Catalysing Collaboration

How & Why Corporates & Social Enterprises Should Partner to Achieve the Sustainable Development Goals

CATALYST 2030
Collaborating to achieve the SDGs

resonance

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Forward

Catalyst 2030 is a community that believes change is possible. We know that it takes commitment to shift mindsets and actions, and it takes collaboration.

No single actor or sector can deliver change on its own, and so we seek out and embrace partnerships with others who have stakes in the systems in which we operate. Our focus here is partnerships between the private sector and social enterprises, which can hasten our journey to achieving the United Nations' Sustainable Development Goals (SDGs).

Such private sector-social enterprise partnerships deliver not only progress against a business's social and environmental goals, but also strengthen company performance against core objectives. We have set out in this report to chart the value of such partnerships, share compelling and diverse examples, and highlight practical steps that companies can, and must, take.

Corporations that engage with social enterprises enjoy a wide range of business benefits. Among others: They develop a better understanding of the diverse emerging consumers to whom they're selling. They more easily integrate social and environmental factors into their business decision making, thereby reducing Environmental, Social, and Governance (ESG) risks. They find new suppliers and distribution partners, and they more effectively understand non-financial public policy that may significantly affect their business. Examples of these benefits and the partnerships that generate them are presented vividly in the report that follows.

We're grateful to our partners at Resonance for their expertise in researching, drafting, and polishing this report. We hope that it provides both an inspiration and a road map for our private sector colleagues to engage more effectively with social enterprises. There is great benefit to be had for businesses, the communities they serve, and the societies of which they are an integral part. We look forward to engaging with you as we forge these collaborative approaches to systemic and structural change.

Dan Viederman
Chair of Private Sector Working Group, Catalyst 2030

Executive Summary

The United Nations' 17 Sustainable Development Goals (SDGs) lay out a framework for global action to create a better, more equitable, more sustainable future by 2030.

Success will demand innovative, cross-sector action at scale. Importantly, forging the path toward a brighter future is not just the work of government and civil society: The private sector must be an engaged leader and partner.

Strategic global companies are stepping up, making ambitious pledges for the SDGs and integrating sustainability investments into core business strategy. To advance this work, companies are, increasingly, on the hunt for new partners—and new ways of driving impact. **Here, we argue that social enterprises are a vital part of the equation.**

Social entrepreneurs are designing, testing, and growing innovative new business models that can help companies solve pressing sustainability challenges; reach underserved customer populations; and advance more ethical, more resilient supply chains. In this report, we draw on desk research, interviews, and real-world case studies to help companies better understand the value social enterprises can bring to the table, the ways in which companies and social enterprises collaborate for impact, and how to more effectively partner for success.

Companies and social enterprises can come together in any number of ways. In the pages that follow, we look at a range of collaboration models—including joint programs, industry alliances, incubation, and acquisition—with a particular focus on two primary types:

- **Value chain partnerships**, with social enterprises acting as responsible suppliers, last-mile distributors, or innovative business-to-business (B2B) service providers.

- **Strategic sponsorship**, through which the company extends funding, mentorship, or other in-kind support to continue, scale, or evolve social enterprises activities.

In the final section, we offer recommendations to help companies improve collaboration strategy and tactics at every stage of the partnership lifecycle. These cover:

- **Pre-Partnership:** Getting clear on objectives and focusing your collaboration strategy; choosing the right collaboration model; informing your strategy through pre-competitive conversations; and appointing a designated partnership point person.
- **Partnership Design:** Aligning success to core business objectives; building a "true partnership;" ensuring internal buy-in; communicating effectively; and offering patience and flexibility.
- **Partnership Implementation and Evolution:** Working as a team; creating a contingency plan; establishing regular, open communication channels; collecting data, stories, and insights on business and social impact; using your influence to drive industry change; and evolving your collaboration strategy toward an ecosystem approach.

Our Calls to Action

We believe the potential is significant; yet, today, that promise is largely untapped.

- **We call on companies** to venture and test new opportunities to partner for impact, and to deepen existing collaboration. In particular, we urge corporates to look for ways to strategically invest in relevant innovation ecosystems to create better enabling conditions for systems change.
- **We call on all stakeholders**—companies, social enterprises, social enterprise intermediaries, and finance partners—to share their collaboration impact data and examples and to strategically combine networks to inspire and streamline future company-social enterprise partnership efforts.

