programmes evolve from consideration of how a business can best meet community needs through creatively applying its business model, rather than from a ‘business-first’ consideration of how the company can best offset harm or enhance its brand through acting in the community.

These transformative programmes are the vanguard of corporate community engagement. Whether corporate philanthropy is replaced or simply outpaced by this fusion of corporate strength and social need, such approaches are the future for forward-thinking companies that want to stay competitive and connected in the marketplace.

The TSIC Fuse Methodology

To be successful, businesses have to be best in class in their specific area— to have a competitive edge in applying expertise in research and development, branding or their supply chain. At TSIC we believe that whatever that talent is, it can be creatively applied to social change as much as to making profits.

“ **Over 90% of senior corporate leaders believe they could have a greater or equal social impact by leveraging their business for change than by giving to charity.** ”

TSIC-YouGovStone Poll

To help businesses realise their opportunity, The Social Investment Consultancy is launching ‘TSIC Fuse’, a new methodology which helps businesses map how they can fuse their core assets with community needs to develop platforms for change that disrupt traditional thinking. Our approach envisions a balancing of a business’ talents and some of the most critical challenges facing society — revealing areas of convergence where the business can best effect change. The outcome is a strategy for community engagement that leverages assets across the business to build platforms and partnerships that are meaningful to the community, transformative to the business and authentic to consumers.

With TSIC Fuse, businesses have the opportunity to embed social change alongside profit into the heart of what they do and why they exist. This, in turn, will help to maximise long-term shareholder value as employee morale and recruitment improve, along with growing customer loyalty and advocacy.



The Evolution in Thinking

Corporate engagement in the community has evolved significantly over the past 60 years.

Since Howard Bowen first coined the term corporate social responsibility (CSR) in 1953, thinking and business practice in the area have moved from being primarily defensive—seeking to react to pressure from NGOsⁱ and comply with basic legal and operational requirements—to being led by more altruistic impulses, as well as risk-management and strategic considerations.

Figure 1 provides an overview of evolving trends in CSR. After an early defensive and crisis-led approach, many corporations' engagement with the community came to be characterised by philanthropic giving.ⁱⁱ Businesses began to roll out cheque donations and sponsorships to support a range of causes under the ethos that business should accomplish something positive with a portion of its profits.

As globalisation extended the impact and reach of corporations, the idea of 'corporate citizenship' gained traction in the 1980s as businesses recognised they were operating in country under license, and this implied certain behaviours and responsibilities on their part. Businesses began to develop their own labour and environmental standards to mitigate risks and avoid the potentially harmful, knock-on effects of global business operations.

The early 1990s witnessed a step-change as CSR shifted from being primarily a means of avoiding costs to a strategy to increase the profitability of a company. CSR began to be viewed as a strategic opportunity to enhance the brand or corporate reputation through clever marketing to socially-conscious consumers. However, over time, such PR-led initiatives came to be seen as superficial. Many CSR and marketing heads were accused of 'greenwashing' their businesses—essentially using positive CSR spin on their environmental or social activities to hide wider, negative impacts of the business on workers' rights, its environmental damage or its effect on individuals and society.

