



Making social business happen

Initial thoughts on a potential collaboration

January 2011



Executive summary

What is social business?

- The concept of social business has been developed by Nobel Peace Laureate and founder of Grameen Bank **Prof. Muhammad Yunus** and represents the cutting-edge idea of market-based solutions to social problems
- A social business is a **non-loss, non-dividend company with the purpose of solving a social problem**. It unites the dynamism of traditional business with the social conscience of charity

Why is social business relevant to you?

- Social business enables companies to **address society's most pressing needs in an effective and sustainable manner**, allowing you to combine your core strengths with acting as a good corporate citizen
- In addition, social business provides **various tangible benefits** to companies, ranging from its positive impact on the corporate image and organizational culture to access to new markets as well as innovations

How can you get involved with social business?

- You can address **any social issue that you feel passionate about** or that is relevant to you (e.g. in light of your CSR strategy, core competencies etc.)
- Depending on your commitment, there are **various levels of involvement**, all the way up to setting up a new social business in your area of expertise

How can The Grameen Creative Lab (GCL) help you make social business happen?

- As a professional service provider in the area of social business, the GCL team is **experienced in developing social business ideas and implementing them jointly with you**
- We offer a **broad range of services** to corporate clients all over the world and are looking forward to having further discussions with you

Agenda

What is social business?

Why social business is relevant to you

How you can get involved with social business

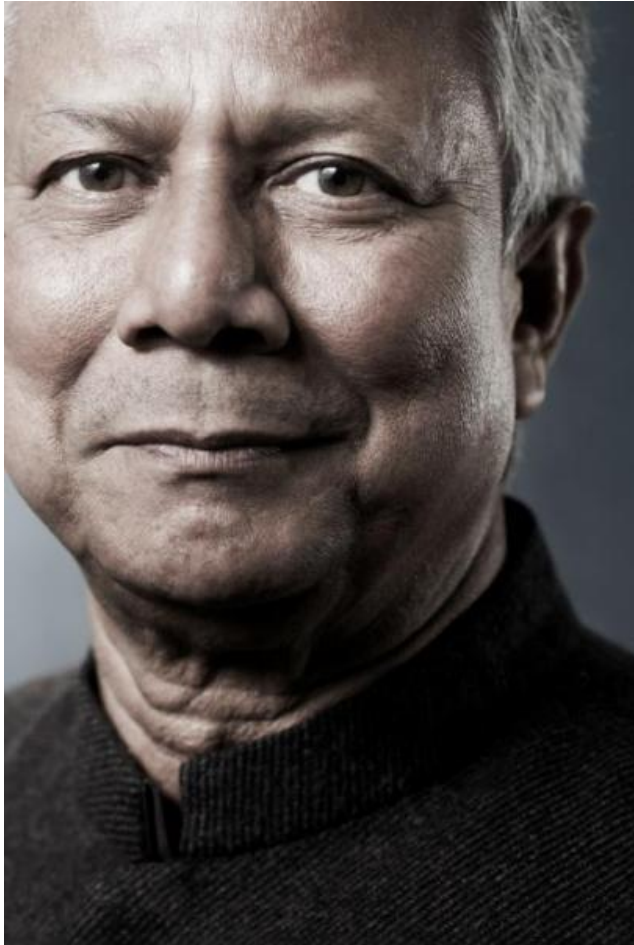
How GCL can help you make social business happen

