

**MORE THAN WANTING TO DO A COMMON GOOD:  
SOCIAL BUSINESSES AND THEIR SOCIAL AND ECONOMIC VALUE  
TO DEVELOPING NATIONS.**

**By Olabiyi Dipeolu**

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the degree of Master of Design in Strategic Foresight and Innovation in  
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## ***Abstract***

Traditionally, people formed charities to bring about change to social injustices. I'm interested in social businesses, which aim to make profits while serving a social good. This MRP focuses on social businesses in developing nations, & examines what is needed for such businesses to become and remain successful. With the exceptional knowledge I have gained at OCAD University, 2 case studies are presented, and I focused on the various strategies and innovations applied by social businesses and compare which were successful to those which were not. The criteria for success are whether growth is fostered in the form of income, meaningful employment, or a higher standard of living which does not increase a dependency by the community being targeted, and their ability to grow by adapting to new methods. A toolkit which contains questions and tools was developed to help those who plan on implementing a social business.

***Keywords: Social Business Toolkit, Social Business, Charity, Culture, Innovation TOMS, IMTFA, Adaptability***

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## **CHAPTER 1: INTRODUCTION**

I've been passionate about social business since I was in high school and believe that social businesses are beneficial for developing nations because they serve a purpose for consumers and target a social cause, while empowering a community. I wanted to base my MRP around the improvement of social businesses since I own and operate a small social business. Unfortunately, after researching, I was not able to find a source which provided tips for building and maintaining social businesses that could be used and shared by a global community. This motivated me to create a form, figuratively called a toolkit, which contains different tools and questionnaires which could be used globally for & by individuals who were interested in developing social businesses & could be modified by the community until a useful final draft would be created and shared. I named it the "Social Business Toolkit". In order to create the toolkit, it was necessary for me to understand the history of social businesses, their growth, future trajectory, and to discover important issues, gaps, & threats. Additionally, case studies were analyzed and in order to write my own two case studies about social businesses; one which was successful and another which was a failure. This MRP documents the steps from inception which includes the background and foundations of my topic subject, literature review, case studies, & key insights, to the completion of my goals, which includes the development of the Social Business Toolkit, discussion of findings, and the actual Social Business Toolkit.

I chose to focus on social businesses because they are transforming the way people in industrial and developing nations interact<sup>[1]</sup>. According to the Social Enterprise Counsel of Canada, social businesses can be described as, “businesses owned by non-profit organizations, that are directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims. Social businesses are one more tool for non-profits to use to meet their mission to contribute to healthy communities<sup>[2]</sup>”, while according to the Social Enterprise Alliance of USA, they are, “businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas”.<sup>[3]</sup> The definition which I am basing my research on is more in line with the Social Enterprise Alliance of USA’s definition. My case studies will focus on for profit businesses that have a mandate to deliver improved social outcomes. The research of charities was also important for this MRP because they were the precursor to social businesses<sup>[4]</sup>.

## **Social Business & Charities**

The term social business was made popular by Muhammad Yunus, a Nobel Peace Prize winner, who received recognition for his work on microcredit and microfinance <sup>[5]</sup>.

These were the original seven principles when it gained popularity <sup>[6]</sup>:

First, the business objective will be to overcome poverty, or one or more problems, such as education, health, technology access, and the environment, which threaten people and society; not profit maximization. This is the core which separates it from the different types of businesses. Second, such businesses should be financially and economically sustainable since they are not charities which solicits for donations. Such businesses need to make sales in the form of services or products in order to continue to make an impact.

Third and fourth, investors get back their investment amount only; no dividend is given beyond investment money. When investment amount is paid back, company profit stays with the company for expansion and improvement. These do not apply to all social businesses since, just like other types of businesses, not all founders of social businesses solicit funding from investors. It is important to notice that there is still a social good which is applied to investment seed money which is not necessarily the case for other types of businesses. Fifth, they need to be environmentally conscious. Sixth, which is also a core aspect, their workforce should get market wage with

better working conditions. Seventh, the founder and employees need to work with joy in whatever type of interaction the business consists of.

Social businesses aim to create and sustain social value by drawing upon appropriate thinking in both the business and non-profit worlds and operate in multiple forms such as large and small scale organizations and can be focused on a specific region of the world or a local community. <sup>[7]</sup>

Hazel Osborne Byford, a Conservative member of the House of Lords in the UK, recently said she believes that social businesses generate £24<sup>[8]</sup> billion for the economy of the UK, although the figure has been disputed. In a recent report by the province of Ontario in Canada alone, social businesses employed at least 5,355<sup>[9]</sup> people and paid at least \$117<sup>[9]</sup> million in wages and salaries, generated at least \$143<sup>[9]</sup> million in sales, and involved almost 18,000<sup>[9]</sup> volunteers.

There are now many venture capitalists which pledge money and resources to social businesses. Examples include the prestigious and world known Ashoka Initiative which has always supported the idea of social businesses for more than 25 years, and the Skoll Foundation which has provided millions of dollars to social businesses <sup>[10]</sup>. I also go into detail in this MRP about how companies such as TOMS, Rumie, Charity: Water and Kiva, amongst others, were able to adapt to innovation, which led to their success and growth.

Historians believe that it was during the Enlightenment era, during the 18<sup>th</sup> century, that organizations in the Western World grew to form charities to bring

about a common good <sup>[11]</sup>. In a recent poll by The Guardian Newspaper, more than 60% <sup>[12]</sup> of the Canadian and USA adult population claimed to have given financially or voluntarily to charity.

## **MRP Statement**

It is possible for social businesses to be financially successful, while still making a positive impact by improving the quality of life of the specific group being targeted. Albeit, there are certain key findings, issues, gaps and threats which need to be addressed & understood in order for success.

## **Issues, Gaps and Threats**

For my literature review I researched and analyzed the key external gaps, issues, and threats that lead to the success or failure of social business in developing countries. For this MRP, they refer to problems which could lead to the downfall of a social business.

I concentrated on the issues, gaps and threats which were relevant to developing nations, and which need to be thought of before implementing a social business. I will go into detail about these gaps in the Literature Review Chapter. I focused on developing nations because those are the regions which can benefit the most from social businesses. A developing nation is where the average income is much lower than in industrial nations, where the economy relies on a few export

crops, and where farming is conducted by primitive methods. In many developing nations, rapid population growth threatens the supply of food and healthcare. Developing nations have also been called underdeveloped nations. Social businesses can solve certain issues which are more common in developing nations like the lack of proper healthcare, poor education, the lack of preparation for potentially devastating climate change, and lack of employment.

These issues are also common in some developed nations, but it is more time sensitive in developing nations because there are fewer alternatives for those who live in poverty. In total 6 gaps were discovered which will be addressed.

### **Research Questions**

I carefully chose research questions which would increase my knowledge of external gaps which I felt were important to the growth of new social businesses to come.

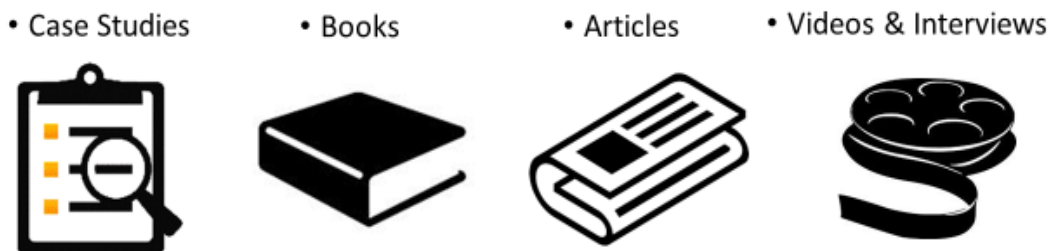
My social business has functioned in 3 countries which have very different cultures and in my past experience, the issues which I based my research questions on played a large impact in the way my social business operated in regards to strategy and finances. Examples of these include the fact that I was easily able to hire members of the deaf community in USA because they are a marginalized group in USA, which is different from the situation in Nigeria,

where widows struggle to find jobs and are socially ignored which is why I work with that specific group. The research questions were:

- 1) What enables new social businesses to succeed or fail in developing nations, and what are the key issues and gaps that need to be addressed in order to determine the outcome?
- 2) What role do history, culture, and the identity of the local population being targeted play in regards to the success and acceptance of various social businesses?

These two questions were used to frame what would be included in the literature review and aided in narrowing down and selecting which two social businesses I would base my case studies on, in addition to what issues to address in the social business toolkit.

## **Methodology**



*Figure 1. The different research methods used to collect data for this MRP Credit: Olabiyi Dipeolu*

The reason I chose to work solely with case studies, books, articles, and videos is described below.

Case studies are useful since they emphasize detailed contextual analysis in regards to both praise and critique. For many years, case studies have been used across a variety of disciplines due to their qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods <sup>[13]</sup>.

Another method used to gather information was by going through many written articles which included online content, magazines, and books. Since there is so much information available, it was important for me to narrow my search down to relevant topics and key terms such as, “Social business”, and “Developing Countries” amongst others since they are relevant to my MRP.

For videos, I primarily used videos found on video sharing sites and official websites. Similarly to the online articles, there was a vast number of different videos, so I narrowed it down by first researching the people related to social businesses in developing countries or individuals who I thought would have invaluable information in regards to my area of research.

This was done to form two in depth case studies of my own. The first was for TOMS shoes, and the other for 1 Million t-shirts for Africa. Additionally, the information was also used to create business model canvases in the solution to gaps section of this MRP. The social business toolkit section was where I was able to use most of the knowledge I discovered since all of the questions, and tools were gathered and formed by the information provided by the cases studies, books, articles, and videos.



## **Proposed Outcome**

There are 3 main potential outcomes for my MRP. First is developing a social business toolkit which can be used and edited globally until a final draft is produced, second is the personal use for my small business, and third, a wide array of potential uses within the academia and research field.

The term “toolkit” in this MRP is a figurative term for a set of questions and tools which will be used to determine if the potential social business is ready to operate. It is a set of topics and questions which will challenge the reader to consider the proposed options. The reason I decided to make this an important part of my MRP is because I did not find anything similar in the field of social businesses.

In regards to my own personal use, I want to be able to use the knowledge and experience to strategize methods to grow my social business and to have it functioning in different regions around the world since currently, I employ workers in Canada and Nigeria, but eventually I want to be able to hire workers in more developing nations. It is important that I understand where the gaps are in order for my business model to be successful. Deciding to get my masters from OCAD University was an investment not only financially for my company’s business success, but also in the understanding of gaps in order to strategize and adapt.

My intent is to make a website with the information I have discovered. I would like to continue to add content to the toolkit section and share it with social business communities around the world. I want it to be something which individuals with improved or new knowledge can contribute to. Additionally I want my MRP to be used by peers, professors and individuals who are planning on developing a social business in a local or foreign community. A new academy is being made in a state in Nigeria named The Cross Roads Academy which will be the first of its kind. It has been built on many acres of land and is an institution which will educate students who have graduated from high school and want to develop better social business skills and empower the youth to think beyond what they have been taught mixing western education with local knowledge. I have a presentation with the founder in in late 2015 and will present my MRP in order for them to understand more about my MRP and what they can learn from the gaps.

The three examples above are currently the different options I would like my MRP to be applied. However, I also plan on finding and developing more options for it to be used to benefit myself and others.

This following sections introduce and expand on the concepts, history, and definition of social business and its relationship to charities, which includes discussions about my MRP statement, methodology, research questions and main purpose of what I want to accomplish with my MRP, along with a description of my social business toolkit.