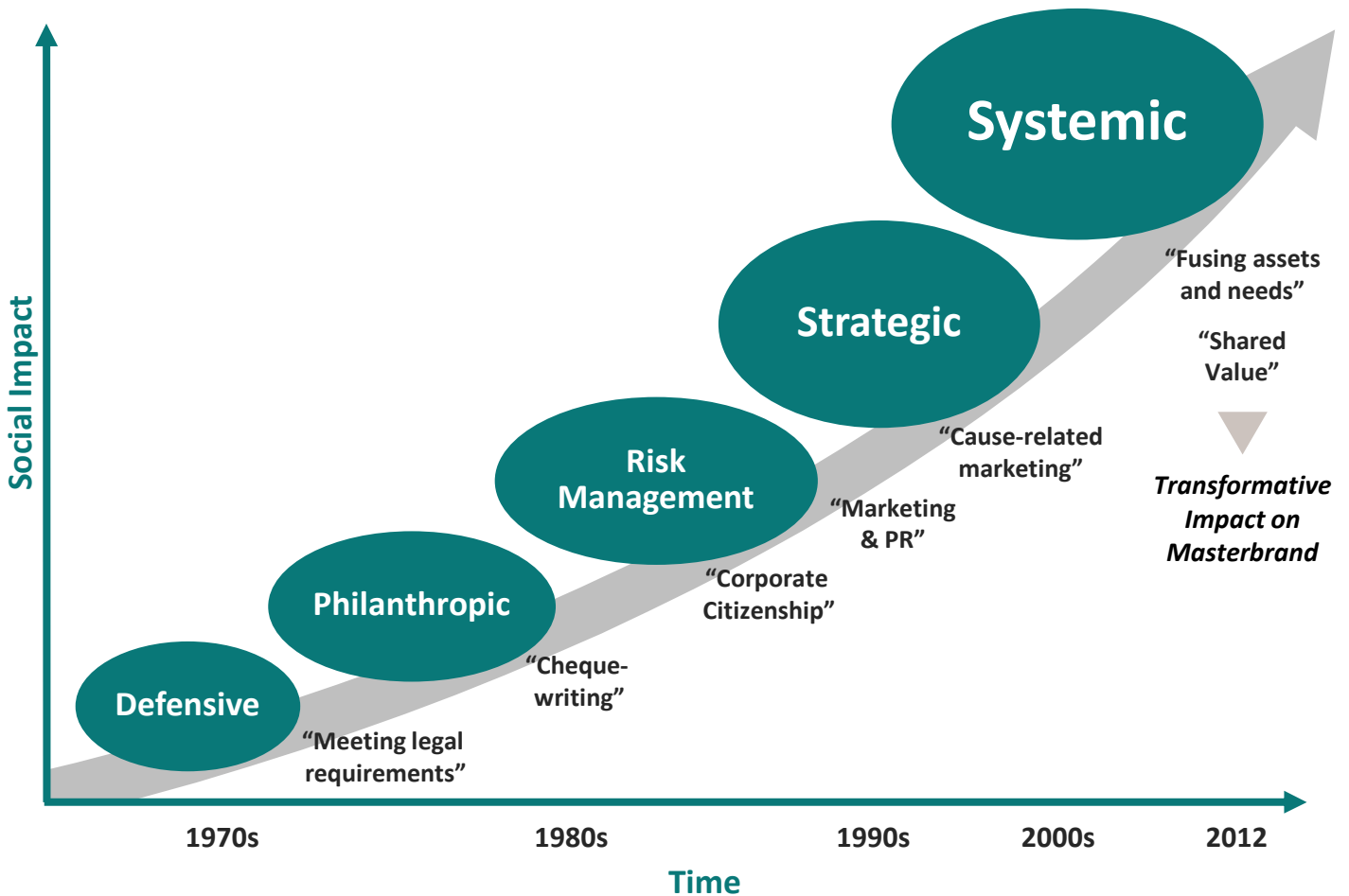
Given today's information-savvy consumer environment—in which social media and ever-expanding news sources have ended PR managers' monopoly over the messages being broadcast about their business—companies have made some progress in making their CSR more credible by integrating a concern for workers' rights and environmental impact throughout their supply chain. However, business' social action has tended to get left behind as an afterthought, often focused on charitable donations or activities such as staff team-building through community volunteering.



Most recently, there has been a movement towards making socially-focused CSR systemic through integrating a concern for creating social and economic value into every aspect of business practice. In the middle of the last decade, Michael Porter and Mark Kramer proposed the concept of ‘creating shared value’—which involves identifying opportunities for

furthering economic as well as societal progress throughout a business’ policies and operating practices. Porter and Kramer argue that when companies pursue competitiveness together with societal benefit, they create ‘a positive cycle of company and community prosperity’ that leads to sustainable profits.ⁱⁱⁱ Such approaches also have a transformative impact on the business’ masterbrand.

Figure 1: Evolving trends in Corporate Social Responsibility





Where We're At Today

Board rooms and CSR heads have made real progress on aspects of the CSR agenda, but corporate social action too often has been left behind.

Social action is typically lower on the agenda for CSR Managers, who tend to prioritise environmental and supply chain issues. Social action frequently is packaged into 'associated philanthropy' – giving to a cause that has some relevance to the products and services, or consumers and staff of a business, and undertaking some volunteering. It is often done without expert advice, apart from those who are looking to secure donations. It is also frequently done without the creative energy and insight from the senior leadership of a business—instead delegated to an overburdened CSR Manager who may miss opportunities to contribute through mobilising the full assets of the business.