Catalyst 2030 and Resonance are excited to drive this conversation, to illuminate the possibilities and spark bold cross-sector collaboration for the future we need and want.

01 The Value Proposition

Photo courtesy of Root Capital.

Why Today's Companies Need New Partners

Many leading companies are shifting to make sustainability "core business." They are investing in impact for their business, their future supply chains, and the communities they serve. Yet, they need partnerships, including cross-sector collaboration with non-traditional partners like social enterprises, to create true solutions at scale.

In 2010, when Unilever introduced its Sustainable Living Plan, aiming to decouple the company's growth from environmental impact, Unilever was among just a handful of global companies pioneering such ambitious environmental and social goals.[1] Much has changed in the past decade.

A substantial transition is underway in how leading companies think about sustainability and social impact. In 2011, 20% of S&P 500 companies published sustainability reports—by 2019, that number reached 90%.[2] And this shift is global: In December 2020, KPMG IMPACT released a survey of sustainability reporting from 5,200 companies across 52 countries. They found that 80% of companies worldwide now report on sustainability, with a significant majority linking business activities to the UN Sustainable Development Goals (SDGs).[3] Sustainability investments present opportunity,[4] but there is also risk in corporate inaction: In 2014, McKinsey posited that the value at stake from sustainability challenges—from expanded regulation, possible reputational damage, rising operating costs, and supply chain disruption—could equal as much as 25 to 70% of corporate earnings.[5] As the climate crisis deepens, that cost will only grow.[6]

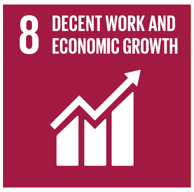
Forward-looking companies have made the shift—moving beyond CSR to integrate sustainability goals into their core business strategy. These companies are realising that global risks—from climate change, to economic inequality and instability, to poor infrastructure in emerging markets, to pandemics like COVID-19—negatively affect their ability to operate and thrive. They've also seen that social impact can drive business value: Across industries, companies are deploying social-impact approaches to open new markets; meet emerging customer demand; innovate new products; safeguard their supply chains; attract and retain talent; and shape a more proactive, partnership-driven approach to regulation.[7]

Leading companies are setting ambitious targets (see box), and collaboration will be the key to success. For today's truly wicked challenges,[14] genuine and durable solutions are beyond the reach of any single company—the problems are simply too big and too complex. Pre-competitive and cross-sector partnerships with diverse stakeholders will be essential. And, here, we argue that partnerships with social enterprises can offer unique value and opportunities.

Aligning Corporate Impact to the SDGs

Many companies are tying their corporate sustainability and social impact objectives to the SDGs, which outline a global, cross-sector agenda for sustainable development by 2030. For example:

SDG 1 on No Poverty: Mars has laid out a range of actions to transform its cocoa, mint, and rice supply chains to significantly increase farmer incomes and ensure a decent standard of living. These actions include pre-competitive efforts such as the Farmer Income Lab with AB InBev and Danone, as well as its work with Danone on the Livelihoods Fund for Family Farming.[8]



SDG 8 on Decent Work: To ensure fair labour and decent work conditions across its operations, the Brazilian company Natura has pledged full traceability and/or certification for its critical supply chains—including palm oil, mica, paper, alcohol, soy, and cotton—by 2025.[9]

SDG 10 on Reduced Inequality: Unilever has committed to spending €2 billion annually with diverse suppliers by 2025. According to the company, "these suppliers will be small and medium-sized businesses owned and managed by women, under-represented racial and ethnic groups, people with disabilities and LGBTQI+."[10]

SDG 13 on Climate Action: Microsoft pledged to be carbon negative and produce net zero waste[11] by 2030 and will invest USD $1 billion over four years in a climate innovation fund.[12] Meanwhile, Walmart, through its Project Gigaton, is engaging its suppliers to avoid one billion metric tons of greenhouse gases from its global value chain by 2030.[13]

What Is a Social Enterprise?

We realise that the terms "social enterprise," "social business," and "social entrepreneur" are used today to describe a range of different models for delivering social benefit. In this report, we focus on social enterprises defined as: **Mission-led organizations, whether for-profit or non-profit, that tap market-led approaches and mechanisms for financially sustainable, scalable impact**. Further, we are interested primarily in social enterprises that are solving complex challenges for systems change. This last phrase, systems change, refers to a specific process:

- Addressing root causes rather than symptoms
- By altering, shifting, and transforming structures, customs, mindsets, power dynamics, and rules
- Through collaboration across a diverse set of actors
- With the intent of achieving lasting improvement of societal issues on a local, national, and global level.[15]

Root Capital partnered with USAID, Keurig Dr Pepper, and Ezrah Charitable Trust to help small agricultural businesses stay afloat during the pandemic. Photo courtesy of Root Capital.