## **CHAPTER 2: LITERATURE REVIEW FINDINGS**

This section presents important information and data that I discovered during researching case studies, books, articles and videos, which include signals, trends, discussion about empathic maps, and the business model canvas, amongst others which will be discussed. The information I discovered from my research aided in the development of the two case studies, solutions and strategies for gaps, but most importantly, the social business toolkit section.

### **Applied SFI Tools & Concepts**

Being a student in the Strategic Foresight and Innovation Design master's program exposed me to great concepts, topics, and books which were beneficial for my literature review. In order to frame my toolkit, I chose to include the empathy map, the study of signals and trends, the business model canvas, and stakeholder information.

### **Empathic Map**

An empathic map is a collaborative tool which can be used to gain a deeper insight into the minds of customers. Much like a user persona, an empathy map can represent a group of users, such as a customer segment<sup>[14]</sup>. It was added to the social business toolkit in order for the user to truly understand their target audiences. It is a map which shows a caricature of a person which can be used to

represent specific groups being targeted. This will allow the social business to know how to create value for both their customers and those who are going to benefit from the success of the social business. The user draws four quadrants, which are labeled “thinking, seeing, doing, and feeling.” Two other boxes labeled “pains” and “gains” can also be added, and each section is filled in with what the user thinks the customer feels and finds important in each quadrant <sup>[15]</sup>. This allows the user to insert important information about what is important to that specific group such as what information they would like to see or hear. The user puts himself/herself in the mindset of the target groups which can eventually lead to more knowledge of gaps for better serving the target groups which the user would probably not have thought about.

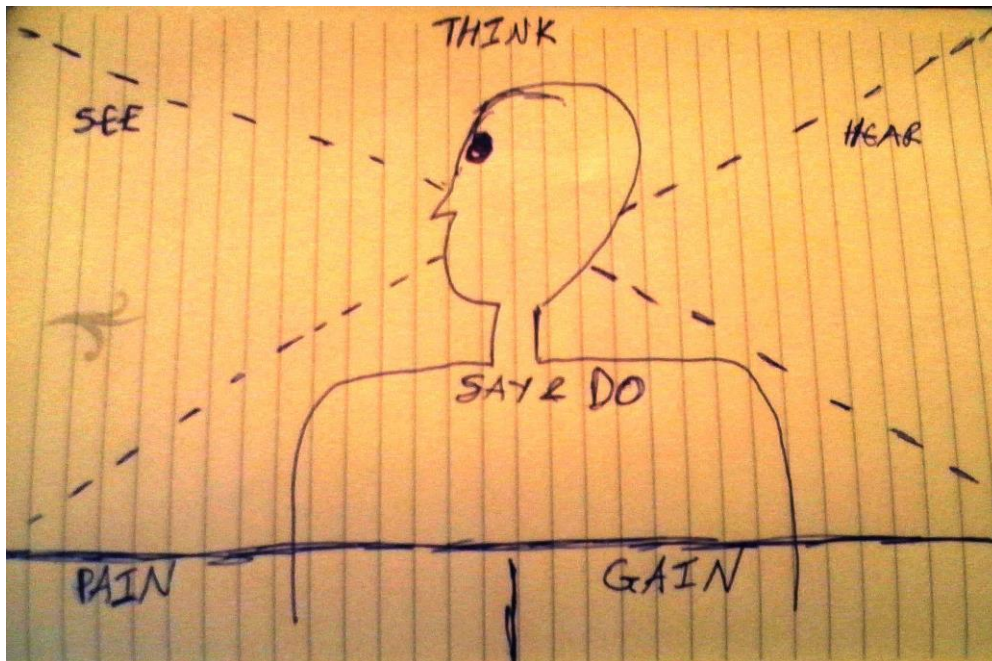


Figure 2. A real example of how users can use an empathy map. Photo Credit: Olabiyi Dipeolu.

## Signals & Trends

Using Strategic foresight principles I observed what the current signals and trends are in regards to social innovation. This was done in order to present the best strategies for social businesses and ways to fix gaps. *Signals* represent indications and evidence of change. A signal can take many forms, such as a news headline, new educational courses, or other such "signs of the times." <sup>[16]</sup>

Crowdfunding is not necessarily only for social businesses, but there has been a rise in the number of social businesses being registered and their financial support is coming from both private and government funds. In the UK alone, The British Council is focusing on this issue, with the Cabinet Office providing a £10m social incubator fund to help social businesses in the UK <sup>[18]</sup>. Northwestern University's Kellogg School of Management now offers \$80,000<sup>[18]</sup> in seed money to a graduating student who launches a social business straight out of school. Berkeley's Haas School has partnered with McKinsey & Co. so that McKinsey consultants act as coaches to student teams who work for local social businesses. Harvard Business School now says that it has about 90 faculty members engaged in social business research, teaching and programs. Since 1993, more than 500<sup>[18]</sup> books and case studies have been published by Harvard professors on social businesses alone. Just this year alone, OCAD University has received funding for social businesses by forming a new partnership with one of Toronto's largest social business incubator, CSI: Centre for Social Innovation, and received a \$950,000<sup>[19]</sup> grant from the Government of Ontario. This type of

activity is gaining popularity across the nation as other provincial governments have been providing millions in funding.<sup>[20]</sup> **Trends** are patterns of change that indicate significant, directional shifts across the spectrum of lived experience and observation by scanning across Social, Technological, Economic, Ecological, Political, and Values (or STEEPV) spectra.<sup>[21]</sup> According to Google Trends, the term “Social Business” has been on the rise for the past 7 years. Google doesn’t divulge the absolute number of searches per search trend, but they do show if the searches have increased over the years. The graph below shows which countries searched the term the most. As shown in Figure 3, the countries with the most searches include USA, Canada, Nigeria, South Africa, Kenya & India. The darker the blue, the more the activity.<sup>[21]</sup>



*Figure 3. World map showing where the keyword “social business” has the most activity. (The darker the area, the more the activity).[21]*

## Business Model Canvas

There are multiple benefits of using the canvas which includes forcing the user to think of their social business in a more scientific and formal way, it reduces the business model into a set of assumptions that the user can then test to either validate or reject, and it is visual and intuitive which makes it easier to communicate the ideas. It is a very agile tool that can be constantly adapted to be in sync with the business' realities since it is easy to create and maintain.

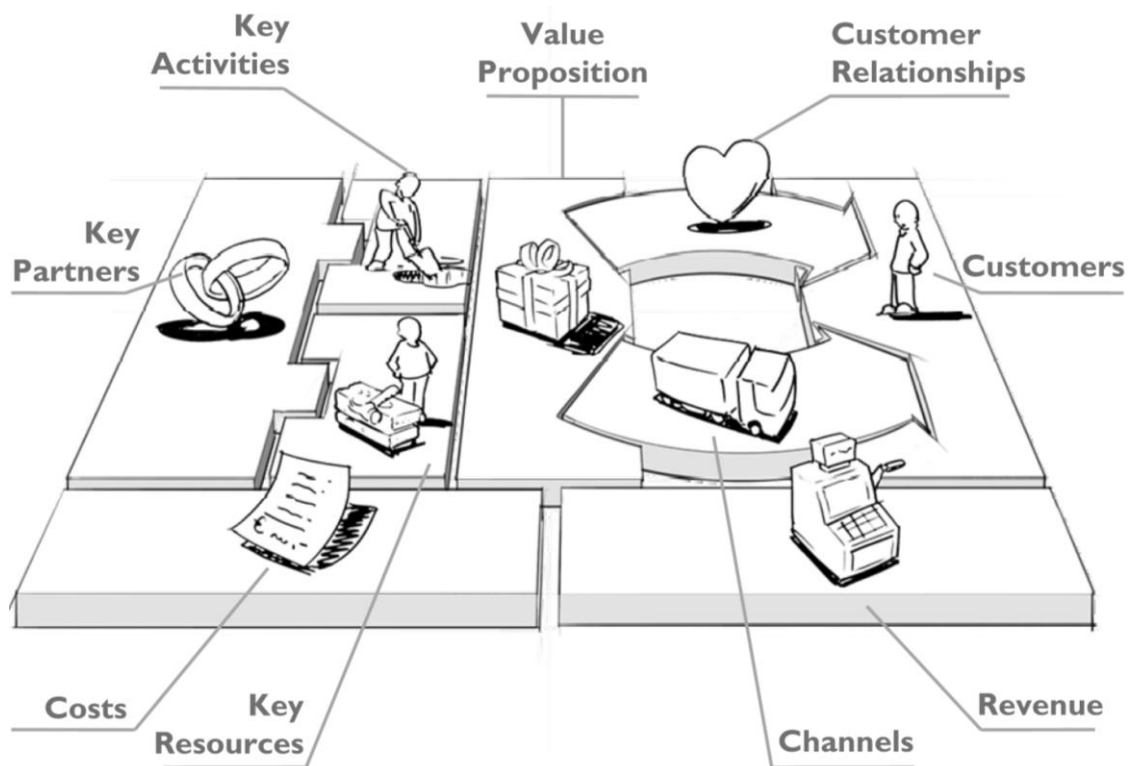


Figure 4. An animated example of a Business Model Canvas with a description of each section <sup>[95]</sup>.

The business model canvas was a tool I found important to add to the toolkit since it is a strategic management and lean start-up template for developing new or existing business models <sup>[14]</sup>. It is a one-page visual tool that demonstrates the 9 key elements of any enterprise. Dr. Alex Osterwalder first developed this idea for his dissertation at the University Of Lausanne, Switzerland, and then later refined the canvas in his best-selling book "Business Model Generation." The canvas has been praised in both business and the social sector as the fastest way to convey any organization's "business" logic so that clear strategic decisions can be made <sup>[22]</sup>. The canvas is designed in a way that the left half of the canvas is about your product or service which is mostly under your control, and the right half of the canvas is about the market, many of which are not under your control. <sup>[23]</sup> It is a visual chart with elements describing value propositions, infrastructure, customers, and finances and heavily focuses on the value proposition for those who interact with the social business, including customers, the group which is being targeted, and those who work in the social business.

It is a simple, intuitive and flexible tool for a business strategy, and provides a single page view of the offering, infrastructure, market and finances. It is made up of 9 important sections; The **Partner Networks** section examines partners and suppliers and their activities. The **Key Activities** section details what the main key activities are for the organization. The **Key Resources** section concentrates on the resources which are the most important assets needed to make



a business model work and can include distribution channels, customer relationships, and revenue streams. The **Value Propositions** are the products and services that create value for a specific customer segment. The section can be broken down into topics such as, the value being delivered to the customer, what is being solved, and what customer needs are being satisfied. **Customer Relationships** are the building blocks that describe the types of relationships a company establishes with specific Customer Segments and asks questions such as, the type of relationship each of the customer segments expects to establish, and the ones which have been established already. **Distribution channels** focus on how the customer segments want to be reached. The **Customer Channels** are the building blocks that describes how a company communicates with its customer segments to deliver a value proposition. The **Customer Segments** section focuses on the different groups of people or organizations an enterprise aims to reach and serve. The **Cost Structure** describes all costs incurred to make a business model work. Such costs can be calculated by defining key resources, key activities, and key partnerships. **Revenue Streams** describe the building block representing the cash, not the profit, a company generates from each Customer Segment.

### **Similarities & Differences Between Social Businesses & Charities**

There are similarities between charities and social businesses which include an independence from the government, stakeholder value structure, the social objectives and mission, and the social impact they aim to achieve. It is

important for social businesses to be entrepreneurial and to spend and distribute the money with the entrepreneur mindset. Charities for the most part depend on money in the form of donations from their supporters or private funding from large donors <sup>[24]</sup>. This is needed since they are not selling a product or service. This is quite different for social businesses striving to make a difference. Their main form of income comes from providing goods or services. Charities get large tax exemptions and can receive large donations from the government, and large organizations which donate in order to get important tax breaks. Sometimes these organizations go the extra mile to pair up with a charity, which can be beneficial for charities since this leads to donations from financial backing from organizations and businesses. An example of a company which is known for pairing up with charities is Coca-Cola. For many years they have paired up with multiple charities which has benefited the public images for all the parties involved and catapulted publicity for both parties <sup>[25][26]</sup>. For social businesses it is completely different. Funds primarily come from sales of goods and services. They need to make sales in order to continue being successful and continue making an impact in the designated region of impact.