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Muhammad Yunus' vision

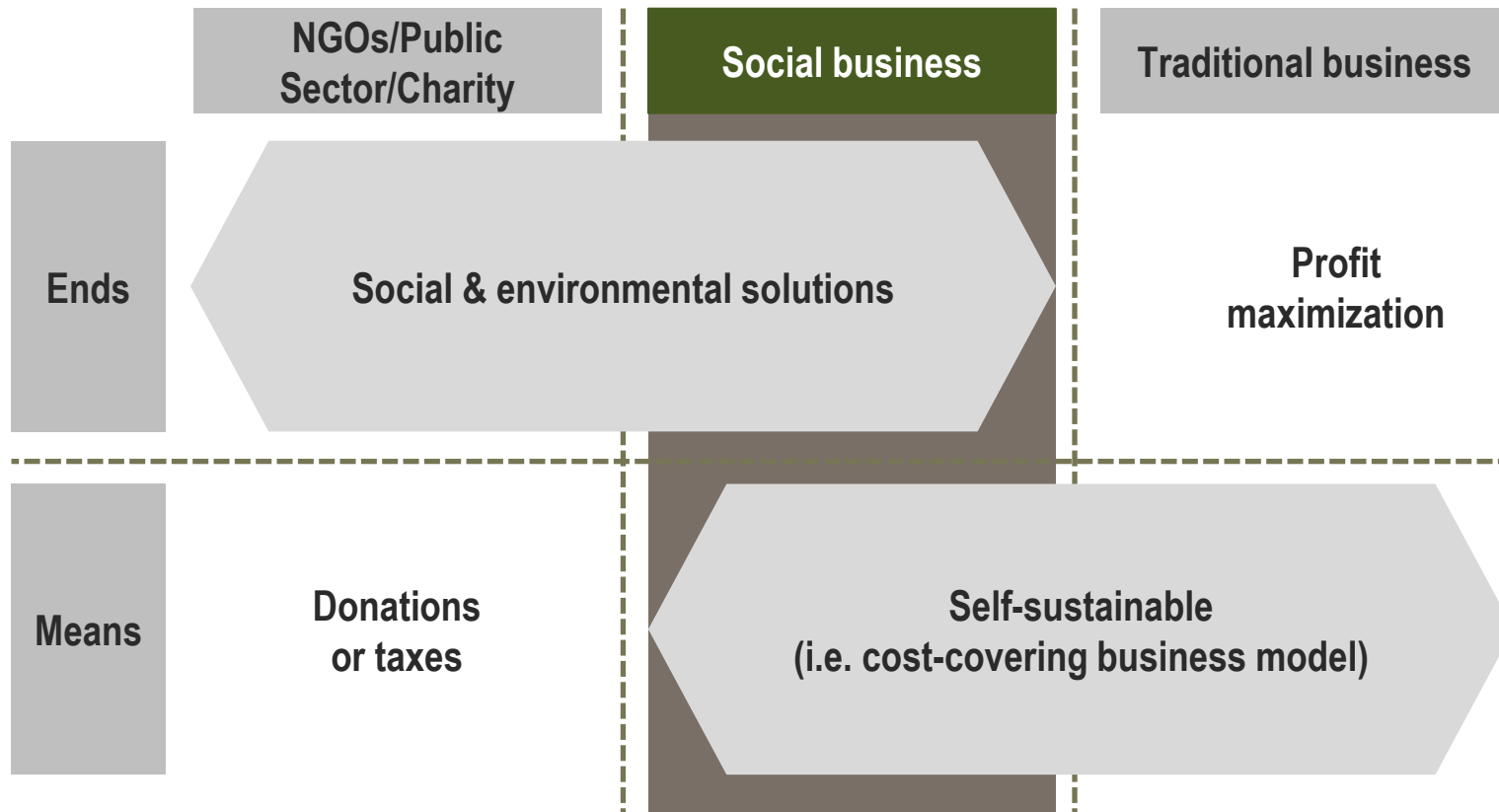
Using business methods to solve social problems



“I am proposing to create another kind of business, based on **selflessness** that is in all of us. I am calling it **social business**.”

Prof. Muhammad Yunus
Nobel Peace Prize Laureate
Inventor of microfinance
Founder of the Grameen Bank
Initiator of the idea of social business

A social business is a non-loss, non-dividend company with the purpose of solving a social problem



"Social business unites the dynamism of traditional business with the social conscience of charity" - Prof. Yunus

Social businesses follow seven principles

The principles of social business defined by Prof. Yunus

Six Principles of Grameen Social Business

1. Business objective ^{will be} to overcome poverty, or one or more problems (such as, education, health, technology access, environment, etc) which threaten people and society; not profit maximization.
2. Financial and economic sustainability.
3. Investors get back the investment amount only. No dividend is given beyond investment money.
4. When investment amount is paid back, company profit stays with the company for expansion and improvement.
5. Environmentally conscious
6. Workforce get market wage with better working condition.
7. Do it with joy

1. **Business objective** will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; **not profit maximization**
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6. Workforce gets **market wage with better working conditions**
7. ...do it with **joy**

Social business: Operating as a business, but pursuing social goals

In principle, social businesses can help address all or most social issues

A social business has a social goal at its heart ...