"What's distinct about a social enterprise? We're at this cusp, in the global economy, of realization, that it's not only a nice to have, but it's actually strategic to be a business driven by mission. Because we're seeing across the board in both public markets, and to some extent in private equity, that mission-driven businesses—those businesses that commit to protecting people and planet, as well as profit—are outperforming their peers."

Audrey Selian, Artha Impact

How Companies Benefit from Collaborating with Social Enterprises

What makes social enterprises different? They are specialists in harnessing market and business forces for impact.

They are innovators and risk-takers, and—when done right—their models are built for sustainability and scale. Finally, they bring a unique understanding of emerging markets and traditionally underserved customers, and they can forge meaningful access to the otherwise hidden stakeholders—factory workers, farmers, miners, communities—who increasingly power global supply chains. This is particularly important as companies come to recognise that low-income populations in emerging markets—nearly half of the world's population lives on less than USD $5.50 per day[16]—will offer a significant consumer and supplier base in the long run. Investments in social enterprises, which pioneer innovative business models and prove the financial viability of new markets, are one way that corporations can position themselves to take advantage of this growing opportunity.

In our research, we found a handful of key ways that companies derive value from collaboration with social enterprises:

1. New market development at the first and last mile:

With local networks and deep insight into the needs, wants, and behaviours of emerging market consumers,[17] social enterprises can be valuable partners at the so-called first and last miles of company value chains—sourcing raw materials and creating new distribution channels and marketing models for hard-to-reach customers. Social enterprises can also provide valuable insights into legal, regulatory, and political contexts in emerging markets.[18]

EXPERT INSIGHT

"Corporations mainly serve the top 30% of the world's population and are largely focused on rich consumers. But the rest of the world's roughly 6 billion people are not the targets of the products and services being designed. This customer is not the corporate customer, and the corporation doesn't know how to design a product for or engage this customer. Social entrepreneurs understand the bottom 70% and can craft and articulate business models to help corporates engage and build businesses with meaning."

Vineet Rai, Aavishkaar Group

"Social enterprises have figured out the unit economics—and meaningful impact—along the first and last miles. As such, for global companies trying to distribute or source from emerging markets, social enterprises offer an immense amount of strategic value."

Mark Horoszowski, MovingWorlds

2. Exposure to new business models and disruptive innovation:

Social enterprises have the flexibility and risk-tolerance to deviate from the "mainstream," testing new innovations and business models for delivering impact or serving the needs of new customers.[19] Corporates can learn what works—and what doesn't—for emerging markets and sustainable supply chains by empowering social enterprises to lead the way.

EXPERT INSIGHT

"It can be very difficult to truly innovate on sustainability and inclusivity in a corporate culture because it requires re-inventing yourself. So, what social enterprises can help with is to boldly and flexibly design, validate, grow, pilot, and pivot innovative solutions that would be difficult to grow from within an existing model and could be very scary and risky from a brand perspective. I really believe social ventures have great value as entrepreneurial testing engines for these larger corporates, provided they can keep the distance to do what they're best at."

Michiel Elich, Enviu

3. Effective, scalable solutions that advance corporate sustainability goals (and systems change):

Social enterprises can be powerful vehicles for sustainable, scalable (i.e., market-led) impact. As companies look to solve complex challenges across their supply chains, and in line with the SDGs, their social enterprise partners offer context-smart solutions that are ready to grow.

EXPERT INSIGHT

"Once we start engaging with a pharma company, we let them know that we're designing a solution that is both sustainable and scalable. We have the expertise and resources to scale from one country to another and within a country—we build with scale in mind."

Naa Akwetey, mPharma

4. Social and environmental risk reduction along the supply chain:

When companies invest in sustainability and social impact, they are also—often—investing to mitigate supply chain risk. This might be environmental risk, such as the threat of climate change or water scarcity to agricultural production. Or it might be social risk, such as the threat of uncovering serious labour violations or modern day slavery deep within complex global supply chains. Leading companies are increasingly taking steps to engage new partners to uncover and address supply chain risk.[20] Such steps also help companies safeguard their brand by taking a more proactive approach to consumer advocacy and likely regulation.