### **Social Business & Stakeholders**

Social businesses, just like other types of businesses and charities, have multiple stakeholders who are important for their success. Stakeholders are people, groups or organization that have interest or concern in an organization,

and the relationship between each group of stakeholders for social businesses are important and can affect or be affected by actions, objectives and policies.

Customers & Donors are the groups which might be the most important since they provide financially for both charities and social businesses. For charities, donors are the group which they can always count on to fund their cause. They do this by fundraising, cold calling, or emailing, amongst other ways. Similarly, for social businesses, they are the most important group because they are the group which purchase and support products or services.

Some governments of developing nations encourage their citizens to develop their own social businesses because they realize that by doing so, they can generate innovation which could help solve many of their own problems which they do not have the resources or creativity for<sup>[27][28]</sup>. Governments also sometimes provide tax incentives or financial subsidies since doing so will attract many more companies to work towards fixing their issues<sup>[27]</sup>. The government of Rwanda allows any African national to start a business without having to pay taxes initially, and favor those which strive to make a difference to their local economy.<sup>[28]</sup>

Employees & board members are needed and important for logistics and administrative work. Board members are more common in charities, and are not a necessity for social businesses, although some do have them. The board of directors' key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of

its shareholders and stakeholders. In addition to business and financial issues, boards of directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

Beneficiaries are the individuals who benefit from the good deeds of the charity or the social businesses. Beneficiaries can also be the employees since they are benefiting from working there. Supporters can buy products, but do not necessarily have to be donors, especially in the case of social businesses. The function of those who support social businesses is not necessarily to donate money, but to help out in other ways like taking pictures of their products and spreading news on social media. Volunteers are different from supporters because volunteers usually spend more time doing work for the organization in the form of administrative work, soliciting or manual labour, amongst others, without getting paid.

### **Money Allocation**

The allocation of money for social businesses is important. Venture capitalists are more likely to financially support businesses which are in the technology field before they lend money to social businesses<sup>[29]</sup>. There are multiple reasons for this. First, regardless of how good of a change a social business is addressing, investors want their initial contribution, plus interest<sup>[25]</sup>. Second, ownership is an issue to venture capitalists, but most social businesses

founders are not willing to give an investor an active role in the company<sup>[29]</sup>. Social ventures can get access to grants and loans, but they usually get it once, either in the early or late stage<sup>[29]</sup>. Some community banks may loan the money to social businesses by providing federally-backed funds to lend to ventures with community development or social missions<sup>[25]</sup>. Another financial alternative is from angel investors. These investors typically want market-rate returns in exchange for their financial support and are usually partial to entrepreneurs with plans to do some type of good in the world and are usually willing to wait a little longer for financial returns<sup>[29][30]</sup>.

### **Understanding Culture**

Knowing all the aspects about the culture of the region or nation which the social business wants to impact is important for predevelopment, strategy, and success in the form of increased finances and social impact.<sup>[31]</sup>

Businesses need to adapt to changes within their industry which could be caused by external or internal factors. The same is crucial for social businesses in order to continue to provide an impact for the community they are serving, and also in order to maximize profits. Changes which social businesses need to adapt to can include, but are not limited to, new laws based on political changes, changes of logistics and cost of producing for goods or services due to labor costs or natural resources, & new or old unintentional negative or positive publicity.

<sup>[31][32]</sup> An important aspect about social businesses is to be profitable in order to continue to impact a social cause. Adaptability can lead to implementing strategies which will improve the outcome of the social business. If the right strategies are implemented it can lead to the success of the social business.

A strong brand story and image will help separate a business from its competition. The same is true for social businesses. There is a rise in social businesses, making it important for new and upcoming social businesses to resonate with potential customers. Poor communication do more to hurt a brand than to help it, therefore a unique story is a critical investment in strategic thinking for social businesses. <sup>[33]</sup>

Expert knowledge about the community being targeted and community involvement from the group is crucial. Upon researching and discovering information about TOMS Shoes, which will be more heavily discussed in the Case Studies & Discussion sections, it is a social business which was initially, and is still, successful because of the strong relationship with the community being impacted. <sup>[34]</sup> The founder of the other researched social business, One Million T-shirts for Africa, did not work with the local community he was interacting with and made errors which led to the failure of the social business. <sup>[35]</sup> There is a growing number of businesses which do not view or portray themselves as social businesses that have noticed the importance of working with a community that they are trying to impact for a seasonal campaign. This has proven to be good for sales and publicity since businesses end up spending less

when working with a community than writing a cheque since they are providing support in the form of volunteer hours and using their status as a way to bring attention to a cause.<sup>[36]</sup>

According to The Global Entrepreneurship Monitor (GEM) project, which explores the role of entrepreneurship in national economic growth and unveils detailed national features and characteristics associated with entrepreneurial activity, which is a partnership between London Business School and Babson College, the reluctance for the growth of more social businesses in developing nations is due to the education system, difficult and onerous labour laws, crime, government corruption in the form of kleptocracy and embezzlement, amongst others, nepotism and generally unfavourable conditions for entrepreneurs in African nations<sup>[37]</sup>. The Oxford Dictionary defines Kleptocracy as “A ruler who uses their power to steal their country’s resources”<sup>[38]</sup>. This type of government is generally considered corrupt, and the mechanism of action is often embezzlement of state funds. Kleptocracy is such a deterrent to many developing countries that the United States Department of State recently stated that it, “robs nations of their future and people of their dreams by misappropriating public investment away from development areas that need it most.”<sup>[39]</sup> Kleptocracy is most common in developing countries whose economies are based on the export of natural resources, and most occur in developing nations<sup>[39]</sup>. Nepotism is described by the Oxford Dictionary as, “The practice among those with power or influence of favouring relatives or friends, especially by

giving them jobs”<sup>[40]</sup>. Nepotism has maintained a particularly strong footing in the developing world due to several major factors which include, socio-cultural structure, economic structure, educational structure, and the political structure.<sup>[41]</sup>

One of the negative effects left over from colonization is tribal nepotism. In sociology, the term ethnic nepotism describes a human tendency for in-group bias or in-group favouritism applied by nepotism for people with the same ethnicity within a multi-ethnic society<sup>[42]</sup>. Ethnic nepotism affects many countries in the world, including Canada and U.S.A, but the difference is that in developing countries there is more ethnic tension mainly due to the fact that laws have not been created to make such acts punishable <sup>[43][44]</sup>. Some Africans, as like other individuals in other continents, have stereotypes about individuals from other intercontinental countries. South Africans and Nigerians tend to have a strained relationship due to many South Africans blaming Nigerians for drug traffickers, and according to a 2013 BBC World Service Poll, 63% of Nigerians view South Africa's influence positively, with 24% expressing a negative view.<sup>[45]</sup> Such tension has led to certain ethnic groups being discriminated against in regards to job opportunities<sup>[45]</sup>. Social businesses need to take such information into account when deciding the location of their social impact and the attitudes of the locals before strategizing.



## **Impact Measurement**

Being able to measure the impact of a social business is important for the social business and its stakeholders, but most importantly for the community being targeted, and consumers. The toolkit contains questions which address impact measurement, but it is not the intent for my toolkit to turn into an accreditation which rates social impact measurement, however, it will be open to users who can advise the different methods or organizations which can help with such measurement.

The community being targeted needs to evaluate the results of the social business in order to know if their needs, which the social business promised to address, are met. This can lead to dialogue & input for better results between the community and the social business to track the success or failure of the outcome. Social businesses should also value the measure of the impact since it is useful information which they can use to determine if more needs to be done to meet their impact goals. It is also useful information which can be used as proof of their social business and builds confidence between their customers and the target group they chose to impact. Impact measurement is also useful for new or recurring customers since it can determine whether or not they will continue to purchase products or services from the social business and lets customers know that their support is causing an impact. This can lead to the customer becoming a recurring customer who publicises good news for the social business.

Return on Investment (ROI) is a business term which is used to measure financial returns such as revenue, profit margin, staff turn-over and customer satisfaction which are metrics which can be measured by different methods. Social Return on Investment (SROI) blends traditional qualitative measures with quantitative representation, appealing to both investors looking for the bottom line as well as funders, entrepreneurs and community interested in the triple bottom line.<sup>[46]</sup> Measuring SROI is difficult to measure because it brings together social, financial and environmental value. SROI attempts to measure value outside of the venture itself, and choosing which of the endless possible factors to identify, capture and measure is challenging.

There are multiple organizations and businesses which focus on measuring social impact. One of the largest and prominent leaders for this is a non for profit named B Lab which is a non-profit organization headquartered in Wayne, Pennsylvania, which created, and awards, the B Corporation certification for for-profit organizations. The "B" stands for beneficial and indicates that the certified organizations voluntarily meets certain standards of transparency, accountability, sustainability, and performance, with an aim to create value for society, not just for traditional stakeholders<sup>[47]</sup>. Social Assets Measurements, (SAM), is a Toronto-based firm that helps both not-for-profit and for-profit clients measure the social impact of their work and determine their social return on investment. SAM uses metrics that focus on the drivers of success, not just indicators, so that social enterprises can make better decisions about where to put their limited resources.

Since there are many different ways to measure social impact, I wanted the user to decide what methods would be best for their social business. Questions which were placed in the Social Business Toolkit were questions which would help the user decide how they would measure their impact. It is the shortest section in the toolkit so far, but the goal is that global users will add more information, tools and questions to this section.

### **Judiciary Systems**

The history of judiciary systems in developing nations plays an important factor in regards to tolerating corruption. For many developing nations, their judiciary systems were only defined after colonization and were initially based on the judicial framework of the nation which colonized them. As many years have gone by, their new judiciary systems have been adjusted by those in power for their benefit. In some cases, this has led to members of parliament and the affluent taking advantage of the law and providing financial compensation to those who comply and support them.<sup>[48]</sup>

### **Summary**

It is not my intention to convey that the issues addressed in this section are only a problem in developing nations. They are also examples of such issues in

developed nations. For example, in 2010 one of the most consequential court decisions in American political history gave wealthy corporations the right to spend unlimited money to influence elections <sup>[49]</sup>. Since I am concentrating on developing nations and specifically looking at what could potentially affect social businesses, it was important to closely examine literature relating to developing nations.

The knowledge which was discovered from the literature review was used in multiple ways. First, it was discovered that the way social businesses dealt with adaptability, which in this MRP means changing their business operations, listening to critics, technology use, marketing strategies, logistical changes, and others, could either lead to their success or failure. Second, the culture of the country should be taken into account when implementing social businesses since many of the issues facing a developing nation might not be understood by an individual who is not familiar with that region. Third, two standards were used to critique the success of the two social businesses researched in the case studies, which were, their strength of being a social business and not a charity, and how they handled growth in regards to adaptability. The next chapter presents case studies on the two social businesses researched which are TOMS and 1 Million T-shirts for Africa.

## **CHAPTER 3: CASE STUDIES**

In order to contrast between a successful social business and one which was a failure, it was important to research an example of each. I narrowed down my research options to private social businesses which sell to consumers and serve a purpose to better the lives of a specific group since those are the types of social businesses which would benefit most from my Social Business Toolkit. Due to these categories, the successful social business chosen was TOMS Shoes, while a now defunct social business named One Million T-shirts for Africa was chosen to represent a social business which failed.

