Partnership For Good

How corporates and social enterprises can align for social and environmental impact
Finding the spirit of partnership between corporates and social enterprises

KiK Lab and Sattva are a coalition dedicated to working with corporates and governments, social enterprises and NGOs to scale up their social impact. Each of our organisations is founded on a shared belief in the vital, positive role that private enterprise can play in addressing pressing social and environmental challenges.

The social and environmental challenges that we face are too large and complex for individual companies or institutions to take on alone. Achieving impact at the speed and scale required means that organisations must work together. In our research, we have identified examples of the success that partnership between social enterprises and corporates can achieve. Inspiring stories of successful partnerships are increasingly common in conversations surrounding social impact. However, the reality is that there are many more pilot initiatives than successful projects that scale sustainably.

At the request of de Pury Pictet Turrettini & Cie’s Cadmos Engagement Funds, our organisations partnered to better understand the challenges and opportunities of partnerships between corporates and social enterprises in the hope of demonstrating how they can set themselves up for success.

Through our conversations with experts and practitioners, and by studying cases of success and struggle, we concluded that the critical factor in forging effective partnerships is deep holistic alignment. We don’t mean simply agreeing on goals and outcomes. What we mean is a shared understanding of the intellectual business case, a common passion and commitment for the endeavour, and the right division of capabilities and resources to get things done. In short, it means coming together with the Head, Heart and Hands (HHH) — both between the partners and within the partnering organisations. Alignment amongst these dimensions ultimately underpins a partnership’s success — including recognising how they work together — just like the Head, Heart and Hands of a body.

In this report, we present our HHH framework. It is a tool to help parties consider each element of a partnership, from the definition of overarching objectives to the fine details of financing. It assists would-be partners in ensuring that each component and stage is planned and executed with an awareness of its alignment with every other element.

This framework is not a lock-step list of actions to follow. Rather, it helps organisations to ask the right questions as they enter and scale partnerships with social enterprises. We invite you to explore with us the question of readiness, commitment and partnership in a way that is relevant to your objectives and goals, to help you engage better in current partnerships and to pursue future collaborations with clarity and focus for lasting and scalable impact.
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introduction

A few years ago, Danish biotech firm Novozymes thought it had an effective and innovative way to mobilise its knowledge for positive social and environmental impact. It would use its enzyme technology to turn cassava and other agroforestry products into agro-feed and fuel for clean cookstoves in Mozambique, replacing the polluting charcoal cookstoves used by people in urban areas. In 2010, it set up a joint venture with CleanStar — a for-profit impact venture developer — and raised capital from impact investors and Bank of America Merrill Lynch.

The venture — CleanStar Mozambique — seemed promising, creating jobs at a biofuel plant, contracts with local smallholder farmers to buy their surplus cassava and an innovative marketing plan to sell cookstoves.

Yet the venture struggled. First it restructured in 2013, getting rid of the biofuel refinery business to focus on the stoves. Then the following year, Novozymes exited the clean cookstove venture entirely, and the scheme filed for voluntary liquidation.

What happened? For all its conceptual promise and investor interest, the collaboration’s fees and costs were too high. The company couldn’t sell enough stoves at the resulting price. Moreover, each aspect of the project’s business model — sourcing local cassava, keeping the factory running, managing shipping to ensure a supply of ethanol and educating consumers to build demand for the stoves — was too distant from Novozymes’ core biotechnology business.

The Novozymes example illustrates how some companies have recognised their increasingly essential role in addressing societal issues and are looking for new ways to make a difference beyond profit. Many have moved past bolt-on conceptions of ‘corporate social responsibility’ to consider their social and environmental impact as central to their business. They are embracing sustainability as part of their business strategy to generate cost savings, new market opportunities and innovative business models.

A crucial aspect of the modern paradigm is the consensus that societal and environmental problems are too large for one entity to solve in isolation. Co-ordination is needed. Principles such as the United Nations Sustainable Development Goals (SDGs) and the COP21 agreement provide shared frameworks through which all organisations, including businesses, governments and civil society can articulate and measure their contribution. All have a role to play and working together will only amplify the actions of individual groups.