EXPERT INSIGHT

"Our main value add is that we go beyond the surface level of the supply chain, and nobody else does that.We have a deep due diligence process that gets beyond the top of the supply chain, beyond the primary producers into the full, hidden supply chain where child and worker exploitation tends to happen. When we identify abuses, we remediate those cases and also focus on prevention. We are embedded in the community on the ground. A range of business benefits are linked to this work—reduced legal risk, more stable supply chains, customer loyalty, increased brand value, and even employee retention at headquarters."

Nina Smith, GoodWeave International

5. Brand value and competitive differentiation:

An ever-growing cadre of consumers and B2B partners are considering company sustainability performance when making buying decisions.[21,22] Indeed, the NYU Stern Center for Sustainable Business found that sustainability-marketed products were responsible for more than half of the growth in consumer packaged goods in the U.S. from 2015 to 2019.[23] (And the 2017 Conference Board Global Consumer Confidence Survey found that 73% of global consumers said that they "would definitely or probably change their consumption habits to reduce their impact on the environment."[24]) Here, company investments in social impact and sustainability can be important competitive differentiators, adding value to the brand and gaining—or securing—a foothold in tomorrow's markets.

EXPERT INSIGHT

"I think the biggest benefit is probably reputational, in terms of strengthening the overarching story of Medtronic, which had a social mission from the very beginning. So, this collaboration is going back to the roots, and having a more global perspective."

Anne Stake, Medtronic LABS

6. Employee engagement, development, and retention:

Recent surveys found that 53% of the workforce in the UK[25] and more than 70% of millennial workers in the U.S.[26] reported corporate sustainability as a key factor in deciding where to work. A company's collaboration with social enterprises can benefit employees indirectly, by boosting how they feel about the company and its engagement with the wider world; or directly, by affording staff opportunities to meaningfully engage with social enterprise partners, exposing them to new challenges and innovations, and creating a greater sense of purpose alongside valuable skills development.

EXPERT INSIGHT

"I think when we started social procurement, we realised that, on an individual level, on the employee level, people were getting really excited about it. You know, it's a very simple message that people automatically grasp and understand. So, we had social enterprises coming into the office, for example, to demonstrate what their different products were. And then it just creates this whole vibe of, *I'm part of it—I know why I'm doing this*. And you also get an emotional connection with, not just a product, but with the social enterprise and particularly with the social impact that they're creating."

Alexandra van der Ploeg, SAP

The following report is designed to support the growth and sophistication of partnerships between companies and social enterprises. We will explore common collaboration models, as well as active collaboration case studies. Throughout, we'll share insights gathered from interviews and engagement with leading companies, social enterprises, and other key stakeholders. We'll end with recommendations for how companies can make the most of collaboration, how they can lead with impact and accelerate progress and systems change, and how they can harness collaboration to contribute to the difficult but necessary work of achieving the SDGs.

Case Study

Partnering to Tackle Supply Chain Risk

When the non-profit social enterprise GoodWeave International first started assessing supply chains to uncover child labour, they were alone in their work. Says Nina Smith, GoodWeave founder and CEO: "When we started, more than 25 years ago, there was no field of play here. There was no modern slavery movement. There was no supply chain due diligence movement. Companies didn't want to talk to us. So we had to build demand for our work." Times have changed: Many importers and retailers today are investing deeply in supply chain transparency and human rights due diligence and, as part of their efforts, approaching GoodWeave for assistance. GoodWeave certifies carpet and home textile products as free from child labour. They also work with companies in fashion, jewellery, bricks, and other industries to strengthen supply chain due diligence, remediation, and child labour prevention programs in producer communities.

This shift in corporate interest and investment is a sign both of progress—the number of child labourers has dropped from 246 million in 2000[27] to 152 million today[28]—and of the work that remains to be done. Most child labour, forced labour, and modern slavery takes place at the shadowy subcontracted depths of supply chains. According to GoodWeave's due diligence data, approximately 90% of identified child labour cases are found in the hidden, outsourced supply chain, including home-based production, of which companies are rarely aware.

Consider the case of a major mass retailer that relied on a handful of factories in South Asia and operated its own supply chain due diligence program that checked those facilities. When the retailer partnered with GoodWeave, it discovered those suppliers were linked to almost 900 additional work sites. Recalls Smith, "The company was shocked to find out the supply chain was so complex, so big, so hidden." This hidden supply chain represented a major risk to the company.