### **Case Study #1**

This section is a case study which contains information that I discovered from my research about a social business named TOMS. I chose to review two different social businesses in the apparel field which were a success and failure. I gathered information from TOMS' website, external websites, other case studies and books which had information about the company. The information which I was able to gather ranges from the company's history, costs of their products before production and the final consumer price, their competition, different strengths and weaknesses, amongst other useful information. I made a business model canvas in order to better understand their core business value propositions and to get a better understanding of what makes them successful and the different

changes they have made from their inception until now. I based my findings on two standards, which were, their strength of being a social business and not a charity, and how they handled growth in regards to adaptability since those were two important findings from my literature review which will also be discussed more in the Discussion Chapter. With my small business, I strive to succeed using strategic innovations and learning from those who have been in operation longer than my small business and succeeded, like TOMS. This section details their growth history, strengths and what led to their success.

# ***#TOMS***

## One for One

Image 1. Social Media Inspired TOMS Hashtag. Credit: Olabiyi Dipeolu

### **Why Focus On TOMS?**

I chose to focus on TOMS because it is a social business which has grown significantly since it was founded. Its headquarters are in USA, but has factories and initiatives around the world and appeals to many demographics by offering multiple products <sup>[34]</sup>. From inception, they have learned to adapt and their growth has been due to decisions based on strategy, creativity and claiming to make a difference in the lives of those in need <sup>[43]</sup> while listening to their critics to change certain aspects about their business.

### **TOMS Corporate Responsibility Statement**

“TOMS provides focus on the environmental and social impacts of our products and operations, responsible giving and employee life. We know that our

customers will look to us for our accomplishments. We offer shoes with sustainable and vegan materials and are working to expand these offerings. These shoes include natural hemp, organic cotton, and/or recycled polyester and these materials are used on the upper, liner and/or the insole cover (instead of our standard suede insole). All of our shoe boxes are made from 80% recycled post-consumer waste and are printed with soy ink” [50].

## History



Image 2. Map outline of Argentina. Where TOMS founder became inspired. Credit: Olabiyi Dipeolu

Blake Mycoskie is the founder of TOMS, which he founded after a visit to Argentina in 2006. After experiencing the poverty faced by local children, he decided that the solution to the problem was to create a social business that was sustainable and not reliant on donations. Blake's vision soon turned into the



business idea that is still at the core of the company; with each pair of shoes bought, a pair will be donated to a child in need.<sup>[51][52]</sup> According to the company's website, they have provided over 35 million pairs of shoes to children since 2006<sup>[34][52]</sup>, but since they are a private company they do not have to prove this and no outside company has confirmed or denied this. The "One for One" model and slogan, has been applied to the company's other products, such as TOMS Eyewear in which for every pair of eyewear purchased, TOMS would help give sight to a person in need by providing eye examinations and operations to those who cannot afford eye care. Over 250,000 people have benefited from this since 2011<sup>[34]</sup>, which also has not been verified or denied by an outside company.

TOMS was registered and became a company in 2006 when, initially, 200 pairs of shoes were produced in Argentina. By the next year, Vogue Magazine published an article, which led to widespread publicity and growth for the company. By 2009 A.T&T featured TOMS in a television commercial which propelled them to international fame, and Mycoskie was invited to present at the White house to President Obama about the impact of sustainable businesses to the future of the American economy. By 2011, TOMS merchandise was being sold in more than 500 retailers worldwide, and by 2014, according to their website, they had delivered 35 million<sup>[34]</sup> shoes, to children in developing nations and 50% of the company was sold to Bain for \$625 Million<sup>[53]</sup>.

## **What worked for TOMS?**

From my research, TOMS has managed to succeed because it is a social business which adapted to their market with their ability to constantly expand their product lines. The in-depth analyses of both discoveries are examined in this section.

### **Social Business, not a charity**

Mycoskie has mentioned many times that he wanted TOMS to be a social business rather than a charity since it would help their impact last longer <sup>[35]</sup>. It has now turned into a social business valued at \$625 Million <sup>[53]</sup>. TOMS marketing has involved fashion shows, high profile events, university campus marketing, social media, and temporary pop-up stores. They make it known that their products are also made with vegans in mind, using only natural resources and dyes <sup>[44]</sup>.

“Shoe drops”, which are organized in Argentina, Ethiopia and South Africa distribute shoes to children in poor communities, as shown in Figure 5 below. While most companies and charities spend a lot of money on advertising and promotions, TOMS has the advantage of spending money on distributing shoes which they already produce and have the materials for. The shoe drops provide publicity and are affordable. It has been estimated that in ten years alone, the majority of charities in USA would have spent \$1 Billion <sup>[54]</sup> in advertising

and consultation fees. This is not only unique to charities, The Aldo Group, which is a popular shoe brand chain, has spent more than \$10<sup>[55]</sup> Million in charity activity. Instead of spending large amounts of money on consulting firms, volunteers on shoe distribution trips are able to hand-deliver shoes to children. According to TOMS, in 2006, they distributed 10,000 pairs of shoes in Argentina, in 2007 the company distributed 50,000 pairs of shoes to children in South Africa, and in 2009 they distributed 140,000 pairs of shoes to children in Argentina, Ethiopia, and South Africa as well as children in the United States. As of 2014, Toms has hand delivered over one million pairs of shoes in 40 countries <sup>[56]</sup>. It has been estimated by business analysts and insiders that the average cost to produce shoes which are similar to TOMS staple design range from \$2.00 to \$7.00 per pair <sup>[57]</sup>, thus, the net profit which TOMS makes on each sale is more than 100% gain since the average retail price for a pair is \$60.00<sup>[57]</sup>. The company is giving away products which they have already manufactured and possibly cost less to make since the shoes distributed are smaller in size since it for children. This means less materials are used and less time is spent for production <sup>[57]</sup>.

## WHERE WE GIVE SHOES

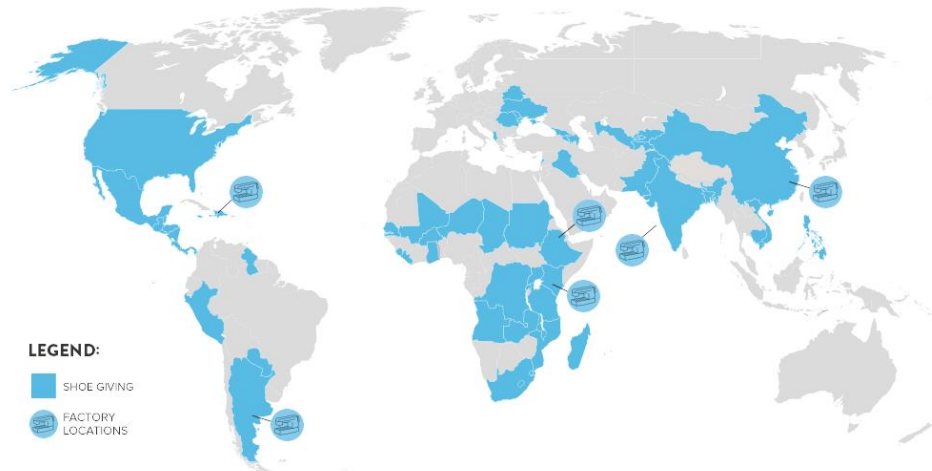


Figure 5. World map showing TOMS' "drop off" locations. [52]

“One Day Without Shoes”, as described in Figure 6 below, initially started as a fun day created by TOMS interns but has now become a world wide event. It is a day when individuals all over the world take off their shoes to raise global awareness for children’s health and education. Participators are also encouraged to take pictures and share them all over social media. This is another type of marketing which they don’t have to pay for, yet is an annual event which seems to be growing <sup>[52][59]</sup>. As of 2015, the 3<sup>rd</sup> most viewed YouTube video on the company’s channels is about “One Day Without Shoes”, with almost 400,000 views <sup>[60] [61]</sup>.



*Figure 6. Banner of TOMS One Day Without Shoes.[52]*

TOMS has managed to grow an extensive global movement and community in their interest and have loyal customers who continuously purchase their products. If you search for TOMS or TOMS SHOES on social media many results will appear with images and statements from people in multiple languages. TOMS rewards their “tribe” by reaching out to them whenever they receive images of their customers wearing their products. Their marketing department usually leaves comments, and shares the received images. TOMS already has their own blog site which mentions their good deeds, but they also operate [tomscommunity.com](http://tomscommunity.com), which is how they engage with their supporters around the world. On social media, they have millions of followers on Facebook, Instagram, Pinterest, and Twitter. As shown in Figure 7, one of the most retweeted and trending hashtags in 2012 was affiliated with TOMS; #withoutshoes<sup>[62]</sup>. In a day

alone that hashtag was tweeted almost more than 25,000 times and by analytic estimates it potentially reached 30 million people due to its activity and popularity [62].

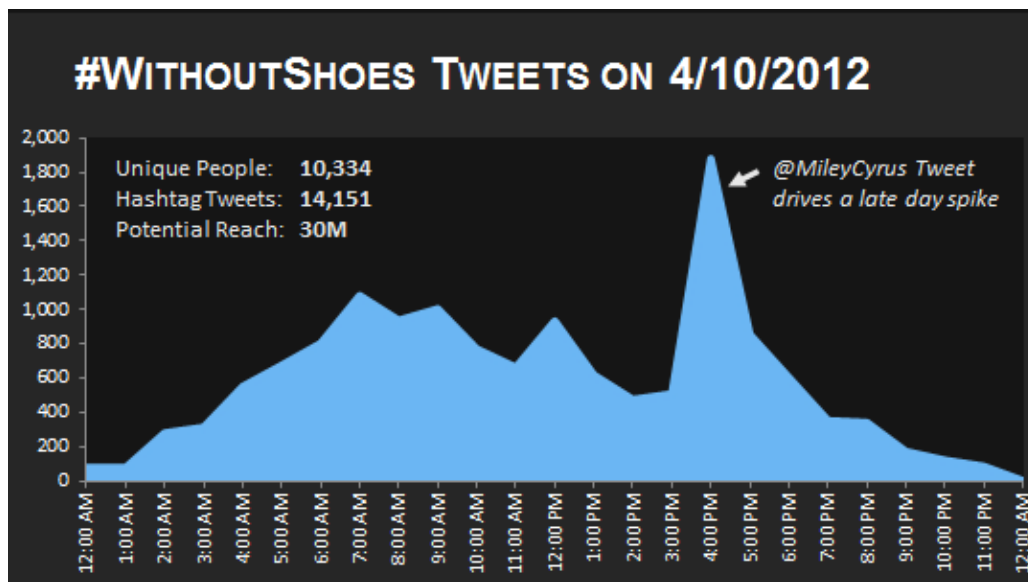


Figure 7. Analytic activity of TOMS popularity on twitter from their #WithoutShoes campaign.[70]

## Adaptability

The second strength which contributes to the success of TOMS is their ability to adapt and take advantage of what leads to their growth. In 2011 TOMS launched their eyewear products. As shown below in Figure 8, with every pair of TOMS glasses sold, they will provide an individual in a developing country with a new pair of prescription glasses or sight saving surgery. According to TOMS, they have restored sight to more than 250,000<sup>[63]</sup> people around the world which has not been verified or denied by an external company.