As a result, while notable exceptions exist, the social action undertaken by most businesses is done with a limited understanding of the true value that could be added to both the business and community through a more strategic approach.

A YouGovStone poll commissioned by TSIC in April 2012 of 142 corporate leaders in the UK with influence over CSR budgets found that 31% felt giving money to charity or leveraging corporate strengths would be equally effective approaches to delivering social change. More interestingly, 60% of respondents felt business budgets would be better spent on using their strengths to effect change as compared with donating to charity.

However, of the corporate leaders who believed businesses would be more effective in delivering change through using their strengths, only 64% were currently focusing on using their business in this manner, indicating there are many frustrated forward-thinkers out there.

Similarly, a recent Accenture-UN Global Compact survey of 766 global business leaders across 25 countries and 100 industries found that 78% of CEOs believe their company should be engaged in multi-stakeholder partnerships to address development goals. However, the gap between those CEOs who believed their business should be engaged in multi-stakeholder partnerships for change, and those whose businesses actually were, was as wide as 31% in certain industries.^{iv}

Aspirations evidently aren't being met, and opportunities will continue to be missed until business budgets for social action are allocated beyond a CSR function and mainstreamed into core strategy or business units.

Bringing the Community In

80% of all corporate giving in the UK is already in the form of products and services, while cash donations represent less than 5% of all private philanthropy.^v In order for it to make a unique impact in communities, corporate social action must be about more than money. It needs to be based around leveraging business assets for social change, with a focus on innovation.

In order for this to be done meaningfully, a focus on what communities actually need is essential. It must be an equally important starting point for developing strategy alongside business considerations. Platforms for engagement and strategic partnerships can then be developed within the area(s) where a business' assets and community needs converge most strongly, and where the business can have the greatest impact.



Introducing TSIC Fuse

The TSIC Fuse methodology is a creative process that bridges business and community expertise.

TSIC Fuse helps define opportunities and designs unique social action platforms to transform business assets into social progress. Figure 2 provides an overview of the TSIC Fuse methodology.

Stage 1: Audit Corporate Assets and Strategy

As depicted by the model, TSIC Fuse envisions a process in which a business' core assets are broken down in parallel with an assessment of community needs. The process begins by working with a business to conduct an audit of its unique assets and strengths. Seven key areas are considered:

- **Brand:** including consumer reputation and global reach
- **Products & Services:** the business' core products and/or services
- **People & Expertise:** including staff and organisational expertise (e.g. service delivery models and processes, research and advocacy expertise)
- **Knowledge, Research & Development:** information and data (e.g. client or market research, statistics), product research and development
- **Infrastructure:** physical infrastructure (e.g. offices, labs), supply chain infrastructure (e.g. storage facilities, delivery trucks) and IT infrastructure
- **Communications & Networks:** the audiences and networks within the reach of the business (including customers, employees, supply and retail networks and partners), and supporting communications capabilities and channels
- **Investments:** upstream and downstream investments in the business, as well as financial investment strategies

This exercise provides a clear assessment of where the business possesses unique talents and capacities.

Within this stage, business strategy is also brought into consideration—including its operating and competitive environment, and business goals.

Stage 2: Map Assets against Needs

In the second stage of the process, the relevant local, national and/or international communities the business impacts are identified. Socio-economic statistics and expertise from relevant government and third-sector organisations are examined to identify areas of greatest need which are also relevant to the business' assets and strategy. The strengths and weaknesses of current government, business and third sector interventions are also assessed to learn and build from the experience of other relevant actors.

Stage 3: Design Potential Platforms

With a considered understanding of where the business can make a definitive contribution in the community, top minds and business leadership are brought together to creatively brainstorm how business assets could be deployed to help address the identified issues—imagining innovative and disruptive platforms which could address critical social challenges in new ways.