> "Many importers and retailers today are investing deeply in supply chain transparency and human rights due diligence and, as part of their efforts, approaching GoodWeave for assistance."

In the field, GoodWeave verifies compliance with its Standard—made up of requirements linked to the major International Labour Organization conventions and national and international law—by regularly mapping and inspecting supply chains from primary factories to outsourced facilities, including workshops and even individual homes. These inspections are random, unannounced, and frequent, serving to uncover and deter exploitative labour practices. The information collected through these efforts allows GoodWeave to help suppliers pair with high-performing factories and subcontractors while motivating low-performing firms to improve their practices.

GoodWeave helps companies conduct due diligence to ensure their supply chains are child-labour-free.
Photo courtesy of U. Roberto (Robin) Romano Papers, University of Connecticut Library.

For GoodWeave, industry partnerships are key. “Our model is driven from the market,” says Smith. “If we can’t engage the market—importers, retailers, and consumers—then we don’t have a long-term engine to drive scale. We need industry, we need companies to adopt practices, their suppliers to adopt practices. Access to company supply chains connects us to the worker communities where we engage deeply. Without that, our model doesn’t work.”

GoodWeave now works with more than 400 companies—including retailers, importers, and suppliers—around the world in the handmade carpet sector, home textiles, apparel, and fashion jewellery. These partners include small, private sellers as well as major retailers, like Target, Macy’s, Monsoon Accessorize, RH, and the Otto Group. On GoodWeave’s approach, Smith says, “You could say we have a B2B model, in that we are providing a service to companies, but it’s really a social change model, with the engine of that model being a business partnership.”

"You could say we have a B2B model, in that we are providing a service to companies, but it's really a social change model, with the engine of that model being a business partnership."

02 Collaboration Models

Photo courtesy of Water.org.

Key Models for Company Collaboration with Social Enterprises

As we've seen, there are many different ways that companies can benefit by partnering with social enterprises. There are also many different ways to engage.

In the pages that follow, we'll dig into two key models for how companies can collaborate with social enterprises: **Value chain partnerships** and **strategic sponsorship**. We will also look more briefly at other collaboration models, including joint programs, industry alliances, incubation, and acquisition.

Within each of these models, there can be considerable variation in terms of the intensity and scope of a company's engagement. Across models, there is room for "light-touch" investments as well as more ambitious, holistic approaches. And, importantly, we found that these categories are not mutually exclusive. For example, a company may engage a social enterprise as a value chain partner, but also act as a strategic sponsor, providing funding, mentorship, or other support to build the social enterprise's business capacity. In other words, a company may simultaneously deploy aspects of different models or may shift between collaboration models over time.

"The difference between social entrepreneurs and entrepreneurs in general is that we don't compete, we collaborate."

Jessica Hadjis van Thiel, PATHFINDER

Value Chain Partnerships

As companies work to integrate sustainability practices into their core strategy, the most natural place to start is in their own value chains—or a product's journey through design, sourcing, processing, manufacturing, distribution, selling, and post-consumption.[29] Partnering with social enterprises in this domain, while daunting in some regards, can channel substantial resources toward creating impact and meeting corporate sustainability goals. After all, at least USD $13 trillion is spent on global procurement and business-to-business (B2B) transactions each year.[30,31,32] Redirecting even a small fraction of this money to social enterprises could have outsized effects.

We see three key avenues for value chain partnerships:

1. Social enterprises as suppliers.

Social enterprises can facilitate responsible sourcing, by advancing sustainable production practices and ensuring fair labour. Social enterprises can engage as supply partners directly, such as Evrnu, Javara, and Vega Coffee, or indirectly, by advancing sustainability and opportunity at the first mile, such as MyAgro, Babban Gona, FairAgora, GoodWeave (see case study), or Ekutir.

SPOTLIGHT: In 2019, Timberland announced a partnership with Other Half Processing to build leather supply chains from "regenerative ranches"[33] — that is, ranches that use sustainable and ethical livestock practices, including using byproducts from sustainably-raised animals to ensure zero waste. Other Half Processing will supply raw material for Timberland's supply chain, advancing the company's investments in sustainable fashion.[34]

2. Social enterprises as last-mile distributors.

Reaching "last-mile" customers in emerging markets is a well-known challenge, and it's a challenge that social enterprises are helping to crack, opening an immense, hard to reach new market. Social enterprises bring local know-how, new business models and innovations, and existing networks to help companies bring valuable products and services to traditionally underserved customers. Examples of social enterprises that act as distribution partners include mPharma (see case study), Kidame Mart, and U Join.

