

# The Business Model that is Creating a Whole New World

**T**ania Ellis is a well-known writer and management trainer from Denmark. She believes that profit is still the main motivation but the way to make profit is changing. She has written a book 'The New Pioneers', about the companies and organizations who are creating a whole new paradigm, where profit is generated not as a primary aim but as a consequence of social commitment. Michael Smith, a British author, reviews a trend-setting book.

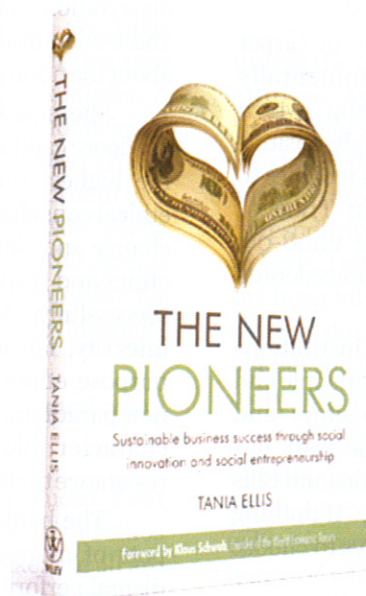
**T**he financial downturn has widened the trust gap between business and people – asserted Tania Ellis, author of this engaging new book, when she spoke at a public forum in London recently. Bridging this gap had encouraged companies to invest more in their social dimension, “allying sustainability and meaning”, she said.

Ellis said that in the 1980s most companies operated with only one bottom line and only few talked about corporate responsibility. But changes in mentalities, prominent in the hippy culture of the 1960s and 1970s, have evolved to create a critical mass of people who put values such as ethics, responsibility, sustainability and meaning at centre stage. This social megatrend—a global consciousness movement—has triggered big changes in business and elsewhere.

“A lot of people want to make a difference, get involved in NGOs [Non-Governmental Organisations] and voluntary work or simply change their buying habits. The number of NGOs has exploded.” These changes put pressure on companies to act responsibly, thanks to the increasing number of conscious consumers and investors. And were it not for high levels of unemployment, in the West as much as in India, graduates could be far more choosy about the companies they work for, depending on their ethical reputation.

“Companies realise they need to operate with more than one bottom line and integrate social and environmental issues as part of their business strategies,” Ellis told the forum. “Profit is still the main motivation but the way to make a profit is changing.”

“Equally, entrepreneurs with a social mission had realised they could apply business disciplines to their aims”,



she said. Social entrepreneurs could inspire big companies to support fair trade. When big companies buy smaller fair trade enterprises, these additions act like Trojan horses within the new owner and influence it from the inside. This had been the case with, for example, L’Oreal’s purchase of ‘The Body Shop’, a story she tells in her book.

The ‘New Pioneers’ are those companies and organisations who are creating a whole new paradigm, a new motive, for business. The old ‘business as usual’ model simply isn’t working in a world where the gap between rich and poor is ever widening. The new paradigm emphasises CSR, not just in the traditional sense of Corporate Social Responsibility but much more in the sense of Corporate Sustainability and Responsibility, especially in a world of

finite resources. This CSR includes concern for the triple bottom line of people, planet and profit – in that order. Get the first two right and the third will follow.

Corporate Sustainability and Responsibility, in turn, lead to Corporate Social Opportunity (CSO), Corporate Social Innovation (CSI), and especially Corporate Social Entrepreneurship (CSE). The latter, argues Tania Ellis, goes way beyond the interests of the bottom line and shareholder value, but generates profits as a *consequence* of social commitment.

Ellis would find a fellow traveller in Pamela Hartigan, director of the Skoll Centre for Social Entrepreneurship at Oxford’s Said Business School, who argues that “all enterprise should be social” in providing the goods and services the world needs. “You can no longer be an entrepreneur and simply dismiss the social impact of what you are doing,” Dr Hartigan says (interview with Carly



Chynoweth, *The Times*, 15 April 2011). Dr Hartigan argues that we should stop thinking of social entrepreneurs as being different from commercial entrepreneurs, as this makes them 'poor cousins'.