Figure 8. TOMS Shoes One for One Eyewear infographic.[56]

With the success of diversifying into a new market, as done with glasses, TOMS expanded into the coffee business. This business plan is based on donating a week's worth of clean water to farmers in developing nations to support their businesses with every bag of coffee sold. TOMS Roasting Co. offers six coffee varieties with beans sourced through direct trade efforts in Rwanda, Honduras, Peru, Guatemala and Malawi. The \$12.99 bags are available on their website, Whole Foods nationwide and at TOMS "cafes" around the world <sup>[64]</sup>. According to TOMS, with each bag of coffee sold, 140 liters of water is given to a person in need in Rwanda, Guatemala, Honduras, Peru, Malawi and India. This statement, though, has not been verified by third parties.

In its initial years, TOMS only offered shoes in the traditional alpargata shoe style of Argentina. As shown in Image 3, as the company grew and became more successful, they realized that they needed to diversify their market and product offerings, especially since many new companies began imitating their initial shoe design and selling them for \$29.00 instead of the typical \$55.00 <sup>[65]</sup>. Making matters worse, their shoes are not patented since they were not the first group to come up with the design. The design had been used for hundreds of years. TOMS started appealing to different demographics and serving each group with fashionable shoes. Regardless of the new styles, they kept their tags visible on the shoes in order to raise awareness that they don't only make alpargata shoes. This potentially allows them to spread into new markets, increase prices, and increased their brand awareness <sup>[58][66]</sup>.



Image 3. A sample of different shoe styles offered for men by TOMS.<sup>[56]</sup>

No company is immune to criticism. TOMS is no exception. The company has become known for actually listening to what their critics have to say and swiftly fixing problems. <sup>[67]</sup> As mentioned earlier, a major issue which critics tend to raise is that TOMS makes a majority of its products in China using cheap labor.



In response to this, Mycoskie responded by saying, "If you really are serious about poverty alleviation, our critics said, then you need to create jobs. At first I took that personally, but then I realized that they were right. Using our model to create jobs is the next level." <sup>[35]</sup>. The company announced recently that it will open a factory in Haiti, paying what it says will be "competitive" wages to 50 Haitian workers. According to Public Radio International, Mycoskie has also pledged that by 2015, the company will produce one-third of its shoes in the countries where they are being donated. Since TOMS is a private company, all of their finances are kept secret. Solerebels, a similar company which also provides shoes for those who need them in developing countries, pay their employees in Ethiopia three times more than the minimum wage, so it has been expected by industry insiders that TOMS might pay the same rate when their new rules become effective. <sup>[68]</sup>

In order to remain relevant and popular, TOMS continuously partners with many famous individuals in order to appeal to their fan base and get more supporters. Instead of having to pay for endorsement deals, they tap into empathy and pair with famous individuals, other charities and famous name brands by involving them in design concepts without having to pay royalties or an appearance fee which allows both parties to benefit. TOMS reaches a larger market and gains awareness and exposure, while the person or group they partner with feel as if they are doing something good by working with a social business which is improving the lives of those in need. Unlike working with a charity, the

large companies they work with don't have to donate money, they get to be creative, and they too gain exposure by entering a new market, which they usually would have to spend more money on advertising towards. They have paired with famous and powerful celebrities such as Charlize Theron, fashion brands like Ralph Lauren and charities as Charity:Water.<sup>[69][70]</sup>

In the early days, TOMS only came in five colors. When placing an order, Mycoskie accidentally added one too many zeros for white shoes. After all the other shoes sold out, TOMS was left with 15,000 white shoes. No one wanted to buy white shoes but if they weren't sold, TOMS wouldn't be able to buy any more shoes and would be out of business. Jokingly the team thought if they can't get more cash, they will have to paint the shoes and the "Style Your Sole" program was born. This is now one of the biggest parts of the company and TOMS has found that when people design their own shoes, they will tell the TOMS' story more. It was an idea that was born out of the need to sell unwanted shoes. A Style Your Sole party happens when people come together to express themselves and help children in need by customizing their own blank, canvas TOMS shoes. Doing this allows customers to purchase TOMS shoes, and reflect their own individuality on the shoes, while the participant feels as if they are doing something good for the world. This is a lucrative event for the company since many are held around the world annually.<sup>[71]</sup>

## Summary

TOMS exploits the story of how they started, what they do, and the likable story of the founder. They sell their products by connecting with the buyer on an emotional level without making themselves seem like a charity.<sup>[72]</sup> As mentioned earlier, important events and movements which have gained popularity and financial success for the company were initiated by the initial interns, who have gone on to have important positions within the company.<sup>[72]</sup> From my research, the involvement of the community, both on the field and in the company have led to the success of the company, but most importantly, their ability to adapt to their industry has solidified them as a social business which is known for their innovation, customer loyalty and strategy.

Another TOMS business strategy is that their products give consumers a story to tell. Buyers feel good about their purchase and want to tell others about it.

Adaptability, the ability to quickly learn and grow from past mistakes or trends is also something which has been beneficial to TOMS. When TOMS first started, Mycoskie hated shoe boxes and thought they weren't environmentally friendly. So instead of boxes, he sent shoes in canvas bags thinking not only would TOMS be known for giving, but also be known for being environmentally friendly. When the shoes weren't selling in some of the retail outlets, Mycoskie went in and saw that the bags got tangled and so the companies weren't actively selling them. This almost put them out of business. This led them to adapting and using shoe boxes, but they still include a sachet inside every box.<sup>[58]</sup> Adaptability

is an issue some social businesses do not notice as a necessity to succeed. Social businesses should realize that even though they are doing something good for the world, it is not enough to survive. They are still a business which needs to adapt and be in tune with the market that they are in.

It is also important to focus on selling your unique story. A social business' strength is in the story of how it was formed and what they are doing to make a difference. Social businesses need to remember that they will have to get attention in order to survive, they are not a charity so people need to see an actual benefit in how they too can help in making a difference in the lives of those in need, while still getting rewarded.

TOMS also proves that money allocation needs to be fine-tuned in order to develop a following and culture. Social businesses need to focus on spending money on getting the world to know what makes them special.

More discoveries were identified after writing case study #2. The second case study was written by me after researching 1 Million T-shirts for Africa. Details about why I chose this company and the purpose of the case study is mentioned in the introduction.

## **Case Study #2**

This section is a case study which contains information which I discovered from my research about a social business named 1 Million T-shirts for Africa. In contrast to the TOMS, I focused on social business which was not successful and is no longer in operation. Since their website no longer exists, information was gathered from external websites, other case studies and books which had information about the now defunct social business. The information which I was able to gather ranges from the company's history, costs of implementing their idea, different strengths and weaknesses, and what led to their demise. I based my review on the two same standards used for TOMS, which were, their strength of being a social business and not a charity, and how they handled growth in regards to adaptability since those were two important findings from my literature review which will also be discussed more in the Discussions Chapter.



Image 4. One Million T-Shirts for Africa hashtag illustration. Credit: Olabiyi Dipeolu.

### **Why 1 Million T-shirts for Africa?**

One of the main functions about my small business is that with the revenues generated from sales of my products, I am able to work with women in West Africa and enable them to make a living. 1 Million T-shirts for Africa, which I will shorten to 1MTFA for ease, also intended to help women in Africa make a living by sending them t-shirts to sell which were leftovers from an intended use and second hand. Unfortunately their philosophy and actions led to its downfall. I researched the company in order to learn from their mistakes and to analyze their errors.

## **History**

Jason Sadler founded a successful t-shirt company named I Wear Your Shirt, which is an American advertising company that uses t-shirts to advertise businesses. I Wear Your Shirt allows a company to buy a day in which Sadler wears a shirt adorned with the company's logo <sup>[73]</sup>. Sadler wears different shirts for every day of the year and advertises for the companies by taking pictures and by uploading videos about the companies to Ustream and YouTube. With the success of his small business, Sadler decided that he wanted to do something which would benefit those in need <sup>[73]</sup>. This led to the creation of One Million T-shirts for Africa. The business plan was to collect a million shirts and send them to poor people in Africa using leftover shirts from his successful company and donations from the general public who supported the idea <sup>[73]</sup>. By 2010, after months of criticism and delivery failure, the social business became defunct.

## **What Led To Their Failure**

I used the two same strategies and concepts for success as used in my analysis of TOMS, which were 1) Social business, not a charity and 2) Adaptability in order to fairly compare. These problems presented are issues which can be fixed before a social business decides to move forward with its plans. They include the general unclear goal of the company, whether or not the

delivery of t-shirts are a necessary need for the targeted nations, the creator's harsh response to criticism, and potential alternatives.

### **Social business, not a charity**

The public opinion about the company started off negatively from its inception. Bloggers and credible news outlets criticized and questioned what the actual goal of the company was. In an interview with TIME Magazine Sadler commented, "I have thick skin, I don't mind, but it's just the way they responded — it was just, 'You're an idiot, here's another stupid idea, I hope this fails,' It really was offensive because all I'm trying to do is trying to make something good happen and motivate people to get off their butts, get off the couch and do something to help" <sup>[74]</sup>. The company's intention seemed blurry and not genuine, especially since Sadler was sending shirts which were left overs and second hand in nature. It also seemed like he was trying to gain publicity for his successful t-shirt company. In a lot of his responses to criticism, Sadler frequently name dropped his other successful t-shirt company, [www.iwearyourshirt.com](http://www.iwearyourshirt.com), which many critics pointed out as unnecessary and as a not so subtle way to draw traffic to his for online business<sup>[73]</sup>. Even though TOMS is a for profit company, they are open and honest about the fact that sales of their products are what leads to their philanthropic efforts. It is even part of their slogan, One for One<sup>[58]</sup>.



Part of the plan was that 1MTFA would help widows establish businesses to sell the t-shirts. Unfortunately this concept got buried under all the criticism and backlash <sup>[73]</sup>. This is a great aspect which could and should have been stressed and developed more. Perhaps if Sadler had reached out to widows or organizations which work with widows in the targeted countries before the formation of the business, the concept and strategy would have been different from what was conceived. Critics stressed that there currently are many organizations which could have been a part of creating and narrowing down the best possible goals for 1MTFA. One of the biggest issues which plagued Sadler's humanitarian efforts is that he had admittedly never been to Africa<sup>[73] [75]</sup>, and had never worked in an aid or development environment before.

#SWEDOW is a concept which gained popularity after the media backlash Sadler received. It stands for Stuff We Don't Want <sup>[73]</sup>. The countries which were targeted by Sadler were, Kenya, Uganda, DRC, Ghana, Liberia, Mozambique, Nigeria, Ethiopia, Sudan, Swaziland and South Africa. As shown in Figure 9 below, if Sadler had done his research he would have realized that 3 out of those countries have the highest GDP (Gross Domestic Product) in regards to their Purchasing Power Parity (PPP) in Africa, and there isn't really a need for t-shirts.

Region Rank	World Rank	Country	2013 GDP (PPP) millions of International dollars
—	—	<b>Africa</b>	<b>4,394,458</b>
1	19	 Nigeria	1,218,000
2	22	 Egypt	910,000
3	29	 South Africa	662,000
4	44	 Algeria	285,500
5	57	 Morocco	179,200
6	60	 Angola	121,704
7	65	 Ethiopia	121,400
8	68	 Tunisia	108,400
9	70	 Ghana	90,500
10	74	 Sudan	88,500

Figure 9. A ranking of the top 10 nations with the highest GDPs in Africa as of 2014. [97]

Sadler's personality was also questioned as the uproar of his business continued. Sadler initially spread the word about his company through social media. In response to such criticism, Sadler said in a response video, "A lot of people, they're so used to the one-way street - they can write a blog post and most people get scared away"<sup>[73]</sup>. After scrutiny from his first video, Sadler eventually put up a new video in which he seemed visibly upset and gave out his phone number to anyone willing to have a conversation about the project. Sadler had this to say about his critics, "Don't sit behind Twitter. 140 characters. You don't even have the time to e-mail me and you're going to talk to me on Twitter", and, "I don't care. I don't drink hatorade. I really don't. I don't care at all. My dog

doesn't care. I don't care. I don't care at all". Such comments took away from what little hope the company had of gaining support. More backlash and criticism came from comment such as, "If you have a problem with 1MillionShirts, you probably really don't like the fact that I get paid to wear T-shirts for a living. So, go to [iwearyourshirt.com](http://iwearyourshirt.com) if you really want me to ruin your day".