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2: The Guardian Labs, “Multinational corporations can deliver impact at scale, but how?”, October 2015.
5: Spencer Stuart and Kite Global Advisors, “License to thrive: Next-generation sustainability leaders”, January 2017
Indeed, Goal 17 of the SDGs — Partnership for the goals — is a call-to-action for businesses to seek new and innovative ways of working with others to achieve positive social outcomes. In a BCG and MIT Sloan Management Review survey of business leaders, 90% of respondents agreed that businesses must collaborate to address sustainability issues.7

The argument for action goes beyond responsibility. Social and environmental megatrends directly impact the value creating activities of businesses, and addressing them presents immense opportunity. Organisations, such as the Business and Sustainable Development Commission continue to demonstrate how tackling social issues is imperative for stability, as well as a source of significant potential growth. By some estimates, achieving the Sustainable Development Goals will open up US$ 12 trillion of market opportunities.8

In this context, more and more corporates see social enterprises (see below) — organisations dedicated to solving a specific social problem while generating revenue to sustain themselves — as ideal collaborative partners. Meanwhile, a growing number of social enterprises work with corporates and governments to deliver outcomes in the public interest, and even advocate for new policies and perspectives.9 International and local NGOs also see opportunities to reduce dependency on aid money and are identifying projects that can function better as independent social enterprises.

What is a social enterprise?

In our research, we defined social enterprises as organisations:

• whose primary objective is to solve social and/or environmental problems,
• that have the means to generate sustained revenues, and
• are characterised by a willingness and an ability to scale.

By organisations, we mean legal entities, including for-profit, non-profit, subsidiaries of corporations or other structures whose activities (whether products or services) are predominantly focused on delivering a positive societal impact. A social enterprise may even be internal — a ring-fenced arm within a company, or a subsidiary.

Not included in this definition are:

• Social activists
• Philanthropic / foundation models
• Publicly listed companies that are no longer predominantly focused on delivering a positive societal impact

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Introduction

“Scaling social impact has become a major challenge for social entrepreneurs... Social entrepreneurs who achieve initial success with their ideas often have difficulty replicating these ideas on a larger scale.”

—Paul N. Bloom and Aaron K. Chatterji of Duke University, Harvard Family Research Project

By bringing their complementary strengths and values to a partnership, corporates and social enterprises can achieve far more impact together than they ever could separately — whether creating jobs for underserved populations, encouraging more efficient use of natural resources or improving access to food and water for marginal communities. Plus, these partnerships can make good business sense, offering financial stability and returns to both parties. A decade ago the push for such partnerships might have come from one or two individuals within a corporation. Now, the initiative comes from entire teams or departments seeking new approaches to integrating social impact into their strategy and operations.

Many firms are already working with social enterprises or other mission-driven organisations with varying degrees of success. Senior executives are quick to learn from these experiences and are increasingly prepared to commit resources. However, as the Novozymes example shows, there can be a gap between intent and implementation, and many partnerships appear to fail at delivering their full potential.

We set out to understand how to close that gap by interviewing companies, social enterprises and experienced partnership brokers. We asked how companies should set the stage for success with social enterprises — or optimise existing relationships — to maximise social impact and ensure financial viability.
What does a partnership look like?

Partnerships come in many forms: they may be between a global corporation and one or many social enterprises — which are typically external organisations — but they may also be smaller internal ventures within a larger corporation (see Figure 1).

**Figure 1**: The types of partnership (distribution, procurement, product or business model innovation, services) and the different legal forms (contract, licensing, JV, investment / acquisition). Shading indicates that a particular combination of partnership type and legal form is commonly observed in practice.
Partnerships — Challenges and opportunities

The partnerships that we are focusing on are designed to deliver positive and scalable social and/or environmental outcomes, as well as business value to both parties (see Figure 2).

If companies and social enterprises can work out the challenges a partnership poses, they both benefit. Social enterprises bring unique value to a corporate partnership. They often have complementary skills, help fill gaps in local knowledge and offer access to underserved markets and difficult-to-reach audiences. Meanwhile, large corporates might offer social enterprises access to new financing opportunities, greater brand recognition and the possibility of scaling production and distribution. Partnership brokers and organisations, such as Ashoka, have a place in this ecosystem, too: they help link promising social enterprises and large corporates and nurture the partnership for maximum impact.

Figure 2: Corporates and social enterprises may encounter challenges in the process of partnership, but bring unique value and each stand to gain. [Adapted from: Sattva]

<table>
<thead>
<tr>
<th>Corporates</th>
<th>Social Enterprises</th>
</tr>
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<tbody>
<tr>
<td>need to shape and integrate their shared value strategy</td>
<td>need to scale their activities to increase their impact</td>
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Partnering with social enterprises is a manifestation of shared value strategy, and provides benefits to corporates:

1. **Source of innovation and growth**
   - Help to gain local market intelligence in new client segments in emerging economies.

2. **Build and improve local social innovation eco-systems**
   - Social innovation friendly ecosystems create more favourable condition for strategic business returns in the long run.

3. **Increase supply chain efficiency**
   - Local partnerships reduce operational and capital expenditure while better catering to locals’ needs.

4. **Strengthen corporate brands**
   - Competitive differentiation through brand value enhancement

5. **Attract and retain top talent**
   - Talented professionals are more attracted to companies that play a proactive role in societal challenges.

