Social Innovation and the Power of Markets

Cross Regional Convening
March 20, 2012
There is a Market for Social Change
Business Model for Charity in Jeopardy

September 23, 2011

“Obama Bill Scrambles Charities”
Jobs is the New Philanthropy

“Are Companies Responsible for Creating Jobs? “

October 28, 2011

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To Be Good Citizens, Report Says, Companies Should Just Focus on Bottom Line
A New Generation of CSR

CSR 1.0
- Charity
- Accountability

CSR 2.0
- Strategic Philanthropy

CSR 3.0
- Social Innovation
- Business Value

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Social Innovation Examples
Formula for Corporate Social Innovation

**Step 1:** Target high value business outcomes

**Step 2:** Identify the social change to drive these outcomes

**Step 3:** Analyze the company’s core competencies

**Step 4:** Innovate business solutions to social problems
A New Set Of Stakeholders

**Independent Sector:** *Philanthropists*
- Beneficiaries
- Foundations
- Board
- Government
- Donors

**Social Benefit**

**Social Capital Market:** *Impact Buyers*
- Corporate Partners
- Upstream “Consumers”
- Beneficiaries that can pay
- Service Providers
- Social Investors

**Shared Value**
Focus on “Social Value”

- **Strategic Philanthropy**: Focused on key social outcomes
- **Social Value**: Creating economic value through social change
- **Charity**: Small-scale donations
- **Commercial**: Cause marketing and sponsorships

Economic Value: Low → High
Social Value Companies Want to Buy

Products
Innovating new products and services

Employees
Developing and positively impacting the workforce

Market Development
Entering new markets using social gateways

Brand
Developing emotional bonds with consumers

Social Value
Sell Your Impact
Ronald McDonald House Charities Example

Owner/Operators

Children & Families

RMHC Chapters

McDonald’s Corporation

Hospitals

Donors

Suppliers

Grantees
Sell Your Impact
Example: Social Value Propositions

Non Profit → Outcome or Value → Social Value → Need/Pain → Impact Buyer

Enable family centered care
Improved patient results and shorter hospital stays
Increase bed turnover improves revenue

Improve brand trust
Increase customer revisit intent
Drive sales
Sell Your Impact
Free the Children Example
Sell Your Impact
Example: Social Value Propositions

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**Non Profit**
- Improve student engagement and deliver character education

**Outcome or Value**
- Improve student engagement and success through social action

**Social Value**
- Character education curriculum mandates & student engagement

**Need/Pain**
- Employee engagement & access to new markets

**Impact Buyer**
- Increase employee engagement & connection with youth market

**Free the Children**
- Activate youth and their families through social action
The 7 Immutable Laws of Selling Your Impact

1. Go through the front door, not the back door.
2. Always use value pricing, not cost-plus.
3. Know your customer (and speak their language).
4. Sell painkillers, not vitamins.
5. Sell outcomes, not programs.
6. Don’t oversell.
7. Focus on rational buyers.