SPOTLIGHT: Kasha is a mobile e-commerce and content platform that confidentially sells and delivers women's health and personal care products to anybody with a phone. (Internet connectivity is not required.) With investment from Unilever through its TRANSFORM initiative, Kasha is now expanding from Rwanda into Kenya.[35]

3. Social enterprises as B2B service providers.

Beyond supply and distribution, social enterprises can offer valuable services along corporate value chains and operations, to advance sustainability and social responsibility. Examples include mPedigree, which helps brands and consumers protect themselves from counterfeit products; Closing the Loop, which offers companies a B2B waste-compensation solution to facilitate waste-free procurement of electronics;[36] or Guild Education, which has partnered with major companies such as Chipotle and Walmart to offer higher education and reskilling benefits to corporate employees.

IKEA and Industree Take the Long View

Case Study

In 2012, IKEA began to explore ways to incorporate the products and services of social entrepreneurs into its extensive supply chain. “We had tried some projects in the past,” said Vaishali Misra, Project Lead at Inter IKEA Systems B.V., “but they were not integrating into the supply chain—not creating the best of the ecosystem—and they didn’t fly. So, in 2012, our management launched IKEA Social Entrepreneurship, to engage the next generation suppliers, to bring in suppliers that had a social mission at the core of their enterprise.”

Today, not yet a decade into this work, partnerships with social enterprises have helped IKEA reach artisans who typically work outside their value chain, creating over 30,000 jobs across six countries. These partnerships also unlock competitive differentiation, allowing IKEA to offer unique, handcrafted products to customers around the world.

“We enable the community to bridge the divide and meet expectations for quality, quantity, and timely supply.”

IKEA looks for social enterprise partners who create and scale livelihood opportunities for communities that otherwise struggle to access the global labour market. But finding partners is just the first step. Creating an effective and mutually beneficial partnership requires an ongoing commitment of time and resources. IKEA offers training and mentorship to ensure that its social enterprise partners can meet the company’s supply chain and product quality standards. Social enterprises are also given targeted support with product design, business management, social impact analysis, monitoring and evaluation, communications, financial instruments, and networking.

For example, IKEA has partnered with the social enterprise Industree, which works with women artisans across India and Africa. Industree engages deeply with local communities, helping to incubate and accelerate artisan collectives capable of business at scale. Industree helps bring hundreds of women together in new business ventures, which are then woven into much larger women-owned collectives to address large volume orders from global customers. Industree works to forge buying relationships with large retailers—like IKEA—and helps the women’s collectives build their systems to act as competitive suppliers. “We are the enablers, essentially,” notes Neelam Chhiber, co-founder and managing trustee of Industree. “We enable the community to bridge the divide and meet expectations for quality, quantity, and timely supply. Global supply chains have a certain nature, and one has to be able to fit into that.”

IKEA and Industree faced a few early challenges as they looked to launch their collaboration: First, the informality of local workplace conditions did not yet meet IKEA’s supplier code of conduct. And a trial launch of eight products illuminated difficulties Industree and the women’s collectives would face in scaling supply.

IKEA has partnered with Industree to source from collectives of women artisans in India. *Photo courtesy of IKEA and Industree.*

In response, Industree raised capital, invested in centralised facilities, and established a supply chain team to oversee production. They also implemented new rules and trainings to meet IKEA's workplace requirements, alongside programming dedicated to women's empowerment. Today, IKEA and Industree's partnership has supported the employment of 1,100 women artisans across India by connecting them to an otherwise inaccessible global market.

Industree doesn't ask its corporate buyers to compromise their standards for quality, quantity, or pricing, says Chhiber, but they do ask corporate buyers to invest in a longer-term commitment, to allow the women's collectives time to scale. "IKEA has stuck to that," says Chhiber, "So it's not as though everything works perfectly, and we have to struggle. But we stay committed to it. And they stay committed to it." This partnership, says Chhiber, has given Industree and the women they serve the opportunity they needed to scale their impact. "No producer group can scale in isolation. We can't just do it by ourselves. There have to be forces that are moulding you to move in a certain direction. That's what is happening."

"CSR is very valuable and often the first relationship a social enterprise is going to have with a company. But integrating with a value chain is a more powerful, sustainable relationship. Social procurement is a lever to integrate social impact into business strategy and objectives."