Scalability is a challenge for social enterprises and depends on 7 drivers (SCALERS). Partnerships with corporates can enhance each of these drivers:

1. **Staffing**
2. **Communicating**
3. **Alliance Building**
4. **Lobbying**
5. **Earnings Generation**
6. **Replicating**
7. **Stimulating market forces**

Social enterprises bring skills and knowledge to partnerships that can help corporates:

1. **Local knowledge**
2. **Access to new markets**
3. **Innovative business-models**

**Challenges to building and executing partnerships can include**

- Cultural challenges
  - Corporates and social enterprises are not used to working together and are based on different performance delivery structures
  - There is a need for third-party bridging interests of the two

- Strategic challenges
  - The partnership must ensure the best way to enhance the value creation strategy of the corporate and to scale the social enterprise’s activities
  - A sound matchmaking process should be executed

- Alignment challenges
  - Corporates and social enterprises have different interests and objectives that need to be mutually achieved alongside overall project objectives.
  - Partners need to spend time to align their expectations and actions
Head, Heart, Hands: a new model to align on the value of partnership

While corporate and social enterprise parties bring value to a partnership, they also bring different goals, values and cultures. Organisations express those fundamental values in different ways — not just in leaders’ comments and actions but also in their business priorities and structures.

From our interviews with experts, what emerged was not a clear and linear to-do list but rather a new framework for understanding the attributes of a partnership to help achieve alignment between and within corporates and social enterprises.
Head, Heart, Hands: a new model to align on the value of partnership

The Head

*The intellectual business case for action and the supporting governance and systems*

The Heart

*The conviction, passion and commitment underpinning the action*

The Hands

*Capabilities, resources and systems that enable implementation*

Alignment across the Head, Heart and Hands is needed both between partners, and within each organisation. Considering alignment between partners, partnerships may fail or fall short of their potential if they are misaligned along one or more of these dimensions. For instance, a partnership might be set up to further gender equality in a developing country. While the larger corporate may be focused on its return on investment and where the project budget is coming from (the Head), for the social enterprise, the mission (the Heart) might take precedence while the budgetary process is an afterthought. The differences in focus may produce misunderstanding that hampers project efficiency.
Although the Head, Heart and Hands framework organises partnership attributes in different areas, these attributes are closely interconnected and often have implications in more than one area.

Each element of the framework is critical to a partnership. However, alignment between these dimensions is what ultimately underpins a partnership’s success, including recognising how they work together — just like the head, heart and hands of a body. As with a body, these features are mutually reinforcing and reliant upon one another. For instance, metrics and incentives are a key partnership success factor and speak to the rational, business-driven side of a partnership (the Head). But the decision to measure social impact and base incentives on those metrics is often dependent on conviction from senior leadership (the Heart). And, ultimately, partnerships also require diligence in monitoring, measuring and reporting if they’re to be effective, which requires a focus on implementation (the Hands). Striking the right balance amongst the dimensions, as well as between partners, underscores the need for careful partnership set-up and maintenance.

Below we describe how the framework demonstrates the needed alignment along different dimensions. We begin in the centre, the intersection between factors that will both determine and be determined by the deployment of the Head, Heart and Hands, before visiting each of these factors in turn. The goal of this framework is not to dictate specific lockstep actions, but instead to help organisations ask the right questions.
Head, Heart, Hands: a new model to align on the value of partnership

The Head, Heart and Hands framework as a way of understanding leaders’ readiness to partner

This report focuses on applying the Head, Heart and Hands framework at an organisational level, to assess the alignment of a corporate and a social enterprise as they enter partnership. However, the same framework can be used by individual leaders, to understand their readiness and commitment to entering into a partnership, in relation to three forms of intelligence.

The Head: Cognitive intelligence

Top management must understand the business case for action on social impact. The need for action is made clear when leaders see the material relationships between business and social issues (e.g. inequality) and put these relationships at the core of their purpose and strategy. If top management is not convinced that their business is connected to social challenges, efforts will remain in the margins of corporate social responsibility budgets. Making these links enables leaders to clearly articulate the intellectual business case to drive both financial and social value through their organisations.

The Heart: Emotional intelligence

Leaders must also understand the imperative of social issues at an empathic level. The routines and work demands of business leaders act as blinders: moving from taxis, to airports, to their offices, leaders rarely come face-to-face with the social problems of the world. Mindful practice and willingness to move out of a comfort zone, for example by taking a post in a developing country, helps leaders to establish emotional connections and understand their personal goals. If these issues do not resonate with leaders at an emotional and personal level, they may fall down the stack of priorities in favour of more familiar challenges.

