



The private sector accounts for about 85% of the Canadian GDP.¹ Solving our most pressing societal issues cannot be relegated to nonprofits and government alone. While corporate philanthropy in Canada makes up approximately \$3 billion², consumers and society as a whole increasingly expect more from corporations than what traditional corporate social responsibility (CSR) efforts have delivered. Based on the discussions from this year's LEAP Impact Gathering, this summary explores how private sector organizations can create and drive sustainable social impact.

Companies that are already responding to the changing environment have begun to move towards a strategic foundation to create lasting social impact that also drives a number of additional business benefits. Based on the input from our panelists and participants, we identified three examples of models that corporations can utilize to structure their social impact efforts. Beyond those models, a number of best practices were also explored as part of the discussion around how companies can truly supercharge their corporate impact.

CONTEXT:

A changing environment and rising expectations

Today, increasing transparency and societal awareness leads consumers to expect more from the companies that provide the products and services they pay for. In addition to delivering affordable products and services at a satisfying quality, companies are expected to make an active contribution to critical issues society faces. Recent research by Edelman shows that 53% of consumers agree that every brand has a responsibility to get involved in at least one social issue that does not directly impact its business.³ But so far, most companies aren't meeting those expectations. 56% say that too many brands are using societal issues as a marketing ploy.⁴

At the same time, we are observing a continuous decline in individual giving in Canada. Donations have decreased from 0.78% of household income in 2006 to 0.53% in 2016.⁵ This decline further increases the demand for corporations to step up their engagement.

¹ The Giving Report: <https://www.canadahelps.org/en/the-giving-report/meet-the-sector/>; Canadian 2018 GDP by Industry: <https://www.investorfriend.com/canadian-gdp-canadian-imports-and-exports>

² Corporate Giving | Sector Source: http://sectorsource.ca/managing-organization/fundraising/corporate-giving#.XZ4S9B_pQBA. google

³ Edelman Trust Barometer: <https://www.edelman.com/research/trust-barometer-special-report-in-brands-we-trust>

⁴ Ibid

⁵ The Giving Behaviour of Canadians: Who gives, how, and why?: https://www.cagp-acpdp.org/sites/default/files/media/rideau_hall_foundation_30years_report_eng_fnl.pdf

THE OPPORTUNITY:

Building a strong organizational foundation to drive social impact

While many companies still fall short of those shifting expectations, we do see a number of business leaders who already respond actively and leverage the opportunity posed by this changing environment to drive lasting social impact and business value simultaneously.



Rich Lesser (CEO, BCG) addressing the Impact Gathering on the imperative of considering total societal impact as part of a stakeholder management approach.

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⁶ The Business Roundtable: <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

While a stakeholder management lens provides the strategic foundation, it is critical for corporations to decide how to internally structure their social impact efforts. The panelists referred to examples of potential models that corporations can employ, including:

1. **‘Do good’ arms:** From foundations to dedicated business units, companies can embed their social impact efforts directly into their business structure. This model is most suitable to flexibly share company resources or to enforce strong accountability. One example of this is Google directly using company resources and capital to fund impactful organizations and interventions through initiatives such as the Google Impact Challenge. Each intervention Google supported received customized support to help bring their ideas to life, coaching from Google’s AI experts and funding from a \$25M pool.



Moderator Brad Baker (Partner and Managing Director, BCG) with Willa Black (VP Corporate Affairs, Cisco Canada), Melanie Bell-Mayeda (Partner and Managing Director, IDEO), and Narinder Dhami (Managing Director, LEAP | Pecaut Centre for Social Impact) during the Supercharging Corporate Impact panel at the 2019 Impact Gathering.

2. **The spin off model:** Another model is to create new programs that are separate from the corporation and have the opportunity to drive social good. The autonomous structure provides more room to experiment and helps to shield the program from the dominant corporate mantra of profitability. Willa Black, VP, Corporate Affairs at Cisco Canada used the example of Connected North Canada, which was founded by Cisco as a separate charity and delivers virtual education and mental wellness programming to remote, underserved communities through Cisco collaboration technology.

¹¹ Charities & Giving: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/annual-spending-requirement-disbursement-quota.html>

3. The core offering model: Lastly, corporations are integrating impact into their core offerings. This allows them to drive social impact while penetrating new markets or customer segments. An example of this is Stanley Black and Decker launching an eco-friendly, low cost solar-powered water pump product line that makes irrigation accessible to farmers in rural developing communities.

If done right, this holistic approach does not only drive lasting social impact but is also good for business. By committing to social impact, companies can get ahead in the race of attracting and retaining talent as an increasing number of young people care about the societal reputation of their employer. By using company products or services to solve social issues, companies can find previously overlooked features or, in some cases, entirely new products and business models. By contributing to a region's social needs, companies can elevate their relationships with public entities like governments and regulators and strengthen their license to operate.

Potential actions to to supercharge corporate impact

Beyond setting the strategic foundation and selecting the right organizational structure, the debate revealed specific actions that corporations can take to truly supercharge their corporate impact:

1. Start by defining your core competencies and map them to addressable problems.

What does your company do really well and better than others? What problem do you want to solve or address with that arsenal? This often requires converting an intractable problem into smaller pieces that can be solved.

2. Secure the right buy-in within your organization.

Melanie Bell-Mayeda, Partner and Managing Director at IDEO, explained how successful social impact efforts are often driven by a small set of dedicated people at the right level of the organization, including senior management. To secure the right buy-in, champions need to be able to frame social issues in business language to articulate the related business impact.

3. Commit to the long term.

In the words of Willa Black, VP, Corporate Affairs at Cisco Canada: "Don't come in and pretend you can solve complex social issues in two years." True social impact can take decades and needs to go beyond the logic of quarterly targets.

4. Avoid reinventing the wheel.

Apply human-centered design thinking and co-create interventions with beneficiaries on the ground. Map who is already delivering services in that space and identify where the gap is. Aim to build on existing structures and institutions as much as possible.

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- Willa Black, VP, Corporate Affairs at Cisco Canada

5. Engage and empower employees.

They not only bring high levels of motivation but also the skills to act as innovators at the frontlines of the organization when given sufficient execution flexibility. Enabling employees to do so requires activating them in innovative ways. For example, LEAP is continuously working with employees from our sector partners such as BCG, EY and McCarthys, providing their staff with opportunities to explore the field of venture philanthropy while developing diverse skills. Doing so not only increases employee satisfaction but also builds the innovative skills for those employees to become change agents in their organizations.

6. Take risks and give space to experiment.

Tariq Fancy, CEO of Rumie, emphasized how risk averse the traditional funding space is, especially government funding. “We got the private sector to believe in us personally, which helped us to get long-term results.”

7. Assume your responsibility to measure intended and unintended results.

Make sure that what you are providing a positive impact and not taking away potential resources or creating harm. This requires a thorough long-term system-level analysis of the economic and social impact of your intervention and real-time feedback mechanisms.



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