Selected examples



... but has all characteristics of a regular business

- 1 Clear **vision and mission** statement as well as a consistent and actionable **strategy** with measurable goals
- 2 **Sustainable business model** with well-defined customer segments, distribution channels, revenue streams and value proposition
- 3 Striving for effectiveness and efficiency to achieve managerial and operational **excellence**
- 4 Typically incorporated as a limited company or another **legal form** with well-defined ownership rights

But remember: Any profit from the company's activities is to remain in the company and may not be paid out to investors as a dividend

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Social business enables companies to address society's most pressing needs in an effective and sustainable manner

We face a range of pressing social issues in the world ...

Poverty

Almost half the world live on less than 2.50\$ a day

Hunger

>900 M people are undernourished

Lack of clean water

~900 M people have no access to safe drinking water

Lack of healthcare

1 B people lack access to health care systems

Lack of energy

1.6 B people have no access to electricity

...

... that companies feel committed to help address ...

- Striving to be **good corporate citizens**, companies have a responsibility to contribute to the greater good
 - Companies form an **integral and influential part** of our societies
 - As such, they need to look and act **beyond their pure self-interest**
- Most companies **genuinely want** to act upon this responsibility
 - Helping others and acting for selfless reasons is part of our **human nature**
 - Therefore, we have a desire – both individually and collectively – to **make a difference** in the world

... and social business is a cutting-edge concept

Social business allows companies ...

- to **combine** their **business know-how with social impact**
- to create social value while operating **closely to their strategic core**
 - By setting up a SB¹ in its area of expertise, a company can leverage its **core competencies**
 - SB is also a way to act upon a company's **CSR strategy**
- to address social issues in a **sustainable and effective** manner
 - SB only requires a **one-time investment** (vs. regular donations)
 - SB has proven to be **effective in the long-term** (e.g. Grameen Bank)

1. Social business (abbr.)

Source: UN Millenium Development Goals Report, World Bank

However, despite the non-dividend policy, social business has also proven to provide various tangible benefits to companies

1

Impact on organizational culture

- Provides source of **motivation and identification** for employees
- Thereby, both **employee retention and recruiting** of new talents is facilitated



- Idea: Produce an affordable and effective mosquito net to prevent malaria and similar diseases
- BASF has experienced an unprecedented HR impact (e.g. rise in applications etc.)

2

Access to new markets

- Gaining **first mover advantages** (e.g. brand awareness) in emerging markets
- Developing new markets by gaining customer insight of **new target groups**



- Idea: Produce affordable high-quality footwear for the poor to prevent infection with hookworm
- In doing so, adidas has entered the Bangladeshi market where they have no other activities

3

Social business as a source of innovations

- **Product innovations** due to facing previously unmet customer needs
- **Business model innovation** due to a different approach to solving problems



- Idea: Producing an affordable yoghurt for the poor to address the issue of malnutrition
- Danone has learned to set up and profitably run small-scale yoghurt factories

4

Impact on corporate image and brand perception

- Improve company's footprint as a **responsible corporate citizen**
- Position yourself at the forefront of a **truly sustainable CSR concept**



- Idea: Set up the textile company of the future with superior working conditions
- Companies can only be successful in the long run if they act responsibly“, Michael Otto

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How GCL can help you make social business happen

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There are many ways in which you can engage in social business