Ellis's book equally brings social entrepreneurship into the mainstream, though she emphasises key differences: "the business entrepreneur recognizes gaps in the economic system (business opportunities), whereas the social entrepreneur recognizes the gaps in the social system (social opportunities)." The intention or motivation in terms of empathy and moral judgement as opposed to rational business actions is another distinction."

Ellis's book is a fascinating and encouraging tour de force of this brave new world. She peppers her narrative with case studies of businesses that are doing the right thing. Indeed, rather focusing on the bad guys, she is relentlessly upbeat in highlighting business as a 'force for good'.

Thus we have the well-known examples of the carpet maker Interface, America's most environmentally conscious company; Anita Roddick's 'Body Shop', which since it was sold to L'Oreal has had a surprisingly positive influence on the latter's whole ethos; and, when it comes to big bad banks, an alternative model is found in 'Triodos', which in the midst of the financial crash of 2008-09, "experienced renewed growth and an unprecedented interest in its sustainable approach to banking."

Triodos builds on financing companies, institutions and projects that "add cultural value and benefit people and the environment with the support of depositors and investors who want a sustainable society." The bank has seen annual growth of 25 per cent over two decades and Ellis quotes Triodos's CEO, Peter Bloom, as saying: "If nothing else, the financial crisis has taught us that it pays to choose sustainability."

Ellis might also have picked up the fact that heads of several big banks in India are women, bringing their own ethical perspectives at a time when testosterone-fuelled men in the financial sector in London and New York have comprehensively fouled up the whole banking system. But this could be a subject for a different book.

There are other stories in Ellis's book that also need trumpeting more widely. The Danish island of Samso of 4,300 inhabitants, for instance, has become known around the world as 'Sustainable Samso'. The island is carbon neutral, produces 10 per cent more clean electricity than it uses, with the extra power fed back into the grid at a profit. "Government officials from all over the world", writes Ellis, "are flocking to the new international showcase of renewable energy to gain inspiration for their own sustainable initiatives." It was all thanks to one man, Soren Hermansen, who persuaded the islanders at meeting after meeting to go green.

There are, of course, many other stories, not in Ellis's book, of entrepreneurs in India, African countries, the



The author Taina Ellis

Caribbean and elsewhere, who are doing 'the right thing', by investing in people, local communities and in environmental sustainability, such as Walkerswood Caribbean Foods in Jamaica, and companies reported in Carol Pineau's award-winning documentary film *Africa: open for business*.

But Tania Ellis's book in itself is extremely well-researched and thought-provoking, backed up by the case studies that she recounts. If it is, perhaps, over-optimistic about what is being achieved, set against the brute capitalism that

Stephen Young exposes in his book *Moral Capitalism*, Ellis nonetheless sets down a marker for a trend that needs to grow and grow.

Ellis is a Danish-British writer living in Copenhagen and a specialist in social business trends. She did her MBA at Henley Management School in the UK and her dissertation was unusually on the link between spirituality and leadership. In doing so, she says she read a great deal about the notion of 'servant leadership'.

She acknowledges in her book that "we still have hardcore capitalists that work towards one goal only: to get the highest return on their investments irrespective of ethical considerations." But she also addresses behavioural change and claims that "there is a growing consensus that ethics and responsibility are necessities" to run a business successfully. "And so, although spiritual values like honesty, integrity, fairness, compassion, personal growth, higher purpose, ethics and service to others are predominant in the new paradigm, they are also meeting the darker sides of our character like workaholicism, foolhardiness, control, resistance to change, narrow focus and manipulation."

The bankers and derivative traders who have made pots of money, and huge bonuses, despite their banks' dismal performances, would do well to read and reflect on her message. It could give them a pause for thought about motivations in life.

"So what can *you* do?" She asks in conclusion. Whether pursuing a "grand plan" or taking small incremental steps, we can all "start with ourselves", she says, "By consciously living according to our values." "For we can all contribute to a better world. We can all, within our respective spheres, be pioneers, if only we can find the courage to break new ground and make mistakes, if only we can find the will to persist until we succeed." The future sustainability maps, she says, "will be shaped by you and me." [www.thenewpioneers.biz](http://www.thenewpioneers.biz)

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