### **Adaptability**

Initially, even after the first wave of backlash the company received, they did have some supporters who actually pledged to send shirts over with \$1.00 to cover shipping. Approximately 650<sup>[73]</sup> people committed to the cause and were determined to share and promote the cause. Their loyalty and excitement for the company fizzled after the videos of Sadler gained popularity in which he responded to criticism. This was 1MTFA's chance to build a tribe and could have used them to gain popularity and defend them from their critiques. They did not spend enough time with their supporters. TOMS knows that in order to succeed they must make their supporters feel appreciated, which is key to their strategy and campaigns <sup>[52]</sup>. Critics have also argued that 1MTFA could have still worked in the apparel industry but with alternative business strategies. The first is that their model could have included bidding and auctioning off t-shirts. Perhaps bidding on t-shirts and the money raised from the highest winning bid could have been used to support businesses in the region. Another alternative idea was for the company to work directly with textile industries in Africa. TOMS started off

working with local shoe producers in Argentina before growing production worldwide. Another interesting alternative is perhaps in order to support the African textile industry, yet still be involved with t shirt, t-shirts made by African widows could have been sold by 1MTFA. In that way there would be job stimulation, there would be a strong cause which could drive sales, and it could be a potentially profitable social business.

## **Summary**

Some might question what the difference is between TOMS and 1MTFA in regards to not really making a difference for the local community since TOMS no longer makes a majority of its shoes in Argentina. Also, It has been argued that TOMS uses low quality materials to produce the shoes which they hand out to children and that they are bankrupting the shoe industry of the nations which they donate shoes to. In regards to the African shoe industry, Africa only has a 0.73%<sup>[76]</sup> share in regards to employment within the shoe industry. Statistically and financially, not many Africans benefit from the footwear industry both in the internal and global markets<sup>[76]</sup>. Bespoke shoes in Africa are only for special occasions and the shoes can be worn on multiple occasions. This is different from the apparel and fashion industry of Africa, which has gained popularity and has become a new frontier for growth. The region's apparel and footwear sales are set to rise by US\$17.9 billion over 2013-2018.<sup>[77]</sup> In South Africa alone, the

merchandise and fashion industry accounts for the 5<sup>th</sup> largest employment sector, which generates over a Billion U.S dollars in salaries for those employed.<sup>[78]</sup>

Donating clothing is a sensitive topic in developing nations because many countries' textile industries collapsed under the weight of second-hand clothing imports that were introduced in the 1970s and '80s. Flooding the market with free goods could bankrupt the people who already sell them. "First you have destroyed these villages' ability to be industrious and produce cotton products, and then you're saying, 'Can I give you a T-shirt?' and celebrating about it?"<sup>[74]</sup>, says James Shikwati, director of the Nairobi-based Inter Region Economic Network, a think tank.

Eventually Sadler listened to his critics and stated his company would find another way to use the t-shirts for disaster relief, giving them to homeless shelters or using them to create other goods.

From my research of IMTFA, I was able to find additional conclusions. First is the importance of logistics, which in business terms means the organized movement of materials and, sometimes, people, is crucial. Since a lot of social businesses work with groups in foreign locations, it is important to take into account that this might be an expensive aspect of the business. Second, if there is a lack of involvement offered to those who will benefit from the social businesses, the results can be catastrophic for all parties involved.

Information gathered from the literature review and case studies will be addressed in the Discussion Chapter below.

## **CHAPTER 4: DISCUSSION**

This section is made up of 3 sections which are, findings , solutions and an introduction to the Social Business Toolkit. The findings and solutions were discovered with the knowledge and information which were gathered from the previous chapters, and are used to present strategies which social businesses can use to make sure that they do not suffer and fail from the issues, gaps, and threats which I analyzed earlier in the Literature Review and Case Studies chapters. The failures and successes of the two companies analyzed previously will be a strong focus, in addition to what was discovered from the Literature Review. The Findings section lists the six issues which were dicovered from the previous chapters. The Solutions section presents differennt options and solutions which can aid in fixing the issues discovered in the key findings which can lead to the success of the social businesses, with examples of actions which other social businesses and charities took.

## 1) Key Findings & Problems



Figure 10. Key Findings, Issues & Gaps which were discovered from the research. Photo Credit: Olabiyi Dipeolu

Discussed below are the six issues, findings and certain gaps identified which were gathered from the Literature Review and TOMS & 1MTFA case studies. They were used to develop and aid in the Solutions for Key Findings section and the Social Business Toolkit.

There seems to be a lack of involvement offered to those who will benefit from social businesses.

The culture of the country should be taken into account when implementing social businesses since many of the issues facing a developing



nation might not be understood by an individual who is not familiar with that region.

Adaptability is an issue some social businesses do not notice as a necessity to succeed. Social businesses should realize that even though they might be doing something good for the world, it is not enough to survive. They are still a business which needs to adapt and be in tune with the market that they are in.

Focus on selling your unique story. A social business' strength is in the story of how it was formed and what they are doing to make a difference. It is important to remember that they will have to get attention in order to survive, they are not a charity so consumers need to see an actual benefit in how they too can help in making a difference in the lives of those in need, while still getting rewarded.

Money allocation needs to be fine-tuned in order to develop a following and culture. Social businesses need to focus on spending money on getting the world to know what makes them special.

The importance of logistics, which in business means the organized movement of materials and, sometimes, people, is crucial. Since a lot of social businesses work with groups in foreign locations, it is important to take into account that this might be an expensive aspect of the business.

## 2) Solutions

After presenting the conclusions, using the information from the literature review and case studies, and after discovering and expanding on the issues, gaps and conclusions, I developed solutions. These solutions were used to base the questions for the Social Business Toolkit.

### Solutions for key findings

Below, Figure 11, presents the four main solutions which are expanded on in more detail.



*Figure 11. Solutions to tackle previously described issues and gaps. Photo Credit: Olabiyi Dipeolu*

## **Change from within**

Working with members or organizations within the community is important for the group which a social business is trying to serve. This would serve a social business best if they have a strong relationship with the organizations on ground. TOMS succeeded by building strong networks with the communities that they donate to. Even though their shoes are no longer made in Argentina, the company was able to learn from local shoe designers and build a good relationship with them. When Nordstrom ordered 10,000 pairs of shoes from them, Mycoskie had to quickly book a flight to Argentina and work with the local shoe makers he initially worked with. The turnover rate had to be fast since he informed Nordstrom that the pairs of shoes were ready and in his office in California <sup>[52]</sup>. If the shoes were initially designed in California, the production quality and rate at which they were produced might not have met the market standards. 1MTFA did not work with the local community and failed miserably <sup>[73]</sup>. If they had worked with the local communities of the African communities which they wanted to help, perhaps they would have realized that t-shirts are not an expensive commodity. Perhaps they would have been able to find another way in which clothing could have been donated or purchased from the locals <sup>[73]</sup>.

Social businesses must acknowledge and harness the power of change from within. An example of this is Kiva, which allows people to lend money via the Internet to low-income and underserved entrepreneurs and students in over 70 countries <sup>[79][80]</sup>. Kiva's mission is to connect people through lending to alleviate poverty. They realized that there is a need to start small businesses in order to stimulate growth in developing nations <sup>[79][75]</sup>. They have a high success rate with lenders getting paid back their full amount with interest at 99%. <sup>[69][79][80]</sup>

Trashy Bags is a social business in Accra, Ghana, which turns plastic waste into reusable shopping bags, fashion accessories, school supplies, and other products. It employs Ghanaian workers to collect, clean and stitch plastic trash in the form of sachets that contained water and other beverages. The packages often become litter because local recycling initiatives and waste management infrastructure are insufficient and because most of the community throw their waste on the streets. By working with the locals, Trashy Bags is able to get cheaper labor due to wage laws, also the local community which grew up in the area know where to access such waste. They have reprocessed approximately 20 million sachets since founding. Every month about 200,000 plastic sachets are collected and brought to the Trashy Bags headquarters by a network of collectors employed by Trashy Bags. Its products are sold locally, sold online, and exported to other countries. <sup>[80]</sup>

PlayPump is a charity which failed to include the local community they were trying to serve. They developed a new technology in the form of merry-go-rounds, which was supposed to bring drinking water to thousands of African

communities by harnessing the power of children at play<sup>[81][82]</sup>. A merry-go-round type device is installed and connected to a water pump and as children play on the merry-go-round, water is pumped into a storage tank, and is then available on demand. Initially the project was praised for its creativity and capability to bring about a positive change through empowerment and not aid. Former first lady Laura Bush pledged \$16.4 million public-private partnership to install more PlayPump systems which was the beginning of an effort to install 4,000 pumps to provide water to up to 10 million people in Africa by 2010<sup>[79]</sup>. After much criticism, they were featured in a PBS expose documentary called “Troubled Water” which indicated that all didn’t go as planned with the PlayPump. Dozens of PlayPumps in Mozambique sit idle, and in many villages, they have been removed and hand pumps reinstalled. The documentary reported that PlayPump hadn’t lived up to its original promise and even its strongest backers have had to admit that the large-scale roll-out they had originally planned was not realistic<sup>[83]</sup>. The biggest gap which they did not resolve properly was involving the community. What led to their demise was the fact that the machines would sometimes break and need repairs. Each machine cost \$14,000.00 to install, which was four times as much as traditional pump systems<sup>[83]</sup>. They had not taken time to make sure that they had worked with the local community in each village they had built the merry-go rounds.

Charity: Water is a charity which builds wells in developing nations, especially in rural areas and place tracking devices on each new site which

enables the public to know where the wells are located. They have been known to succeed due to their involvement of the local communities they provide wells for and knowing the cultural environment <sup>[84]</sup>. Charity: Water was founded after PlayPump but was able to last longer and has raised a lot of money for their causes due to a unique approach to solving problems by taking into account the colonization and cultural issue of each region they built wells in <sup>[85]</sup>. In this way they do not have to stumble upon setbacks due to cultural issues. Their new and successful campaign is focused on installing wells in the Sahel, which is a belt up to 1,000 km (620 miles) wide that spans the 5,400 km in Africa from the Atlantic Ocean to the Red Sea <sup>[86]</sup>. The section of the region they are actually working in is filled with nomads who are known for having peace within themselves and with other ethnic groups in the surrounding regions <sup>[87]</sup>.

### **Importance of the allocation of money**

Since social businesses might not initially have millions of dollars to spend on marketing, they need to think strategically and allocate money. It is important for such companies to think about spending money on making customers happy by letting them know that their sales make an impact in someone's life. TOMS spends some of its marketing budget on producing pairs of shoes which will be given for free. TOMS spends money on producing the shoes which will be given to those in need, and healthcare services when paying for eye care and water for farmers. A majority of their advertisements on social media

exploit this subject. It is important to concentrate on spending money to build a movement in order to generate publicity and sales. For a social business the support from customers is key since they are the ones who will spread information about the company.