Stage 4: Identify Additional Resources and Partners

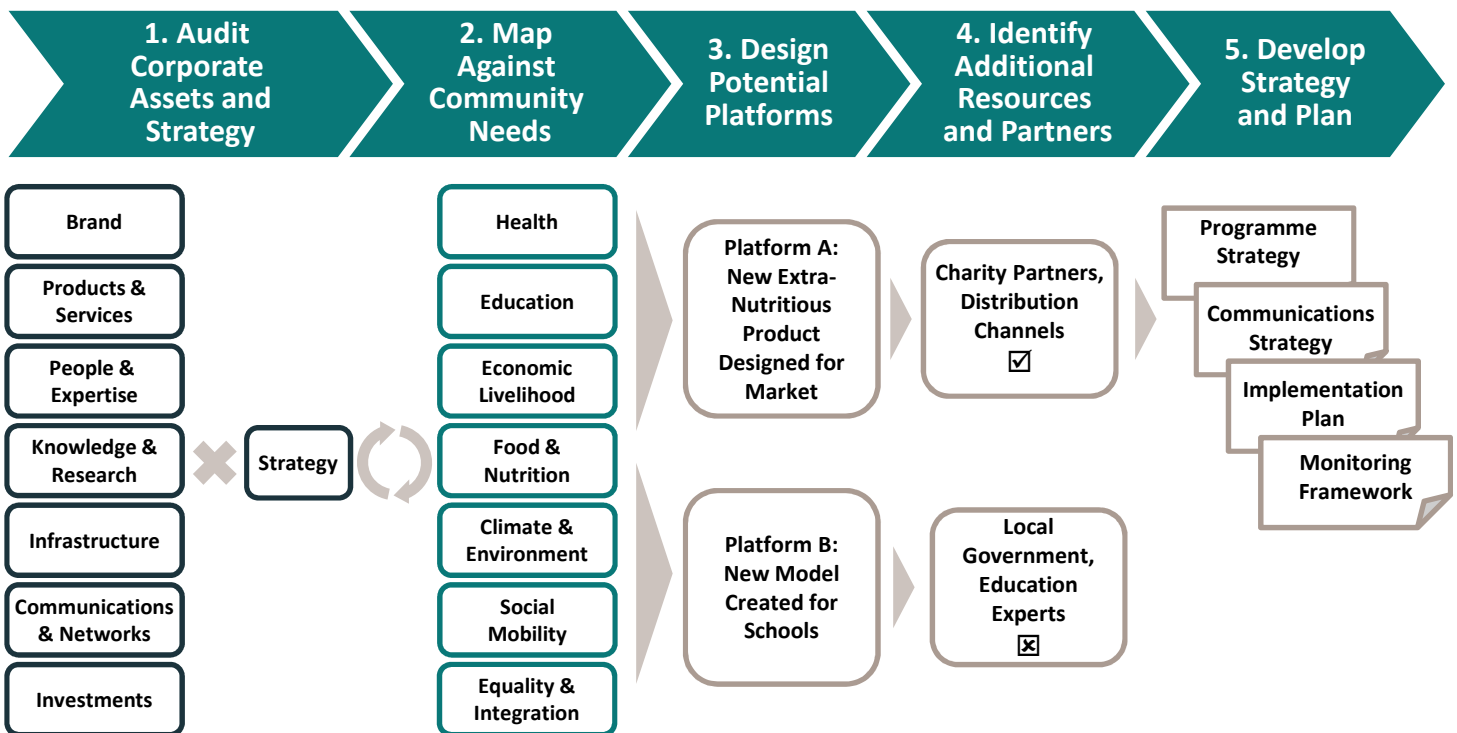
After generating potential ideas, the relevant partners and resources needed to make these platforms work are then assessed. The receptivity of—for example—local government and NGO partners are assessed to understand the feasibility of launching the platform, as well as what additional resources and investments the business would need to make to ensure the platform would be successful.

Stage 5: Develop Strategy and Plan

After identifying the opportunity which will best harness the business’ resources to make a unique and meaningful impact, the final stage of the TSIC Fuse methodology involves the development of a detailed plan for execution. A multi-year strategy is designed with a roadmap for implementation including a potential pilot phase, key programme milestones, interim goals and activities.

A risk assessment is undertaken and a monitoring framework developed to evaluate progress in meeting the programme and business goals. TSIC would advise businesses to integrate messages into wider brand marketing and communications strategies—transforming the business into an organisation that uses its core strengths to change the world as well as make profits.