Different levels of involvement from interactor, incubator, creator to supporter

	1 SB interactor	2 SB incubator	3 SB creator	4 SB supporter
Objective	<ul style="list-style-type: none"> Build awareness of the concept of SB by organizing events 	<ul style="list-style-type: none"> Generate new ideas and support SB entrepreneurs 	<ul style="list-style-type: none"> Lead by example by setting up social business companies 	<ul style="list-style-type: none"> Support GCL and the SB movement by providing resources
Opportunities	<ul style="list-style-type: none"> Sponsoring of existing event formats, e.g. German SB Forum, Africa SB Tour, GSBS¹ Development of own event format 	<ul style="list-style-type: none"> Conduct creative workshop to generate new ideas Invest in SB funds to support SB entrepreneurs 	<ul style="list-style-type: none"> Start own social business from scratch Transform existing CSR projects into social business 	<ul style="list-style-type: none"> Support of GCL's current and future activities For example through secondments, sponsoring etc.
Selected examples				

1. Global Social Business Summit

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The Grameen Creative Lab (GCL) at a glance

GCL is a social business itself

WHAT IS GCL?

- We are a **social business** (organized as a limited company) founded by Nobel Peace Prize Laureate **Prof. Muhammad Yunus** the German serial entrepreneur Hans Reitz
- **Our mission is to lead by example** by spreading and accelerating the social business movement worldwide

WHY WERE WE CREATED?

- We firmly believe in the **power of social business** to address the world's most pressing needs
- We support Prof. Yunus and the Grameen family in Bangladesh in **spreading the idea** of social business worldwide

WHO IS OUR TEAM?

- We are a **young team** of strategy consultants, entrepreneurs and communication experts
- We feel **deeply passionate** about solving social problems by using business methods and are committed to supporting you in making social business happen
- We come from **diverse cultural backgrounds** to reflect the international nature of our work

WHAT HAVE WE ACHIEVED SO FAR?

Selection of partners & clients



GCL offers professional services around social business

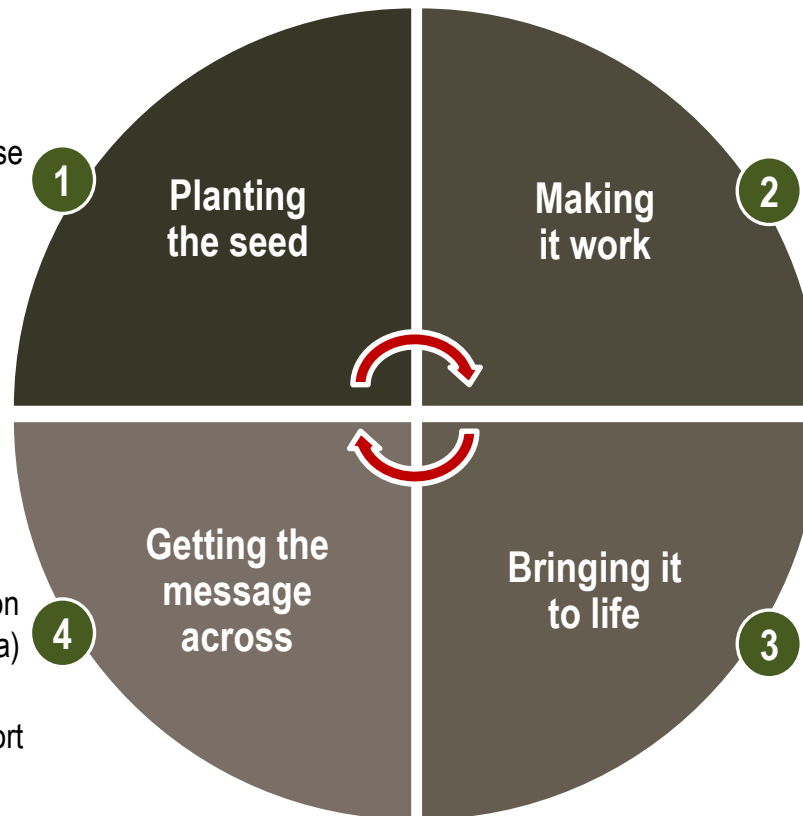
Complete portfolio from idea development to implementation and communication

Joint development of SB ideas, incl. preparation and documentation

- Usually in 1 day workshops (social business labs) that have been specifically designed for this purpose
- Potential starting points for discussion including existing CSR strategy, unused patents, core competencies etc.