Social businesses, unlike charities, do not usually have fluid cash flow and cannot be raised at special occasions during the year. Learning from the financial mismanagement of charities is also beneficial since they too run the risk of failure, regardless of how much money they receive. An example of this is the charity, Yéle Haiti, which was started by the popular American Haitian musician, Wyclef Jean. Before the devastating earthquake which affected Haiti in 2010, the charity was relatively unknown and only had \$37,000.00 in assets <sup>[88]</sup>. After the earthquake, the charity gained publicity and popularity. In just one day after the earthquake, the charity raised \$1 Million from donations <sup>[88]</sup>. Unfortunately, instead of funds going directly to the cause, The New York Times reports that the organization spent much of its money on "offices, salaries, consultants' fees and travel," as well as pay for Jean's family, friends and defense attorneys. Yéle spent \$9 million of their \$16 million assets in donations on office space and salaries <sup>[88]</sup>. Social businesses need to be careful not to mismanage money since this can lead to negative publicity and limits the possibility of future projects. <sup>[88]</sup> Yéle is no longer operating.

## **Growth and adaptability**

Successful social businesses adapt to the trends of the market they are serving. An example of this is Rumie, which is based in Canada which initially distributed educational tablets to kids in developing countries. They had great success doing so, but they realized that the education through tablets and mobile devices is becoming saturated. They knew that in order to survive they had to adapt to a current need not being met. They realized that the best way to adapt would be to focus more on a platform to house different apps, games and free educational devices which their competitors could use, which would still generate revenue for the company and will be able to pair up with others who are emerging in the field and use each other's strengths. <sup>[89]</sup> <sup>[90]</sup>

Kiva also adapted to their market. In the beginning they worked primarily to cater to those in need in East Africa. After their rapid growth, they decided to open connectivity to people around Africa, then around the world. They continuously add different options to give Kiva a fresh appeal such as Kiva U, which is Kiva's education initiative to reach students and teachers. It was named a Forbes "World's Best Sustainability Idea" in 2014. The program provides ways for teachers to integrate microfinance and the topic of financial inclusion into the classroom or into clubs, including a full K-12 curriculum, and Kiva Zip, which has a 0% interest peer-to-peer lending pilot program which was introduced in 2011 as part of efforts to "cut lending costs through technology" <sup>[69]</sup>. Zip operates in the U.S. and Kenya, and lenders can contribute as little as \$5 to a loan. The



loans posted to Kiva Zip are often from borrowers who have been rejected for loans by traditional banking institutions, but on Kiva Zip they don't need to be able to produce high credit scores or collateral. Zip uses a system of trustees, who vouch for the borrowers. Zip trustees can be local non-profits, service organizations, businesses, faith organizations or community leaders <sup>[69]</sup>.

Imitation TOMS designs can be found in many stores as cheaper alternatives. The popular shoe company, Sketchers, also attempted at making a company similar to TOMS. In 2012 they created a shoe company named BOBS. Just like TOMS, with every pair of BOBS bought, Sketchers would donate another pair to a child in need. Even the shoes were the same. And their name had a similar short, familiar feel. In doing so, they set themselves up for online ridicule, but also drew a powerful distinction between those that do good because of the meaning behind it and those that do it simply for marketing purposes.<sup>[91]</sup> BOBS eventually failed and now they are being sold at 60% off in some retailers. TOMS could have found themselves out of business if they only produced shoes in the original alpagrata design, especially when cheaper alternatives began, but instead, they enjoyed success by constantly adding new shoe designs annually and producing alternative offerings <sup>[92]</sup>.

## **Culture and history**

It is important for social businesses not to make themselves seem too political. This will allow the social business to function and bring about changes in the community they are focusing on without offending those in power or those whom they intend to help. Regardless of the cause, they should try to be as neutral as possible. In order to function in the local community which is benefiting, it is important to remember that they need the cooperation of the local government. The goal should be to bring about a change without openly trying to criticize and change their culture. They should not be viewed as a foreign company trying to bring in foreign culture which can make them be viewed as a threat.

TOMS makes sure that they do not take sides in any political matters since that is not what their initial goal was. They did however get into trouble when they donated money to a charity which has been known for their very right wing political views. Immediately as the backlash began, Mycoskie quickly cut ties with the group and apologized by saying he did not know enough about the company when he donated money to them. <sup>[93]</sup>

In 2008, Kiva featured the borrowing profile of a Peruvian woman asking for a loan to buy equipment for her cockfighting business. This sparked debate among the Kiva Lending Community about the principles of the organization, and many complained that the organization was promoting cruelty to animals. Kiva's CEO, Matt Flannery, responded by saying, "Does this somehow help Kiva achieve its mission of connecting people to alleviate poverty? It's debatable. I

think that allowing our partner to decide which loans to post without much interference is a good thing. We can be paternalistic when we start imposing our moral framework upon societies half a world away. Cockfighting in Peru is legal and part of a rich cultural tradition. It may not be humane or palatable from a Western perspective, but that misses the point. Kiva, the organization, should not be making those decisions. Our lenders should be the ones voting with their dollars". His response was criticized and led to some lifelong funders leaving, but it did not have much of a negative impact on the credibility of Kiva. <sup>[69][94]</sup>

With these issues, gaps and conclusions, as well as the solutions, the Social Business Toolkit was developed.

### **3) Introduction to the Social Business Toolkit**

The toolkit starts off with concepts I was taught in the SFI program at OCAD University which were mentioned in the literature review findings chapter.

A Business Model Canvas is the first section of the toolkit since it maps the entire business model and functions of a business, and allows the user to see which parts of the business are related.

The second section of the toolkit focuses on the stakeholders in order for the user to take note of the groups which are important for the success of the social business. In order for the business to grow it is important to know how each stakeholder plays a role in the function of the business.

The third section of the toolkit is an empathy map which is useful in order to know what your potential customers think and find important in their daily activity. This tool is particularly useful in regards to marketing and getting the attention of the customer.

The fourth section of the toolkit is a social business questionnaire which allows the user to write down important aspects about their social business. It challenges to know who their competition is, how they work and what their strengths and weaknesses are. It also examines how truly innovate and useful the proposed business is.

The toolkit is an ongoing concept which will have more sections added as I continue to do more research. I plan on sharing it with the general public and receiving feedback in order to create a tool which founders of social businesses will find useful.

## **CHAPTER 5: SOCIAL BUSINESS TOOLKIT**

More information will be added to the Social business Toolkit over time.

All of the information contained was created using information which was discovered from months of research on social businesses. There are four parts of the toolkit; Business Model Canvas, Empathic Map, a Stakeholders Questionnaire, and a Social Business Questionnaire focussed on intricate and thoughtful questions. Over time, with more research and input from a global community, there might be more sections added. The first three sections were concepts and tools which I was fortunate enough to be taught while obtaining my master's degree from OCAD University. The last questionnaire section is made up of six parts, and consists of questions which focus on business foundations, competitive alternatives, the political environment, finances, innovation & impact measurement.

The next steps for the Social Business Toolkit is to make it available and accessible to a global community and make the toolkit more useful for those who want to develop their own social businesses. Insight from those who have already developed a social business are also welcomed since they would be able to verify or refute information which can lead to a discussion and engagement which all parties will benefit from. Upon graduation from OCAD University with an MDes, a website will be created which will detail my MRP journey and the toolkit. There will be a commentary section which will allow those who are interested to engage on each section of the toolkit. Business founders and leaders will be approached

through phone calls, emails, & in person meetings, amongst other ways, for their input or concerns with the hope of them sharing and promoting the toolkit in order to cause more growth. More steps will be developed and explored as I increase publicity and awareness.

## **Section 1:**

### **Business Model Canvas**

The Business Model Canvas is a strategic management and lean start-up template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's value proposition, infrastructure, customers, and finances.

Fill in the sections of the canvas using the descriptions and insights of each section below.

**Key Partners:** Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?

**Key Activities:** What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?

**Value Propositions:** What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?

**Customer Relationships:** What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?

**Customer Segments:** For whom are we creating value? Who are our most important customers?

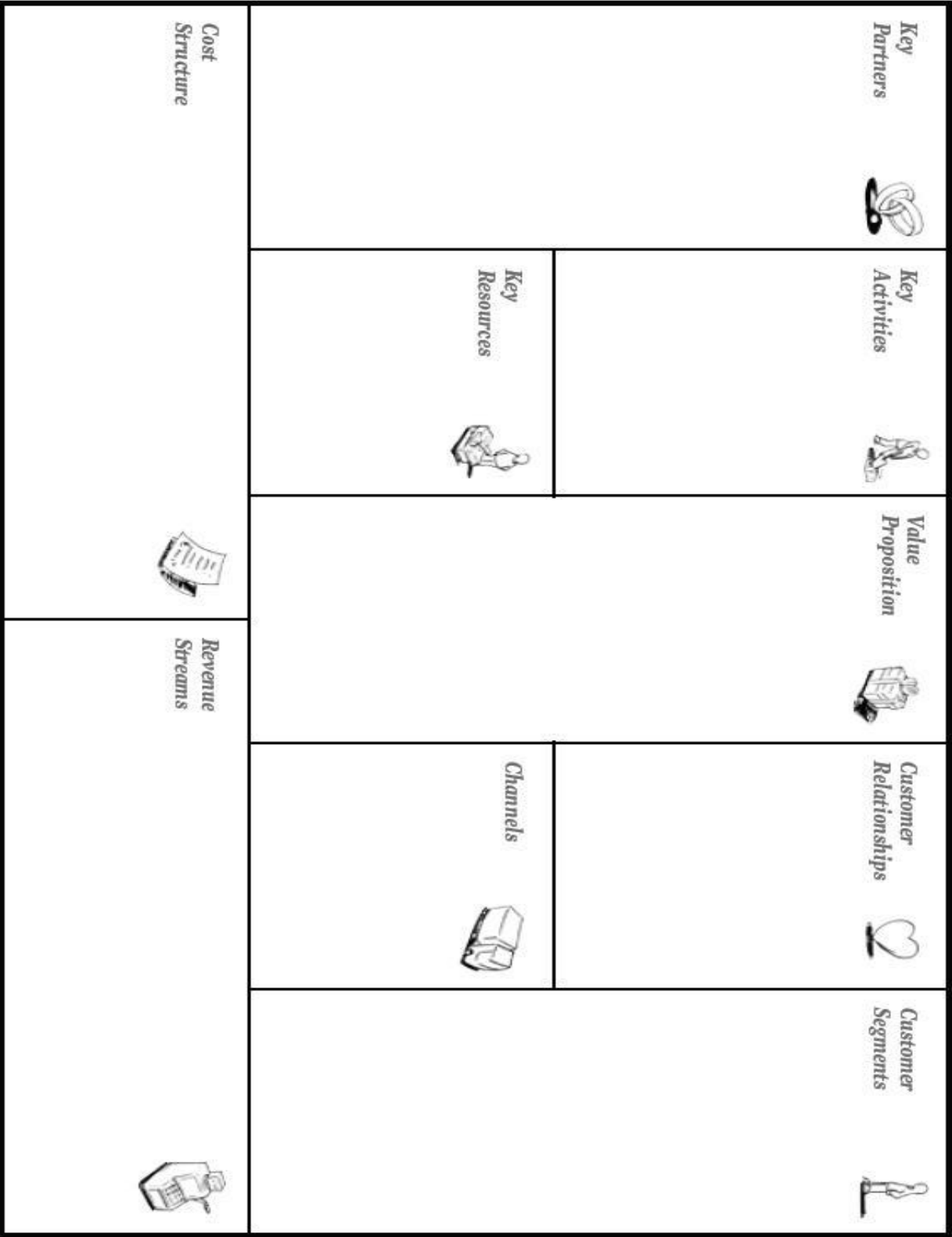
**Key Resources:** What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?