The Hands: Kinaesthetic intelligence

Leaders must be able to apply their core competencies as managers of complex systems, communities and technologies to social problems and contexts. Such intelligence demands that leaders invest the time to deepen their understanding not only of their own organisation, but of their supply chains, the communities they serve, and the ecosystems they operate in. This deep familiarity enables managers to identify tangible steps they can take to enact the cognitive and emotional ambition of their organisations and themselves as individuals.
At the intersection of the Head, Heart and Hands

Certain attributes of the partnership are best understood at the centre of our diagram, as they touch in equal measure on all the dimensions of the model.

Fundamentally, a partnership requires a common vision and clear goals: a mutual understanding of the societal challenge to be addressed and continuous and open communication to agree on how to go about it.
Culture and values

In a partnership, both corporate and social enterprise partners must be clear on the difference they want to make in the world. An organisation needs a clearly articulated vision of how and where it is best placed to enact positive societal outcomes before it can find compatible social enterprises with common goals and objectives. Many of the experts we interviewed spoke of the importance of partnering on issues that are close to an organisation’s core values, and finding partners that stand for the same.

Clarity about a company’s own values enables it to find suitable partners. In selecting partners, the general manager of one corporate social-good investment fund says: “Social entrepreneurs are driven by a dream to change the status quo. If the social entrepreneur is not driven by the fact that he/she wants to make a change in his society, this is not something you can put in his/her head... This is the main thing we spend time discussing and aligning on at the beginning. When we see a strong sense of purpose, then we shake hands and move on.”

Yet even organisations that share values and a vision for societal impact can still be very different. In particular, the culture and operations at large corporates and small social enterprises can be worlds apart. Corporates and social enterprises must actively try to speak each other’s language and understand each other’s ways of working.

Organisations that have made a habit of successful partnership take concrete steps to bridge the culture and experience divide between social enterprises and corporates at individual and organisational levels. For its social impact work, largely focused on empowering women in the workforce, Turkish industrial conglomerate Borusan specifically seeks to hire people with NGO backgrounds to ensure that their team members can “speak the same language” as their partners. Borusan attribute this closeness of working styles and experience as critical to the success of their projects, such as a project with KizCode to teach the daughters of its industrial workers coding and programming.13

Where previous experience is lacking, some companies compensate by giving employees access to immersion or entrepreneurial training programmes. Ashoka, a global association of more than 3,000 social entrepreneurs, places emerging corporate leaders on-site with social enterprises for up to six months through its ‘Executives in Residence’ programme. Following the programme, executives are encouraged to continue collaborating virtually with the social enterprise and create shared value partnerships14.

A shared understanding of issues and work methods is essential for partners to trust and work well with each other. But the potential of partnerships stems from the combination of organisations’ competencies and strengths. The ask of a partnership is not that a corporate begins to work and think like an NGO, nor that a social enterprise adopts the mind-set of a multinational corporate.

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10: Interview with Oznur Halilcikoglu, Borusan, 22 July 2016

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“Companies tend to have a very, very good medium-term vision in terms of “What’s our three-year ROI?” while social enterprises have a better, oftentimes longer-term vision in terms of, “Why are we actually doing this?” Companies sometimes don’t know what success looks like when they’re engaging at an empathic level — a muscle not trained by their core business model.”

—Partnership broker Randall Krantz  
Director, Energy, Environment & Social Impact, Globality Inc.

Objectives and outcomes

Successful projects follow a pattern: they have a group of mutually supportive goals, with a partnership’s overarching goals distinct from, but linked to, each partner’s individual ones. Translating an initial alignment of vision into mutually beneficial collaborations takes time and willingness to explore ways of tackling an issue.

For example, in 2014, Unilever engaged solar-energy company d.light with the aim of helping rural communities in developing countries. Initially, Unilever wanted to explore solar water-heating solutions to make its laundry detergents more effective in rural households. But d.light, a social enterprise targeting rural communities, made clear that its focus was the business of electrification and lighting, not water heating. This initial misalignment of ideas did not deter the organisations from partnership. Instead, they took the time to better understand each other’s mission, capabilities and social impact aims. In particular, d.light sought to understand Unilever’s sustainability agenda and engaged Unilever in conversation about how they could work together to impact their mutual goals.

Eventually, the partners set up a pilot project to install solar lights in small Kenyan retail stores, with three distinct but linked objectives. The project aimed to boost rural use of renewable energy and shift people’s energy consumption away from kerosene and other expensive, pollutive fossil fuels. Unilever’s short-term goals were to have shops stay open longer to sell more of its products, and to strengthen relations with its shopkeepers, while d.light’s goal was to increase awareness of its solar products as customers inquired with shopkeepers about the new solar lights.