Coordination and execution of communication efforts around SB

- Joint development of communication strategy (including e.g. social media)
- Hosting of creative events to raise public awareness and gather support for the concept of SB



Detailed strategy development and conceptualization of the SB

- Execution of feasibility and market research studies with selected field trips to the target region
- Development of detailed business plan as a basis for the implementation of the project

Implementation of SB idea and project execution

- Organization and moderation of a cross-functional workshop series with a focus on implementing the idea
- Potentially: Ownership (at least partly) and on site management of the SB, particularly during the start-up phase

Why work with GCL?

- ✓ Due to our **close and constant interaction with Prof. Yunus** and the Grameen network in Bangladesh, we are **thought leaders** in the field of social business
- ✓ We are **pioneers in creating** social businesses – GCL has set up four social business Joint Ventures (with two more in progress) as well as more than five social business funds
- ✓ With our **strong team of consultants** with several years of work experience at top management consultancies, we are adept at **managing projects** and supporting the **decision making** process of our corporate clients
- ✓ We are experts for **creative communication** and are experienced in hosting events, organizing workshops and developing innovative communication strategies
- ✓ As part of the Grameen family, we benefit from an unrivalled **support network** in developing countries all over the world
 - Access to a **best in class distribution network** that reaches 40M+ people in Bangladesh alone, 110M+ worldwide
 - Access to **technology resources** for maintenance & repair through 1,000+ technical resources serving >30,000 villages
 - Access to **deep knowledge of local market conditions and cultures** in 50+ developed and emerging markets
 - Access to **local low cost** but trusted 3rd party support organizations (from market research to third party manufacturers)
- ✓ Last but not least: Grameen is a trustworthy business partner with a **long term track record of truly selfless business creation and development** and no interest in personal profit maximization

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Social Business Tour Central and Eastern Europe 2010

Example of GCL organized tour

1

SB interactor

Why was it created?



Introducing the social business concept into Central and Eastern Europe and beginning a long term social business initiative

Goal is to solve the pressing social problems that are right at our door step in Eastern and Central Europe

What is it?



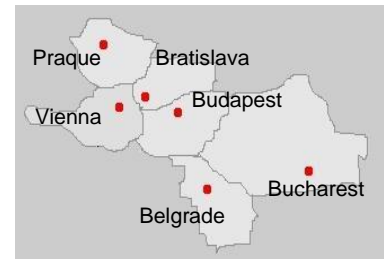
Participants of the events:

- Business and opinion leaders of the region (leadership symposium)
- Entrepreneurs, Students, NGOs, University representatives (social business labs)
- Public (idea contest)

Partners:

- ERSTE Foundation, Erste Group, good.bee, the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection

How is it organized?



The tour:

- Providing information on social business to promote sustainable social business initiatives
- Events taking place in six countries and six cities (Vienna, Bratislava, Prague, Belgrade, Budapest and Bucharest)

The Idea Contest:

- A contest between ideas with the potential to solve a clearly specified problem through social business
- Consists of six national preliminaries and a European final

What is the outlook?



Supporting new SB ideas:

- Winners of the preliminary decisions will receive consultation and training
- The winner of the European final will be supported by a range of expert advice and also financial provision for his social business
- Long-term impetus for the Social Business Movement in Central and Eastern Europe
- Continue with regular social business labs

Social Business Labs build up global network

Example of networking event

2

SB incubator

Why was it created?



For new participants:

- Provide background on social business
- Offer tools and ideas for greater involvement

For existing participants:

- Provide depth on social business
- Generate new social business ideas
- Network and strengthen ties
- Provide tools and support

What is it?



Participants:

- Representatives from corporations, academia and NGOs
- Students
- Entrepreneurs
- Artists
- Other individuals interested in social business

Participation rates:

- Participation at the courses ranges from 20-100 individuals
- GCL sessions offered approximately once every two months (eight in 2009)

How is it organized?



