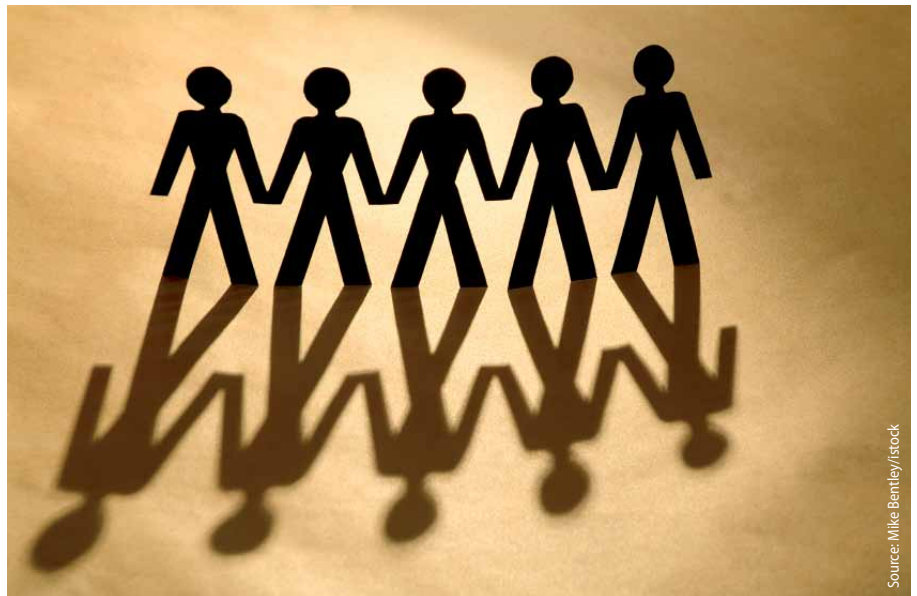


Keep the true colours of social business

Mainstream business muscling in on social business must be careful not to muddy the brand.

By TRENT BARTLETT



Source: Mike Bentley/istock

What an interesting and exciting time it is to be in social business. From my own perspective as a CEO of a leading social business I am constantly amazed by the way the democratic structures and community engagement of a member-owned and controlled enterprise creates the room for business innovation, growth, productivity and profitability. And all in the service of our 'community of interests' - be that the members, our local economies, society at large, or all of these.

After many years in the corporate mainstream, I am more and more convinced that countries promoting the richest diversity of corporate structures will have the strongest and most sustainable economies. At the recent launch of Social Business Australia (SBA) at federal parliament, the global co-operative leader, Dame Pauline Green said that the data confirms this.

I am also intrigued by how readily the business community has taken to the term 'social business' and seems ready to put its weight behind the concept of 'making money to do good'. However, this headline-making has also come with the responsibility to clearly define what we mean by social business, both in the interest of transparency and historical accuracy and to ensure that the waters are not muddied by over or misuse of this term.

SBA defines social business as those businesses whose object is to trade or undertake activities for social purpose and apply profit or surpluses to social benefit.

We come to this proposition from the very strong conviction that making money for

social purpose really must include a value proposition about how the money was made in the first place and how profits (or surpluses as we sometimes call them) are distributed.

We believe business is not just about the destination, it's about how we go down that path towards it. If we choose the right forms, the returns will reward and enrich our society far beyond what the yearly profit-and-loss statement dictates we can allocate to social outcomes.

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True models of social business have been around for well over a century. Half the world's population is served in some way by co-ops, mutual businesses and their ilk, according to Kofi Annan, former secretary-general of the United Nations. That's a fact we intend to say a lot about in 2012 – International Year of Co-operatives.

It's not that we dismiss wider use of the term 'social business' to include philanthropic ventures, publically funded social enterprises or microfinance. We welcome the general acceptance that the profit motive is not an end in itself. It's just that as custodians of a movement with a billion member-owners world wide, employing 20 per cent more employees than all the multinationals together, we are rather protective of the brand. **ei**

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