Figure 2: TSIC Fuse Overview



Activities	<ul style="list-style-type: none"> Conduct audit of organisational assets in seven key areas Understand business goals, operating environment and strategy 	<ul style="list-style-type: none"> Identify relevant communities Conduct research, consult local policy & third sector expertise into critical issues Examine existing interventions 	<ul style="list-style-type: none"> Brainstorm potential platforms for social action with leadership 	<ul style="list-style-type: none"> Identify additional partners and resources needed for each platform Assess receptivity of partners Calculate additional investments required 	<ul style="list-style-type: none"> Develop programme strategy and implementation plan Conduct risk assessment Design communications strategy Develop monitoring framework
Outputs	Complete assessment of core strengths, capacities and strategy	Identification of 3-5 critical social issues where business could have an impact	Outline of 2-3 new, potential platforms for social action	Identification of key opportunity for business to make a unique and meaningful impact	Flagship programme for disruptive innovation in tackling social issues



The Value of TSIC Fuse

The benefit of applying TSIC Fuse is that it will make a significant impact on communities and a lasting impression on the core brand.

Even in a cash-strapped time for businesses, TSIC Fuse will energise and engage key staff, and build their pride in working for an organisation that has social values to match its commercial acumen.

Figure 3 provides some examples of innovative social action platforms envisioned through the TSIC Fuse methodology.

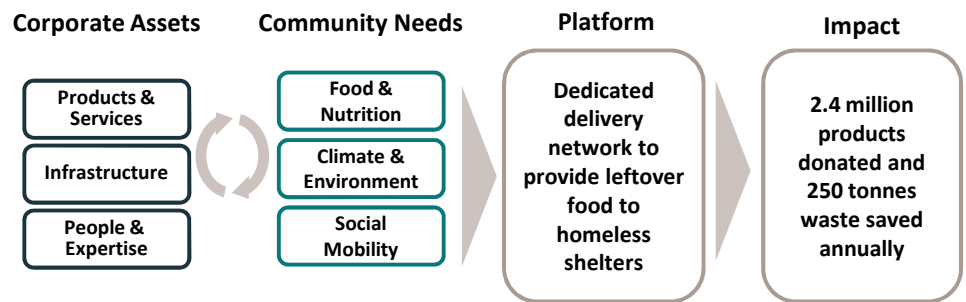
Thomson Reuters' belief that 'the right information in the right hands leads to amazing things' has led them into their own commercial and social endeavours.

Staff can walk into work knowing that their expertise serves populations in need as much as it does the world's business elite. Unsurprisingly, Thomson Reuters was one of Interbrand's top 50 global brands in 2011.

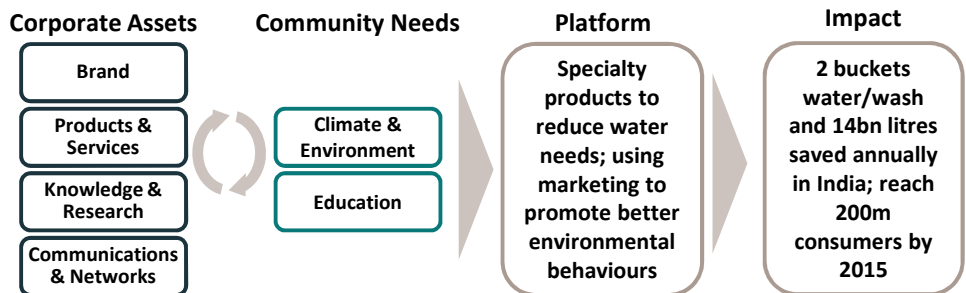
Pret A Manger could have been a foods business that charitably sponsored nutrition programmes for the homeless. Instead they have become part of the supply chain and are ensuring the maximum number of people in need can benefit from their products.

Figure 3: Innovative Examples

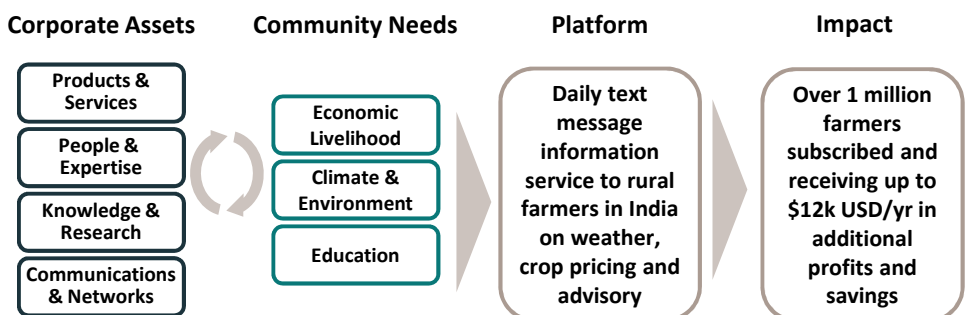
Pret A Manger is re-deploying delivery trucks at the end of each day to provide over 12,000 fresh meals to homeless shelters across London weekly. While ensuring the maximum number of individuals in need can access fresh, healthy food, the programme is also hugely reducing the business' waste to landfill.