Four types of Creative Labs:

- 'My 1st Session' are day sessions to provide a basic background on social business
- '24 hrs' provides two days of advanced social business learning and discussion
- 'Class meeting' bring together active members of the social business movement to share ideas and form alliances
- 'Class trip' are several day advanced workshops

What is the outlook?



Regular Creative Labs:

- Continue the annual tradition of the 'class meeting' and 'class trip'
- Conduct bi-annual 'My 1st session' and '24 hrs' sessions
- Expand participation in each type of course
- Increase number of courses outside of Germany, especially in the US

Y7Y promotes excellence in social business through design

2

SB incubator

Y7Y design, Milan (Italy)

The idea behind Y7Y Design



- The Istituto Europeo di Design (IED), the international education group in design, fashion, visual arts and communication and GCL announced a social business initiative to develop sustainable design
- Y7Y Design aims at social business excellence through relevant and future-oriented design solutions under the guiding principles of sustainability and social responsibility

How does it work?



- Seven IED students are selected to work with Y7Y Design for one year
- IED students from campuses in Italy, Spain and Brazil will travel to poor countries to get first-hand impression on social needs
- Under guidance of GCL and IED, the Y7Y Design students design and create responsible as well as sustainable products for social business
- The products generated will be produced and sold by companies in the GCL and IED network

What is the expectation?

“It is within our mission to create a new class of citizens capable to create and find sustainable solutions to solve ever-growing problems and fulfill the needs of the planet population at all social level.”

Carlo Forcolini
CEO of Istituto Europeo di Design



“Social business aims at providing excellent and high-quality products to the poor people at an affordable price. Launching a joint initiative with the leading design school IED will give us the opportunity to bring the products of our social businesses to a new level.”

Hans Reitz
Co-Founder of The Grameen Creative Lab

Grameen Danone produces fortified yoghurts

Grameen Social Business JV: Grameen Danone Foods Ltd

3

SB creator

Why was it created?



For Bangladesh:

- >30% of population undernourished
- Malnutrition a major cause of economic underdevelopment

For Danone:

- Develop local production know how
- Source of innovation and motivation
- Fit with founder's vision

What is it?



The product

- Yoghurt fortified with micronutrients
- Produced with solar and bio gas energy

The price

- 6 Taka (€0.06) per package of 60g

The place

- Bogra, 230 km north of Dhaka
- Distribution by Grameen Ladies and local stores

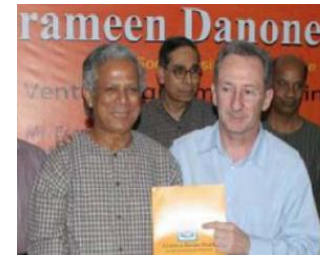
How is it organized?



Grameen Social Business JV

- Four Grameen companies – social know how
- Danone and Danone.communities¹ – product and technical know how

What is the outlook?



Late 2006

- 1st plant started producing and will break even in 2010
- Second plant planned

Within 10 years time

- Establishment of 50+ plants
- Several hundred distribution jobs
- Creation of partnerships (e.g. for better additives)

What do people say?

Professor M. Yunus

Peace Nobel Laureate

"It is a small project to begin with, but contains the seed of a new breed of business that can change the economic world fundamentally"

Franck Riboud

CEO, Group Danone

"... a business model of proximity which will daily bring healthy nutrition to people with no resources."

Salma

Sales woman, Grameen Danone

"...I can make a living from selling healthy yoghurt to my community – with Grameen Danone taking the commercial risk."

1. Danone communities: mutual fund initiated by Danone to support and finance social businesses in the area of Danone's expertise

Grameen Veolia supplies people with clean water

Grameen Social Business JV: Grameen Veolia

3

SB creator

Why was it created?



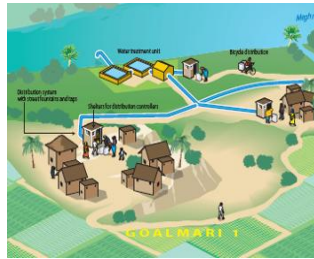
For Bangladesh:

- In Bangladesh, 35-80M people suffer from water contamination
- In 1993 discovery of natural arsenic in groundwater causing cancer and skin lesions
- Especially rural areas are affected

For Veolia:

- Develop market know how
- Test new business model

What is it?