In an interview with Business Fights Poverty, Tim Rump, Marketing Director at d.light, spoke about the importance of defining objectives of partnerships in terms of “win-win-win”12: each individual goal must add value to a partner’s business proposition while also serving the overall cause, and individual goals must be aligned with the objectives and outcomes of the project.

At the same time, partners must be flexible and open to changing the scope or brief of the project. The same Unilever and d.light partnership, said managers, may one day shift focus and have retail stores themselves becoming distributors of household solar lamps, while different business models might be employed if the scheme spreads to other markets.

Communication within and between partners is vital to the success of a partnership. Good communication should extend to sharing lessons learnt — including failures or room to improve — with others in the company and outside of it as well. Novozymes, for instance, has been especially open in sharing about their experience with the CleanStar cookstoves. Internally, too, knowledge-sharing helps companies bring out the best in themselves and their partners and learn from the best-in-class.

Investing the time to communicate a partnership and the successes of partnerships is a great challenge for corporates. Chris Loxley, Open Innovation at Unilever R&D, spoke of this challenge when establishing their partnership with d.light: “Trying to take the rest of the business along with you is difficult, not because they don’t see the business case, but that they don’t really have the time to engage, so we have to work internally. A lot of my time is spent building and socialising an idea within our business.”

Beyond leadership support, internal communication can spread the value of a project and increase employee engagement. For example, communication towards Danone employees is essential to bringing value to Danone and their social businesses. Employer engagement is a significant source of investment for the Danone Communities fund as employees can allocate part of their profit sharing into it. In 2017, 55% of French employees have taken shares in the Danone Communities fund, demonstrating the pride of Danone employees and how deep the values of social impact are rooted within Danone. This is an asset when it comes to building partnerships. Danone ensures that innovation and learning from the Danone Communities’ social businesses is shared so that it can be picked up and applied across the company as well as in other organisations.

Sometimes, the communication challenge is one of scale. Large firms and small ones move at different speeds. A small enterprise, whether it is a mission-driven social enterprise or not, may be able to execute plans swiftly and nimbly. On the other hand, communication at large firms is slow — information may take time to percolate into complex organisations. Partners should get used to working at each other’s speeds, and not underestimate the time it will take to accomplish their goals.

Once a partnership is underway, partners need to keep lines of communication open and share successes as well as failures. Achieving positive societal impact is a complex task and one that’s still relatively new for companies. As Acumen’s director of strategic partnerships pointed out, these partnerships require not just that parties agree, but that they evolve. Another partnership expert we spoke with emphasised regular “health checks” throughout the project to ensure that the strength of the relationship built during planning is not lost during implementation.

14: Interview with Corinne Bazina, General Manager, Danone Communities, 3 August 2016
The Heart : Support and passion from the top

The Heart signifies the conviction and commitment in an organisation that will drive a partnership forward. The strength of support and willingness to share and learn has an enormous influence upon the scale and execution of a partnership and therefore its ultimate impact.
Leadership commitment

To be effective, a partnership ultimately must be driven by or get stalwart support from both parties’ top management. This might sound obvious, but partnerships with social enterprises are often minuscule compared to the global operations of a corporation and can easily get lost amid the shuffle of projects, departments and budgets. Many successful partnerships share in the fact that they were enacted and actively sponsored by senior leaders, such as the notable partnership inspired by a chance meeting between Muhammad Yunus (the Nobel Prize winning economist and founder of Grameen Bank) and Franck Riboud (CEO of Groupe Danone), who spoke of the need to address malnutrition in Bangladesh and immediately agreed to act together. Corporates and expert partnership brokers we spoke with repeatedly emphasised leadership as a reality check for companies before the start of their partnership journeys.

A leader’s specific experience also matters. In 2009, Vodafone Turkey and information technology social enterprise TABIT, set up the digital Vodafone Farmers’ Club to give farmers customised agricultural information and help them market and sell their wares. Both Vodafone Turkey’s CEO Serpil Timuray and TABIT Co-Founder Tülin Akin understood the value of mobile solutions for agricultural workers, thanks to their previous background and interest in the food supply chain in Turkey, and that was instrumental in conceptualising the Farmers’ Club project. Over its development, the Farmers’ Club has become a best practice model with some Turkish farmers increasing their annual turnover by as much as ten times as a direct outcome of their access to new markets through the program. With continuous C-level support, Vodafone is now seeking to bring such mobile-agriculture services to new markets, including India, Ghana, Tanzania, Kenya, Egypt and New Zealand.