Unilever is reducing water source depletion globally through selling specialty detergents in Vietnam and India that require less water in hand-washing clothes. Simultaneously, it is using in-store marketing and labels on products in North America to encourage consumers to "turn off the tap" while they shampoo, promoting critical behaviour change in water-scarce regions.



Thomson Reuters is making a profit in a previously untapped market through providing an affordably-priced, professional information service to rural farmers in India. The service is improving lives for thousands of farmers and their families by increasing their incomes, reducing crop waste, and furthering Thomson Reuters' reach.



Unilever’s multi-pronged approach to reducing water source depletion fits with their recent announcement that they have abolished their CSR department and adopted a new business model. Chief Marketing & Communication Officer Keith Weed explains:

“**The transactional Corporate Social Responsibility Model is an outdated model. It is being replaced by a more integrated transformational approach to providing social benefit... We want a .com not a .org relationship with our partners, where we use our scale and expertise from our core business and marry it with the expertise of NGOs to develop scalable solutions.**”

Keith Weed, Unilever Chief Marketing & Communication Officer^{vi}

With a few exceptions, giving to an associated cause is expensive and short term—something that does not create lasting impressions for staff or consumers and, due to its limited focus and conservative scale, will ultimately fail to make a distinctive, lasting impact in society.

Businesses began their CSR engagement by responding to charity requests for donations, and then progressed to supporting charities that had some connection to their core business. Currently they spend their time seeking charity partners who can make some use of their business. The next iteration will be for businesses to build their own social change platforms to tackle critical challenges and invite charities to participate – with the lead coming from businesses doing what they do best.

“**Many believe that businesses, rather than governments, hold the key to building a prosperous and sustainable society, which is certainly the view of the millennial generation. [Business-led innovation] has far-reaching benefits, beyond the business and its immediate stakeholders, and is ultimately the force that drives society forward to tackle the biggest challenges we face globally.**”

Barry Salzberg, CEO of Deloitte^{vii}

Whether businesses invest internally or work with TSIC to realise their potential, greater expertise must be brought to bridging the areas of corporate and community acumen. At TSIC, we are excited about helping businesses realise their unique opportunity to drive disruptive innovation.

Polling Methodology:

YouGovStone, part of leading online polling company YouGov plc, interviewed 142 UK business people who have influence over their company’s CSR budget. Respondents were interviewed online between 29 March and 5 April 2012 and were recruited from YouGovStone’s panel of over 4,000 influential people in the UK. Results are unweighted.

References:

- i. Such as Greenpeace, who pioneered a shifting focus from governments to the corporate sector in their campaigns against environmental degradation.
- ii. For an overview, see Wayne Visser, “The Ages and Stages of CSR”, CSR International Paper Series, No. 3, 2011.
- iii. Michael E. Porter and Mark R. Kramer, ‘Creating Shared Value’, Harvard Business Review, 1 Jan 2011.
- iv. See Gib Bulloch, Peter Lacy and Chris Jurgens, “Convergence Economy: Rethinking International Development in a Converging World”, Accenture Development Partnerships, 2011, pg. 13.
- v. Total worldwide corporate community investment (including in-kind and cash donations) by UK companies was £2.6 bn in 2010 with cash donations totalling £500 m. All private giving in the UK was £18 bn in 2010. Cathy Pharoah, “Private giving and philanthropy – their place in the Big Society”, People, Place & Policy Online 5:2 (2011): 68. Charity Market Monitor 2011, pg. 188.
- vi. Quoted in Kate Roberts, “Davos ‘dates’: The power of partnership for global health”, The Washington Post, 30 January 2012.
- vii. Barry Salzberg, CEO, Deloitte, Speaking for World Economic Forum, January 2012: <http://www.youtube.com/watch?v=BXlhpmf18eo>



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