Alexandra van der Ploeg, SAP

**Value Chain Partnerships:
The Value Proposition**

Across industries, procurement leaders are moving to expand the diversity of their product and service providers, and procurement decisions are increasingly shaped by corporate sustainability and social impact objectives.[37]

Value chain partnerships with social enterprises can help companies mitigate social and environmental risk, boost brand reputation, build inroads to new markets and present novel consumer insights, and spark innovation across the value chain. Importantly, they redirect and channel core business operations, contracts, and resources toward sustainability and social impact.

**Value Chain Partnerships:
6 Key Success Factors**

1. Make sure you're ready to partner.

Don't rush into collaboration if the groundwork within your own company has not been laid. Corporations should review whether their policies, systems, requirements, and timelines will allow the flexibility, support, and runway that early social enterprise partnerships may require.

"It challenged us: How do we simplify our processes, which were very extensive and not made for a social enterprise? So, in the journey, that was the first phase of learning."

Vaishali Misra, IKEA

2. Align your approach with the targets of key business §units (and vice versa).

To make value chain partnerships a success, you'll need leadership and key business units in your company to be motivated and on board. Otherwise, you'll be fighting an uphill—and likely unsuccessful—battle. A good place to start? Understand the key performance indicators (KPIs) and targets of the business units that you'll need on your side, like procurement or marketing. Even better, find ways to encourage your company to align those KPIs to social impact and sustainability objectives. This is strategic evolution, moving sustainability strategy beyond the realm of CSR and into the direct performance of the business. Here, executive sponsorship and support will be vital for success.

3. Encourage your suppliers to partner for impact.

For many companies, prime opportunities for value chain partnerships might be indirect—via your Tier 1 suppliers. Consider how to build the capacity and incentives for your suppliers and existing partner ecosystem to collaborate with social enterprises. (Here, there may also be opportunity for pre-competitive collaboration, as your company likely shares suppliers with other corporates with potentially aligned interests.)

4. Invest in capacity building.

In the beginning, social enterprises are rarely in a position to meet every expectation and demand of a large corporation. Whether it's a question of ramping up production for international markets or establishing more formal labour compliance standards among their workers, corporations should be willing to "coach" partners and, in many cases, provide financial or in-kind support.[38] Further, social enterprise partners will likely need working capital to scale up their operations; here corporate partners can potentially assist by facilitating connections to attract blended finance.[39]

"In a value chain partnership, it's very different from when you work as a donor or through intermediaries—in those cases, the responsibility of sustaining does not lie on your shoulders. It does, though, when you're working closely as a direct partner. There is a lot of responsibility—to sustain, maintain the demand, ensure compliance, build capacity on quality. So, there is this relationship, and you have to be on your toes throughout the year."

Vaishali Misra, IKEA

5. Leverage existing networks and tools to find aligned social enterprise partners.

Companies may abandon the prospect of working with social enterprises simply because they struggle to find qualified, aligned social enterprise partners—a time-consuming process that may involve going market to market and country to country. Here, trusted intermediary partners—such as the Social Enterprise World Forum, Aga Khan Foundation, Acumen, or Ashoka—can act as conduits, helping corporates connect with aligned partners. Further, platforms such as SAP Ariba, Good Market, SupplyChange, and Thomasnet can be valuable tools, allowing companies to search for sustainable suppliers and B2B service providers.

6. Stick with it.

New social enterprise partners may take time to build the systems, capacity, and know-how to check all the boxes a company requires in a value chain partner. Patience from the corporate partner, and a longer runway with clear milestones to make progress, may be necessary ingredients to help the social enterprise take the leap.

"We request two things from companies. We say, look at a deep engagement with us because we are deeply engaged in the community. We know none of this is going to happen overnight. So, we will raise the funding to enable the community to reach the levels that you require. But it's your job to stick with us for as long as you can. If we hold up our side of the bargain, all we ask of you is a long-term commitment."

Neelam Chhiber, Industree

Case Study

SAP on Building the Concept of Social Procurement

The global software giant SAP has worked strategically with the social enterprise sector since 2008. Then, in 2019, through a nine-month pilot project in the UK, the company was able to redirect 2.5% of its addressable spend[40] to social enterprises. The project demonstrated that more could be done: The next year, SAP launched 5 & 5 by '25, an initiative to direct 5% of addressable spend to social enterprises and 5% to diverse businesses by 2025.[41]

Based on early pilots in select markets, SAP estimates this effort could funnel up to USD $60 million per year, globally, to social enterprises and diverse suppliers by 2025. In turn, this money is being reinvested in communities to build economic equity, advance positive social change, and help sustain the environment. "What surprised us," remarks Alexandra van der Ploeg, Head of Corporate Social Responsibility at SAP, "was the significantly higher level of investment that you can unlock through social procurement in comparison to what companies are budgeting for a more traditional philanthropic investment."