Many leaders, of course, factor personal convictions into professional decisions. But their support for partnerships goes beyond personal beliefs. They also recognise that addressing social issues offers commercial opportunities. As one partnership expert put it: “If you sit the senior executive of a bank with a group of women in an unbanked rural village, they will see that these people are discussing loans, negotiating interest rates and, suddenly, they speak the same language...they have the same interests.” Leadership commitment therefore does not only stem from personal passion or knowledge. Exposing leaders to the needs of communities and the opportunities that stem from addressing them appeals to the business case (the Head) as well as the conviction to do good.
Willingness to innovate, learn and share

A core objective of many partnerships is to scale a social benefit and, in turn, help a social enterprise to grow. If a social enterprise partner is unwilling to learn and use the commercial insights from a larger business, or if a larger company fails to provide adequate opportunities to share their expertise, this inhibits growth. Organisations need to share their methods and ideas to an extent that others can take them on. This capability depends on having systems and a culture that enable individuals and teams within a corporate to share and apply their knowledge and skills, even if working with partnerships is not part of their regular role. Social enterprises, too, must develop the skills to translate their employees’ knowledge and capabilities to a more commercial setting.

Schneider Electric, for example, have instilled such a culture of knowledge sharing within their organisation. Through the Schneider Electric Teachers program, current employees and alumni donate their time and expertise to partner organisations of the foundation through missions to educate young disadvantaged people and to promote access to energy. The organisation has a clearly defined process for matching employees with training programs that enables employees from all over the world to find appropriate projects and share their expertise. Schneider Electric Teachers completed their 1000th mission in June 2016.19

Organisations in successful partnerships typically have deeply embedded values and social causes at their core. Such organisations put their staff in positions where they can apply their core skills for good. For example, some organisations include participation on social projects, or placements in developing countries, as part of their leadership development programmes. Crucially, these actions are not volunteerism or often maligned “social tourism”, but rather the applications of knowledge. Willingness and ability to innovate originates from putting the right people in the right place to make an impact and share their perspective with a social enterprise.

Putting people in the position where they can innovate must be accompanied by support from the top that encourages experimentation and, sometimes, failure. Mars Catalyst, for example, the corporate think tank and innovation arm of food manufacturer Mars, is given a remit by Mars to investigate and try daring new business models in its partnerships.10 It is not expected to find success every time, and therefore, it explores more innovative solutions to challenging social issues with partners than would otherwise be possible.

“We have freedom in what we do. We operate in a ring-fenced budget. Our steering group reports into the CEO and we have freedom to innovate, and we have failure metrics, so we are also allowed to take risks.”

—Clara Shen, Catalyst Director at Mars

Additionally, in designing and executing projects, larger organisations must be willing to take on board the recommendations and knowledge of social partners. The smaller social partners are often better placed to make recommendations about working in a local market and in geographies or situations where larger corporates do not have expertise or experience.

This requires social enterprises to stay open-minded, too. They must recognise that their detailed understanding of the communities they serve amounts to rich market data. Successful social enterprises understand the value of this knowledge and are willing to share it with corporate partners to co-create solutions.

In serving their communities, social enterprises amass in-depth local knowledge that can translate into invaluable market data for corporates who take the time to listen.

20: Interview with Clara Shen, Catalyst Director at Mars
The Head: Ground rules and a sense of time

The Head represents a project’s processes, systems and rationale. It captures the aspiration of the Heart and is operationalised by the Hands. Corporates are well versed in project design and planning but must consider the challenges posed by partnerships for social issues and with partners who are often far smaller.
Structure, legal issues and governance

When setting out, partners ought to agree on the right balance of tasks and responsibilities. Resource commitments, responsibilities and tasks don’t have to be equally shared between partners of different sizes, but in an effective partnership, there is transparency about governance systems and decision-making. According to one expert, partners often underestimate how much time they’ll need for the planning stage and end up frustrated.

Some organisations establish semi-separate entities to manage partnerships and impact initiatives, such as the Schneider Foundation or Danone Communities, whilst others set up individual units for projects. For instance, in 2010, French energy firm Total set up Access to Solar, a social enterprise that is a ring-fenced subsidiary within the company. As a small subsidiary of a massive firm, Access to Solar benefits from Total’s size and stability and is therefore able to take risks that a firm with more conventional targets might not find acceptable.

Beyond internal structuring, partnerships might encounter complex procedural and legal situations as they venture into spaces more traditionally occupied by governments, international institutions and NGOs. For legal and financial departments within organisations, the challenge is to translate a project’s aspirations and goals into standard agreements or contracts. Equally, social enterprises may lack the internal resources and experience to negotiate with large corporates and need external assistance. To scale at speed, you need to anticipate the situations a partnership might encounter and ensure that the appropriate support will be available.

