

## Integrating Social Purpose with an Enterprise

As businesses age and plan for transitioning to the Rising Generation (1981-present) the expectation of integrating social purpose within the family business is increasingly important. How a family addresses this social interest varies from industry, to the size of business, to culture of the family and the company. It also depends if the family has an operating business or is managing the enterprise of the family through a Family Office. We at Karma & Cents can help integrate Social Purpose into your already existing Business Model or assist in the certification of your business as a BCorp. This is accomplished by working through our Three Step Process.

The main thing about Social Purpose Businesses is that it is not about Corporate Social Responsibility (CSR) or Community Investments, though these two concepts might be programs within a business of family enterprise. A Social Purpose Business has integrated the social aspects (addressing poverty, food security, environmental solutions, etc.) into their business model. There are several examples of these types of businesses ranging from Mountain Equipment Co-Op, to Patagonia; BDC to RBC. Family businesses are just starting to adopt this type of corporate structure and vocally promoting their social business integration.

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***Harvard Business Review:*** Millennials, which represent roughly 50% of the global workforce, want work that connects to a larger purpose.

***Hewitt Associates:*** Companies with higher levels of employee engagement outperformed the stock market by nearly 20%.

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## How we help families integrate social purpose with their operating business or enterprise/family office

Each family we work with has unique needs for their succession and business planning. As such we phase our work so that we can provide the right tools at the right time in a family business lifecycle.

The gold standard for social purpose businesses is BCorp, so with this in mind we have framed our methodology such that should the family business or enterprise decide to pursue this designation we have laid a foundation that makes for applying for this standard easier and less time-consuming.

Social Purpose Businesses have two characteristics that are not mutually exclusive.

1. Legal structure (depending on jurisdiction)
2. Industry standard (BCorp, FairTrade, Organics, etc.)

At Karma & Cents we can provide you with the necessary legal and financial connections for the technical services required to adopt legal social purpose business structures.

### Roadmap - How we help

When considering the different options for integrating social strategies in a family business we start by gaining an understanding of why a family is moving down this path and what the business and family objectives are:

- Is it to adopt a new ownership structure (i.e. launching an ESOP)?
- Is it to develop a new business out of the family enterprise?
- Is it for marketing purposes of the existing business?
- Perhaps it is to attract new investors or determine where best to invest family assets?
- BCorp status can also be used to differentiate your business from others in your industry.



Understanding the motivations behind moving down this path allows us to design a solution best suited for your family.

## Step #1: Discovery

The first phase is a Discovery Phase whereby we conduct a social audit on the operating company and/or the family office/enterprise. This allows us to get a better sense of where things are at with the knowledge, capacity and interest in how deep to go in designing a social business solution. Our review looks at your business system and ties in with a BCorp assessment so that should you decide to go down this path we have laid the groundwork for this application. Our Discovery Phase examines the following categories:



What is included in the Discovery Phase:

- Governance
- Environmental Standards
- Employee Engagement
- Community Engagement
- Family Engagement
- Wealth
- Business Operations

## Step #2 - Contextualize Social Purpose Business

The findings from the social audit will determine the next steps that the family business will undertake. For some it will be going down a formal path of becoming BCorp, for others it will be adopting certain standards, and yet for others it will be exploring corporate structures to support the social mandates that are uncovered.



### Step #3 - Set Priorities

Becoming a BCorp takes time. It also requires compiling documents, working within your ownership group and management team to identify the low-hanging fruit that can be addressed with the longer-term items to be integrated in your strategic and operations plans.

Based on your desired outcomes and motivations for going this route will determine which of the standards you want to improve on first.

For example, the environmental standards might be starting at the very basics of integrating a company-wide waste management program to more in-depth policies around where and how you source products and have them delivered to your business.

We help you identify what is required by BLabs to improve your scores and work with your management and ownership group to gather the documents and write the reports.



### Step #4 - Apply/Retain Status

In order to retain your BCorp status you will need to maintain or improve your score. Each year you will renew your membership and every other year you will need to resubmit the assessment. At K&C we help you retain your status by conducting an annual review and assisting you and your leadership in determining priorities for the next year's growth.



Contact us now for your complimentary advising session on how to become a Social Purpose Business

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