The product

- Cleaned surface water
- 1 plant supplies 20K people

The price

- 2.5 Taka (€0.025) per 10l depending on distance from plant

The place

- Goalmari, 100km East of Dhaka
- 5 villages supplied

How is it organized?



Grameen Social Business JV

- Grameen Healthcare – social know how
- Veolia Water – technical know how

What is the outlook?



Jan 2009

- 1st plant started production
- 18 months from idea to implementation

Until 2012

- 3 more plants
- 100K people will be supplied

What do people say?

Professor M. Yunus

Peace Nobel Laureate
"Economy must adapt itself to the needs of the poor...Grameen Veolia is dedicated to this aim."

Antoine Frérot

CEO, Veolia Water
"...the social business is what we need to implement effective solutions for the supply of drinking water to the poor."

BASF Grameen produces bed nets and micronutrients

Grameen Social Business JV: BASF Grameen

3

SB creator

Why was it created?



For Bangladesh:

- Danger of catching Malaria (58K newly infected in 2007)
- >30% of population undernourished

For BASF:

- Develop affordable products for the poor
- Capture new market segments
- Boost reputation
- Motivate employees

What is it?



The product

- Mosquito net against Malaria effective for 2-5yrs
- 0.5M nets already produced
- Micronutrient sachets to sprinkle on food

The price

- Mosquito net, at 475 Tk, leasable
- Nutrition sachet 2T/package

The place

- East Bangladesh (Malaria regions)

How is it organized?



Grameen Social Business JV

- Grameen Health Care Trust – social know how
- BASF SE – technical know how

3 Board members

- One from each and one additional chairman

What is the outlook?



JV signed on 3. March 2009

First bed nets sold in October 2009

Goal to provide nets for population of ~3M people

The product portfolio may be extended

- Floating roofs made of Styropor

What do people say?

Professor M. Yunus

Peace Nobel Laureate
"...it fascinates me, how fast we were able to put an idea into place and create a social business with such a great social benefit..."

Dr. Jürgen Hambrecht

CEO, BASF SE
"...Sustainable development is key for BASF – that's why we engage in social businesses ..."

Grameen Otto is the textile company of the future

Grameen Social Business JV: Grameen Otto

3

SB creator

Why was it created?



For Bangladesh:

- Textiles biggest industry in Bangladesh
- Highly abusive working conditions

For Otto:

- Take on responsibility for upstream market
- Find a model factory that works socially and ecologically while achieving its economic sustainability

What is it?



The project

- Profits of textile production plant benefit workers through social services, health care, etc.

The goals

- Provide employment to poor people
- Improve living conditions of workers and their families
- Protect the environment
- Achieve product excellence to ensure sustainable economic activity

How is it organized?



Grameen Otto Trust

- In charge of social services
- Owns Grameen Otto Textile Company
- Representative of workers

Grameen Otto Textile Company

- Produces clothing to export
- Provide profits into Grameen Otto Trust

What is the outlook?



JV agreement signed between Prof. M. Yunus & Dr. Michael Otto

- November 2009 during Prof. Yunus visit

Construction to be started by end of 2010

Goal to start production by 2011

GCL is developing a Joint Venture with Reebok

Grameen Social Business JV: Grameen Reebok

3

SB creator

Why was it created?



For Bangladesh:

“(…) to produce affordable shoes for the poor in Bangladesh, to decrease the incidence of hookworm and other parasitic illnesses in Bangladesh (…)

The idea behind the project is that no person anywhere in the world should go without shoes“ (Prof. Yunus 2009)

For Reebok:

- Develop affordable products for the poor
- Capture new market segments and know how
- Key element in Reebok Corporate Responsibility program
- Motivate employees

What is it?



The product

- Affordable, durable and appealing multi-purpose footwear product suitable for the impoverished market in Bangladesh
- The product will be sustainable and involve simple production processes allowing opportunities for social business activation

The price

- Affordable price for the poor – exact price point not yet determined

The place

- Bangladesh

How is it organized?