**Channels:** Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?

**Cost Structure:** What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?

**Revenue Streams:** For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?


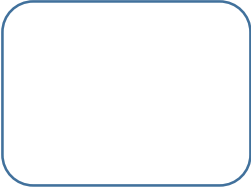

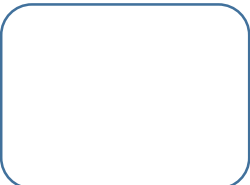




## Section 2:

### Who are the Stakeholders?

A person, group or organization that has interest or concern in an organization is a stakeholder. The power of a stakeholder can affect the success or failure of the social business. The stakeholder analysis is the process of identifying and analysing stakeholders, and planning for their participation.

Stakeholder Title	Description of role
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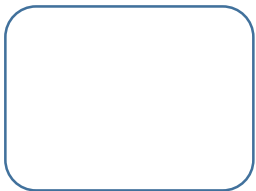
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### **Section 3:**

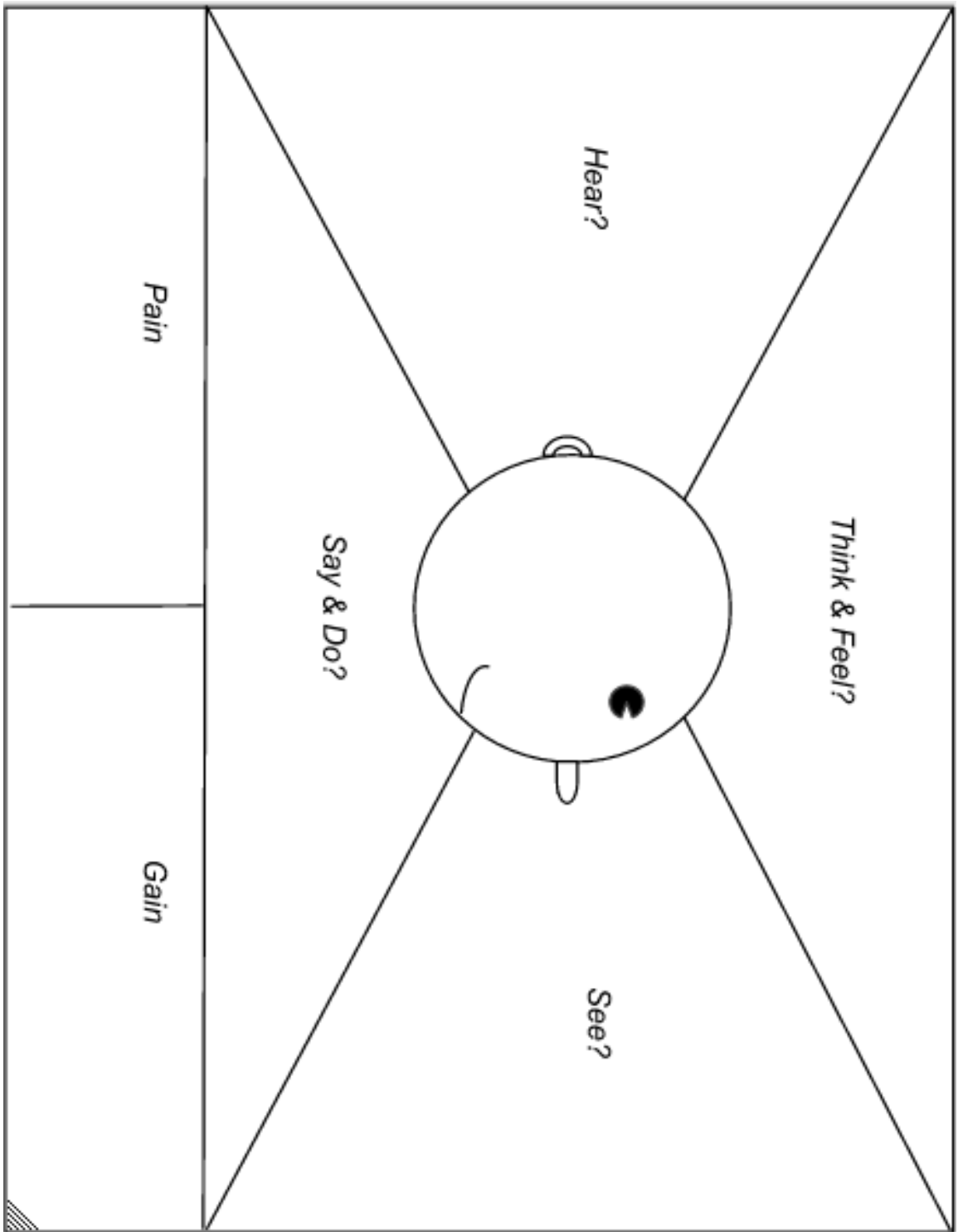
#### **Empathy Map:**

Empathy Maps help you speak directly to the hearts of your audience by addressing questions about creating an emotional connection with your audience. It is a tool which allows your customers to view your business in a new, positive way, which makes it an important tool to use when deciding marketing channels.

There are four quadrants, labelled “Think & Feel” “See”, “Say & Do”, and “Hear”, and below, two other boxes labeled “Pains” and “Gains”. Analyze who your target customer group is and fill in what is important in each category but think like your customer would.

Important questions to consider:

- How do our consumers think about our product?
- When they use our product, what do they think?
- When they see our ads, what do they think?
- What do they say or feel when using our product?
- What are the pain points when using our product?
- How do my prospects think about their lives, their careers, or this product?
- How do they see their lives going?
- What do they want to do with their lives?
- How do they feel about success and failure?



**Section4:**

**Social Business Questionnaire:**

This section is made up of six parts, and consists of questions which focus on business foundations, competitive alternatives, the political environment, finances, innovation & impact measurement. The topics and themes included were created with information which was discovered from months of research on social businesses.

**Part 1:**  
**Business foundation**

**Name of Company:**

**Year Created/ Intended year of operation:**

**Type of Business:**

- ☐ **Apparel**
- ☐ **Home Décor**
- ☐ **Trade**
- ☐ **Technology**
- ☐ **Education**
- ☐ **Finance**
- ☐ **Entertainment**
- ☐ **Other**

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**Region(s) which will be impacted:**

☐ **Africa**

**Nation(s)**

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☐ **Americas**

☐ **North America**

**Nation(s)**

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☐ **Caribbean**

**Nation(s)**

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☐ **Central America**

**Nation(s)**

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☐ **South America**

**Nation(s)**

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☐ **Asia**

**Nation(s)**

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☐ **Australasia**

☐ **Australia & New Zealand**

☐ **Polynesia**

**Nation(s)**

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☐ **Micronesia**

**Nation(s)**

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☐ **Melanesia**

**Nation(s)**

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**Is there a need for the products/service which your innovate business currently provides or will provide?**

☐ **Yes**

☐ **No**

☐ **Maybe**

**What value does your social business provide customers, other than the social good?**

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**What are the key points which separate your social business from a not for profit company?**

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**Part 2:**  
**Competitive alternatives**

**Competitive businesses within determined  
region to be impacted**

**Years Active**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**List competitive businesses within your local region**

**Years Active**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**What advantage do you have over your competition?**

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**What advantage does your competition have over your social business?**

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**What differs your social business from other competition?**

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**Part 3:**  
**Political Environment**

**What is the ethnic, tribal, or racial make-up of your desired region of impact?**

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**What is the official language(s):**

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**Name of currency:**

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**GDP:**

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**What percent of the population lives bellow US\$1.00**

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**Exchange rate of your local currency to determined region of impact:**

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**Who are the majority ethnic, tribal, or racial group?**

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**Who is the president?**

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**How long has he/she been in power?**

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**Politically, how would the government be described?**

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**Since the turn of the new millennium, Transparency International (TI) has published the Corruption Perceptions Index (CPI) annually ranking countries "by their perceived levels of corruption, as determined by expert assessments and opinion surveys." The CPI generally defines corruption as "the misuse of public power for private benefit.**

**According to Transparency International, where is your desired region of impact ranked?**

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**Are there any business customs which might be illegal in your local region which are not in the determined region of impact? If yes, explain.**

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

**Which of these factors can cause the failure of your social business in the determined region of impact?**

- ☐ **Tribalism**
- ☐ **Racism**
- ☐ **Illiteracy**
- ☐ **Ethnicism**
- ☐ **Religious extremism**
- ☐ **Religious intolerance**
- ☐ **LGBT phobia**
- ☐ **Corruption**
- ☐ **Caste system**
- ☐ **Lack of technology**
- ☐ **Lack of infrastructure**
- ☐ **Weather anomalies**
- ☐ **Other**

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### How does your competition deal with the factors?

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**How will you deal with these factors?**

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**Are there any local NGOs or organizations in your local region who can be of help? If so, how?**

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**Are there any local NGOs or organizations in the determined region of impact who can be of help? If so, how?**

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**Part 4:**  
**Finances**

**How much is the industry your social business caters to?**

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**What are the hourly and annually minimum wages of the determined region of impact?**

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**What is your average net sum profit for your products or service?**

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**Are there any local grants or loans your social business can benefit from in your local region?**

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**Are there any local grants or loans your social business can benefit from in your determined region of impact?**

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**How can innovation cut your costs?**

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**Part 5:**  
**Innovation**

**How is your business plan social or innovative?**

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**How are the locals in the determined region of impact useful to your business plan?**

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**What is your competition doing to be innovative or social?**

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**What can you learn from their innovation?**

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**Are those who will benefit locally from the social business involved in any aspect of the business? If so, how?**

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**Is there potential for growth for those who will benefit? If so, how?**

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**What is the unique story about your social business, and why should what makes your social business different?**

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**Part 6:**  
**Impact Measurement**

What is the impact which your social business is trying to provide?

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How does your competition measure their impact?

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What are the different methods your social business can use to measure the social impact?

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Which organizations, not for profit, or business can measure your social impact?

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## **Summary**

I applied to OCAD University with the known intent that my MRP would be based on researching social businesses. The entire MRP process taught me a lot and I discovered more than I thought I would. I have been able to grow my social business while being a graduate school student in the SFI Program at OCAD University, but additionally, with the knowledge received from my MRP, I will be able to apply more tools and tactics to the strategy of my social business in order to continue the growth and success.

Out of the two social businesses researched in the two case studies, TOMS succeeded and is still a successful social business because it was built with help from a local community, maintains a strong business strategy, adapted to market trends and critiques, and built a strong brand story which they market to the public. They were recently bought for \$620 Million.

There were key lessons which were discovered from my literature review & case studies, which include; if there is a lack of involvement offered to those who will benefit from social businesses it could lead to failure, the culture of the country should be taken into account, adaptability is important since social businesses should realize that even though they might be doing something good for the world, it is not enough to survive, adaptability is needed to be in tune with the chosen market, focusing on a unique story will set the social business apart, there needs to be a focus on spending money on getting the world to know what

makes them special, and lastly, logistics is crucial especially if the social businesses works with groups in foreign locations, making it important to take into account that this might be an expensive aspect of the business.

There are key solutions to tackle the lessons discovered. First, a change from within the desired region or culture can lead to the success of the innovative business. Second, the allocation of money is important, especially if the innovative business has to work around a constrained budget. Third, for an innovative business to grow, it needs to be able to adapt to external business changes. Fourth, a social business should understand the culture and history of the desired region of impact.

The Social Business toolkit, is a tool which social business founders can use to critique how well prepared their strategy is and brings up questions which can start a discussion for the future success of the social business. The toolkit consists of a Business Model Canvas, Empathic Map, a Stakeholder Questionnaire, and a Social Business Questionnaire which consists of in depth questions about the potential region a social business is concentrating on. The next steps with this MRP is to publicize the toolkit by making it available on its own website and allow comments from the global community in order to edit and improve the toolkit. I plan on also approaching social business leaders, professors and other stakeholders in order to make the toolkit grow globally. It still needs to be edited, perhaps with more sections or parts added or deleted.

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