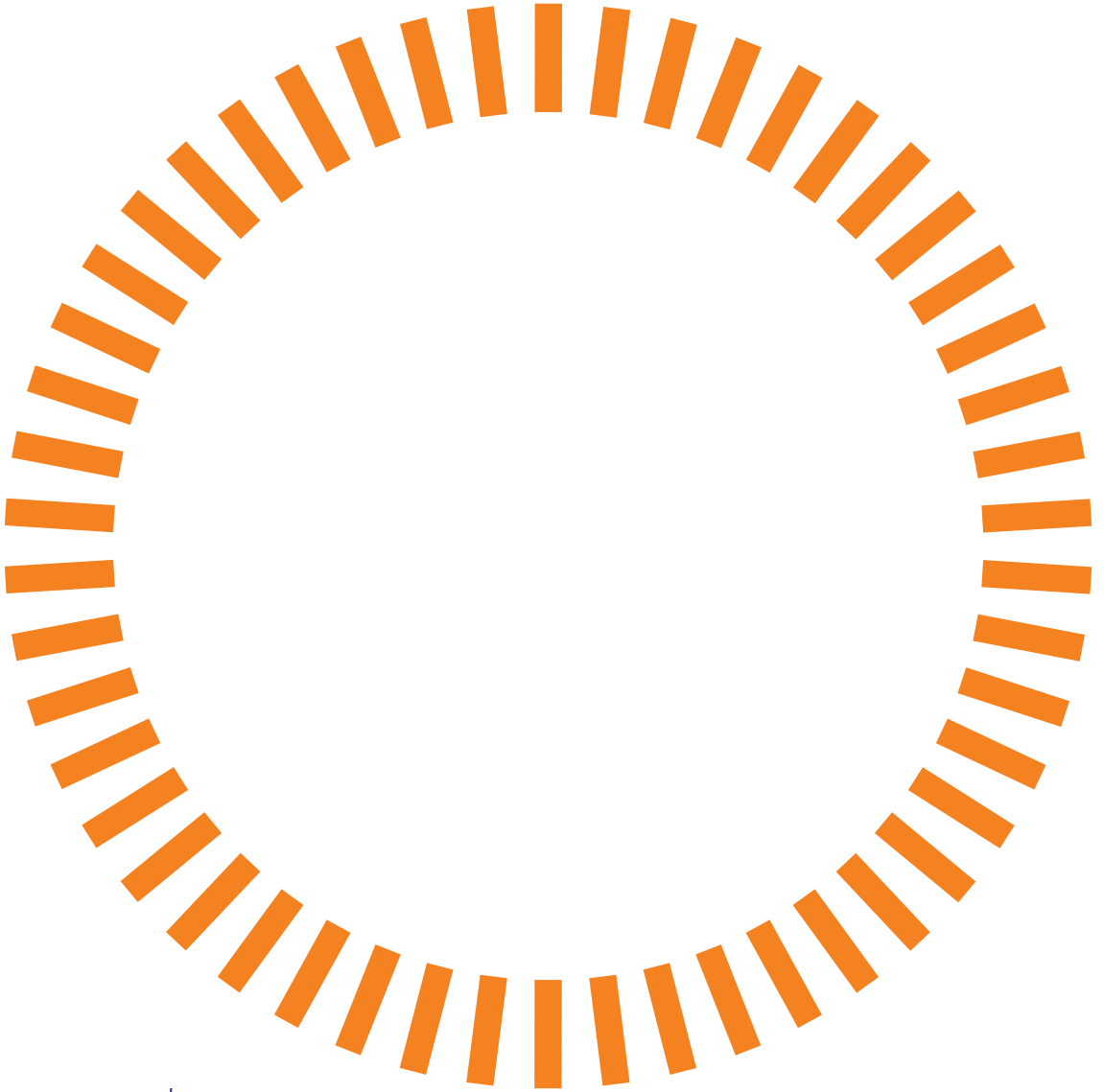


The Phoenix Economy

50 Pioneers in the Business
of Social Innovation



The Business of Social Innovation

When it comes to business, financial institutions and business schools, the entrepreneurs we polled want business to:

Partner

There is a clear and growing appetite among our trailblazers for new forms of partnership with business, with **Danone** seen as a true pioneer with its **Grameen-Danone Foods** in Bangladesh. This will involve funding relationships, of course, but leading entrepreneurs are also interested in gaining access to highly skilled, high potential individuals in business. **Accenture Development Partners (ADP)** is seen as a leading model here. Other major service providers are moving in similar directions, as in the case of the **PricewaterhouseCoopers** replication- and scaling-focused partnership with Cambodia's **Hagar**, designed to help the latter expand its operations across Asia. To these players, such ventures are not simply a matter of talent transfers but—in the longer term—explorations of tomorrow's social and market trends.