Most likely a Grameen Social Business JV

- Production facilities may not be with Reebok, but sub-contracted
- Design, development and material selection through Reebok
- Distribution through conventional channels and Grameen network

What is the outlook?



Memorandum of Understanding

- Signed 7 November 2009 during the Global Grameen Meeting

Pilot phase successfully completed in October 2010

Next steps to be defined and taken throughout 2011

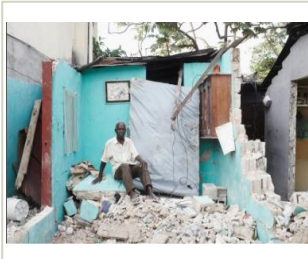
GCL initiates the YY Haiti Social Business Fund

Grameen Creative Lab Initiative: YY Haiti

3

SB creator

Why was it created?



For Haiti

- Haiti significantly hit by earthquake on Jan 12, 2010
- 250,000 dead, additional 300,000 badly injured, 2 million left homeless
- 50% of business destroyed after earthquake

For GCL

- Develop YY Haiti Social Business Fund as role model for future social business fund structures

What is it?



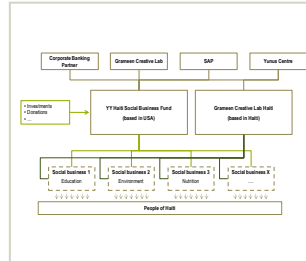
The project

- YY Haiti – an initiative of the Grameen Creative Lab, the Yunus Centre, and SAP AG – intends to create the infrastructure and provide the skills needed for social businesses in Haiti

The goals

- Establish long-term and self-sustainable social businesses for Haiti's development (in contrast to short-term emergency relief and general charity)

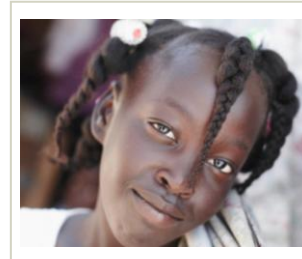
How is it organized?



Set up the infrastructure for social business

- YY Haiti is a social business fund investing in social businesses
- YY Haiti is run by Haitian professionals of the Grameen Creative Lab (GCL) in Haiti
- GCL Haiti to initiate, support and monitor social businesses in Haiti

What is the outlook?



Our milestones for 2011

- Set up of the Grameen Creative Lab office in Haiti
- Raise funds for YY Haiti Social Business Fund
- Set up approx. 4 social businesses in 2011
- Spread the social business movement in Haiti

What do people say?

Prof. Yunus

Peace Nobel Laureate

"The GCL Haiti will promote economic empowerment for Haitians by fostering the creation of social businesses in Haiti.

We are proud to partner with SAP, whose passion and expertise will contribute to the long-term success of job creation in Haiti."

GCL's contribution

Establish the YY Haiti Social Business Fund and set up the Grameen Creative Lab office in Haiti

Accenture supports GCL through a secondment

Experienced Accenture consultants support YY Haiti initiative

4

SB supporter

Why was it created?



For Accenture

- Experience and knowledge in cutting-edge social business sector
- Unique selling position for Accenture to win and sustain top-talents

For GCL

- Top consultants on a permanent basis
- No financing required for secondees

What is it?



Goal of the secondment

- The overall aim of the collaboration is to create a win-win-win situation for all – Accenture, Accenture consultants and GCL

Current assignment

- Accenture provides experienced consultants to manage GCL's YY Haiti initiative

How is it organized?



Way of working

- Release of consultant for 4-6 months
- Consultant salary according to volunteer contract
- Potential contribution to travel budget for consultant
- Possible field visit to Bangladesh

What is the outlook?



Outlook

- The collaboration with Accenture through the secondment program is a success story
- GCL is interested in replicating this collaboration model with other consulting companies as well

What do people say?

What Accenture secondees state

- Tremendous personal and professional development
- Strengthening of project management skills through steering of complex project set-up in a tough environment
- Intercultural experience through field visits to Haiti

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The GCL corporate team is looking forward to hearing from you

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