As partnerships expand beyond pilot projects, the complexity of governance and process is likely to increase. For example, as part of their wider efforts to address hidden hunger in collaboration with the World Food Program, Royal DSM and BoP Hub entered a partnership to provide nutritionally enhanced rice to foreign workers in Singapore. Their joint venture, 45Rice, tackled the issue of hidden hunger and generated demand amongst workers, starting with one construction firm. However, as they seek to scale, the partnership must now deal with a multitude of different organisations, including construction firms, workers’ associations and government departments, drastically increasing the complexity of governance and procedural expertise required.
Time horizon

Predicting the timeline of a partnership is challenging, and organisations must accept a degree of flexibility. However, partners should still set targets and, vitally, define processes to track progress and delays through regular communication. Experts say the average partnership takes roughly three years to achieve results, and a partnership needs to be continually monitored and evaluated to ensure there is sufficient support by internal and external stakeholders.

A common feature of long-lasting and successful partnerships is a willingness to start small, pilot and progressively scale. Of the partnerships discussed in this document, almost all began with a smaller-scale pilot before expanding their scope.

Scaling a partnership, particularly to extend it across cultures and geographies, presents its own challenges. Indeed, Unilever and d.light have stated that they may adopt several different business models in their partnership to provide solar lighting, depending on the context and needs of each new community they seek to impact. Both organisations actively acknowledge that they will have to pause and take the time to explore each new market and not rush if they are to continue to enjoy the same success.

If done well, partnerships can become sustainable, independent endeavours that make a real impact. Corporate partners should be willing to let go of a project or push for greater scale when the time is right. If the aim is to continue to scale, that might require manoeuvring, innovating and even failing faster than corporates are used to. Meanwhile, a social enterprise with a sincere desire to scale will have to accept lessons and views from the commercial world and be willing to work at a slower and more deliberate pace. If the aim is to set up a self-sustaining venture, failing to define and recognise key milestones or exit strategies can lead to wasted resources and stalled progress. Not given enough time, partnerships may not mature to achieve their potential. Left open-ended, partners may miss the chance to reflect and expand on their work.

Partners often underestimate how much time they’ll need for the planning stage and end up frustrated.
The Hands: Practices that make business sense

The Hands represent the design and deployment of the resources to realise the commitment and ambition of the Heart and Head. Deploying resources toward partnerships with social enterprises requires not only commitment but also creative solutions to unique challenges.
Finance and resources

Partnerships require dedicated human and financial resources, including a backbone of people with the right experience and individuals who can coordinate the whole of the project. Individuals who can speak the same “language” and maintain relationships between partners are a crucial asset. The real value of partnerships is unlocked when partners apply their employees’ core competencies to a new challenge. As one of our interviewees with extensive partnership experience said: “When it works in a partnership is when companies get their people to do what they do on a day-to-day basis, just in a different setting.”

It’s critical for corporates, therefore, to free up dedicated internal resources and expertise to work on societal challenges. And skills should be matched to the different junctures of a project. Internal partnership teams are instrumental in setting up and maintaining projects. But when partnerships move to the stage of designing solutions, it’s best to bring communities into direct contact with those who have the relevant professional skills, such as R&D or finance.

For example, the Schneider Electric Foundation matches’ employees’ technical, local and linguistic expertise to social enterprise projects. The employees serve as “teachers”, sharing their day-to-day, on-the-job knowledge with social enterprises that provide access to energy in low-income areas.

Successful partnerships are designed and deployed with their social-impact goals at their core. The partnership between Danone and Grameen to produce ShoktiPlus — a yoghurt enriched in micro-nutrients to benefit undernourished children and to be sold by micro-entrepreneurs in their communities — is an example of innovative design leading to benefits both up- and down-stream of an issue. The central beneficiaries of the project are children: Their regular consumption of a fortified yogurt accounts for the intake of 30% of essential nutrients. Other direct beneficiaries are the women who earn an income by selling the yogurt in poor villages. But additional impact comes from the factories producing the yogurt. The factory is set up in the community it serves, sources ingredients from nearby farmers, and provide jobs for locals. Over 100,000 pots of Shokti + are now sold daily, buying milk from almost 500 farmers and employing over 250 women as micro-entrepreneurs.

2. The Livelihood Fund—www.livelihoods.eu

20. Interview with Christine Svarer, Director, HER project at BSR, March 2017
21: Schneider Electric Teachers, accessed March 2017
The Head, Heart and Hands: The Hands

Metrics and incentives

Like any business endeavour, partnerships between companies and social enterprises need to agree on goals, key performance indicators and timelines, and each partner must decide what it wants to achieve out of the relationship.

Crucially, partnerships will need to define metrics that adequately capture their desired impact and the goals they have set. Designing such measures is often difficult. Organisations that have struggled in their partnerships may have picked inappropriate measures for success, or failed to help less well-equipped social enterprise partners to properly measure and report progress. Partners don’t need the perfect metrics for social impact, but they must at least agree at the outset on what can and will be measured.