Build market intelligence

Market intelligence is one thing, intelligent markets quite another. Organizations like the **Carbon Disclosure Project (CDP)** and the **Global Reporting Initiative (GRI)** are critically important here. Our respondents tend to have disparate needs in terms of market research, but as they grow they know they will need better market intelligence. This is an area where new forms of partnership could be forged between constellations of entrepreneurs and market research providers, something the **London Accord** has been working on.³⁴ Alongside governments, business leaders also have a role to play in designing market mechanisms that ensure greater system intelligence—and, ultimately, wisdom.

Help scale solutions

As they move from prototypes to proven business models, entrepreneurs need help in thinking through how to consolidate, replicate and scale their solutions. Business can help them think from the outset, as **Novo Nordisk** did with the **Oxford Health Alliance** and **TNT** has been doing with its crisis response logistics and related partnerships. The fact that the **Oxford Health Alliance** has struggled to attract later rounds of funding even where the benefits are blindingly clear underscores the truth in one of our favorite one-liners, “The impossible takes a little longer.”

Think around corners

Again, easier said than done, but business federations need to open up to new thinking, as we see with the **World Business Council for Sustainable Development's** growing interest in social entrepreneurs and their work with the **Global Footprint Network** to introduce mainstream corporate business to integrated footprint metrics. Among other companies listed, **Google** is leading the way in trying to reframe and rethink major challenges around climate change and renewable energy—with its RE<C (Renewable Energy cheaper than Coal) formula. As one of our respondents suggested, companies might improve their capacity to engage and understand the wider world by creating ‘social entrepreneurs in residence’ programs.

Tim Smit of **The Eden Project** says “The Phoenix Economy is fine, as far as it goes. But we need to dig deeper into the question of how the pre-Phoenix world can serve the post-Phoenix world. For example, the skills of the financier and the lawyer have never been more needed, as long as the motivation is the public good. How do we re-purpose such professions? And no-one, to my knowledge, is doing any serious work on social enterprise business models—which means that the territory is being dominated by people who see the opportunity as a glorified job creation programme, rather than as an amazing opportunity to redefine markets and corporate structures.”

Take the lead and lobby for change

Business has an increasing awareness of the risks that lie ahead and is quickly developing an interest in supporting change. It has a central role to play in building understanding of the need for new models and frameworks—and the related market opportunities. The work of the **CERES** Investor Network on Climate Risk underscores the potential. In January 2009, this group of 44 investors, managing over \$1.7 trillion in assets, called on US Congressional leaders to include significant funding for energy efficiency, clean energy and clean transportation in the economic stimulus package being debated in Congress.³⁵ The **US Climate Action Partnership** is another example, as is the UK's **Corporate Leaders Group on Climate Change**. Other major players experimenting in related areas include **ACORE** and **Goldman Sachs**, with its 'Sustain' initiative.³⁶

Our entrepreneurs also say that they want financial institutions to:

Invest in Phoenix pioneers

An obvious one this, but the stinger is that respondents also want to see the banks get back to sustainable models of lending and then to maintain and build credit lines for social enterprises, following the lead of banks like **Shorebank** and **Triodos**.

Another model is the **United Nations Environment Programme's** 'Indian Solar Loan Programme', which generated a 15-fold increase in the purchasing of home solar systems in south India, by supporting mainstream banks in lowering the costs to customers of financing solar home systems. In Tunisia, a similar **UNEP** program has led to over 20,000 families buying solar water heaters—and to Tunisian banks providing loans totaling \$12 million. This has doubled the number of solar water heater suppliers, while the number of installers quadrupled over four years.

Adopt new metrics

There is a need to support and adopt investment metrics that align financial investment more closely with long-term societal goals, following leaders such as **Generation Investment Management's** model of equity management and the potential of the **Global Impact Investing Network (GIIN)**, which aims to pull together blends of private, public and philanthropic funding seeking to mainstream social impact investment.

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