Measuring partnership success can be especially tricky because the goals will include societal issues. Often, corporates have deep and comprehensive experience with measurement at scale, but are less used to designing metrics for societal and community causes. These concepts are at the core of what social enterprises want to do, making their contribution crucial.

Social enterprises frequently define their actions in terms of impact, such as changed behaviours, whilst corporates are more accustomed to defining projects in terms of outputs and outcomes, such as number of training courses delivered or increase in productivity. Both are important, but the challenge is to cohesively marry these different metrics. As with other partnership elements, partners should stay close to their core competencies: corporates add value by being able to deliver against defined outputs and outcomes at scale, while social enterprises do better at translating these to concepts of impact.

Increasingly, global initiatives like the Sustainable Development Goals are improving corporates’ ability to define and measure their social impact and ambitions. The SDGs provide a globally recognised framework and associated measures that businesses can adopt to plan and measure partnerships in addition to framing their wider contribution to societal good.

Finally, to get full commitment from employees within both parties, the partnership should be represented in staffers’ and teams’ performance indicators rather than simply added on as an additional burden without the necessary rewards and recognition. Danone Communities, for instance, measures traditional economic KPIs — like turnover and cash flow — and assigns each social business relevant additional KPIs for social impact. For example, Mars Catalyst too, pilots and develops business units that are measured on the human, shared financial and social capital that result from their activities and that are also sustainable (i.e., profitable) by traditional financial capital metrics.

“...but it comes back to whether the organisation is ready and is creating incentives internally to integrate social impact in the way they are working.”

— A global social innovation network

Are you ready to partner? An assessment.

Sustainability and social impact now constitute a core part of business strategy for many companies, generating cost savings, new market opportunities and business models. But major social and environmental issues are too great for any one party to tackle alone. As many of the examples discussed here have shown, social enterprises and corporates are able to achieve positive social and environmental impact in a way that drives value for both parties whilst benefiting the communities they serve at a scale not possible when acting alone. The business case for partnerships is clear.

However, not all partnerships achieve their potential. This research profiles some of the questions that must be answered and challenges that must faced when undertaking a partnership, many of which will be new to corporates or their social enterprise partners. The case studies and insights captured here represent emerging ideas and examples of good practice that can inform and inspire future partnerships.

The Head, Heart and Hands are a framework through which organisations can assess their overall readiness to partner, both in terms of their own capabilities and their alignment with their partners. Organisations that adopt a holistic view to their readiness and ability to partner can succeed faster and more efficiently, whilst partners who are in alignment and bring complementary skills and qualities to the table can deliver significant and lasting societal impact.
To explore alignment of Head, Heart and Hands, we have developed an assessment that explores how corporates and social enterprises can set themselves up for effective partnerships. It poses two fundamental questions:

- Has your company established the conditions for successful partnerships with social enterprises?
- If you are already in a partnership, how can your partnership be fine-tuned to achieve the greatest possible societal impact?

A corporate’s readiness and commitment will factor into the next steps in our process: helping companies understand the key partnership success factors they already possess and those which require more work to develop.

We invite you to explore with us the question of readiness, commitment and partnership in a way that is relevant to your objectives and goals. An increased awareness of vital attributes and alignment of values helps firms engage in current partnerships and pursue future collaborations with greater clarity and focus.

We can also provide customised recommendations from trusted third parties on training, matchmaking with potential partners, optimising a current partnership or assistance to replicate or scale current efforts. Partnership matches are made from a rigorously screened selection of established social enterprises.

Our model presented here is not definitive, but constantly evolving. The more firms participate, the more we can learn and share the best ways to help partnerships reach their full potential. We invite you to join us on this journey.
KiKLab is a partnership that combines the expertise of Kois Invest and Kite Global Advisors. KiKLab believes in the power of partnerships for social impact. Our mission is to bring established sustainability strategies to life through well-designed and scalable collaborations between corporations and social enterprises. We recognise that setting up effective partnerships is challenging, and to create the expected level of impact, these organisations must be aligned deeply and holistically.

We help corporations assess their readiness to partner. We facilitate matchmaking between potential collaborators and help establish a strong financial and operational foundation for working together. Our ambition is to help optimise ongoing partnerships so that they are self-sustaining and scale up to maximise their impact.

**Kois Invest**
Kois Invest specialises in the design and implementation of innovative financial products and solutions to create social impact. (www.koisinvest.com)

**Kite Global Advisors**
Kite Global Advisors is a research and communications agency with deep experience in helping companies create impact through their research and insights. (www.kitega.com)

**Sattva**
are a social partnership firm, based in India, that works with social organisations and corporations to help them find their ‘magic quadrant’ where they can maximise their social impact along with economic value. (www.sattva.co.in)

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