The premise of the campaign is simple: every company in every industry needs to procure things—from soap in washrooms to raw materials along global supply chains. Trillions of dollars are spent every year on global procurement and B2B transactions. And for every dollar invested in traditional CSR programs, roughly 400 is spent on indirect goods used to run a business.[42] So, if the money is being spent anyway, why not push it toward social enterprises that are tackling some of the world's most pressing social and environmental problems?[43]

> "there's no point in churning the demand and creating the market if the supply isn't there."

Importantly, throughout this work, SAP has challenged common assumptions about working with social enterprises: first, SAP has found that integrating these suppliers has saved them money, not cost them more; and second, social enterprises have provided products of superior, not lesser, quality. Yet, it is still true that many growing social enterprises need support to meet the demands of—and partner effectively with—large companies. "We realised that the market is very varied, across the globe," explains van der Ploeg, "The number of corporate-ready social enterprise suppliers does not meet the potential of current demand. So, capacity building is a large component of our whole social procurement effort—we know that this can only work if, on the supply side, the social enterprises are ready." She adds that, "there's no point in churning the demand and creating the market if the supply isn't there."

SAP launched the Sustainable Growth of Revenues for International Development (S-GRID) accelerator with MovingWorlds to build the capacity of social enterprises to springboard social procurement across industries and at scale. S-GRID provides social enterprises the ongoing education and support they need to build effective and durable corporate partnerships. The program provides, among other things, coaching and peer support around how social enterprises can build partnerships with companies and best practices for identifying opportunities, defining value propositions, and developing sales systems and processes. Explains van der Ploeg: "We're looking at it twofold: We're building the concept of social procurement, and we're also looking at how we can bring the corporate sector and the social enterprise sector together. And a big component of that is developing the social enterprise sector towards being corporate ready."

With these two programs, SAP is working to improve the integration of social enterprises into global corporate value chains—often two distinct worlds that could provide tremendous mutual benefit.

To Scale Value Chain Partnerships, Invest in the Ecosystem

There is unique and significant potential inherent to value chain partnerships—sometimes referred to as "social procurement" —to scale impact through direct business operations. And yet, there are capacity and infrastructure challenges that inhibit expanded engagement for both social enterprises and corporates. So, what would it take to scale these partnerships? The answer we heard: Invest in ecosystem development.

This means many things: Building capacity, tools, and systems to help social enterprises better accommodate the demands of large corporates; developing social enterprise networks across countries, markets, and service types, to make it easier for companies to find qualified, aligned partners; and also preparing corporates to be better partners to social entrepreneurs. "You can't just think you'll do social procurement and then you're done," says Alexandra van der Ploeg of SAP. "You need to invest in infrastructure, networks, and capacity building. And if you're doing social procurement, you need to be willing to do that foundational investment to make sure the demand can be met by the supply." Amongst many other investments in the social enterprise sector, SAP is doing this work through its S-GRID accelerator (see case study) and is also working to share learnings and networks to spur other companies forward. The interest on the part of other corporates is there, notes van der Ploeg, but the overall ecosystem is still nascent: There is much to be done to understand different markets from a social enterprise perspective and to build the infrastructure and capacity for social procurement. "We have a lot of demand from businesses. We have identified a number of key markets where it will work. But interest is much higher than the available market supply."

There is also significant work to be done within corporates themselves, to align their systems, team KPIs, and strategy to scale value chain partnerships. A place to start: The "Corporate Access" working group under the COVID Response Alliance for Social Entrepreneurs is currently looking to create new insights, tools and concrete mechanisms for corporations and social entrepreneurs to work together. Current collaborators include IKEA, SAP, Acumen, Euclid Network, Yunus Social Business, the European Commission, and EY.[44]

Strategic Sponsorship

Under the umbrella of "strategic sponsorship," we group a range of approaches by which a company extends funding, mentorship, or other in-kind support to continue, scale, or evolve social enterprises activities.

This model can vary widely in terms of how the company delivers support, the kinds of support it provides, and the intensity of the engagement between the corporation and the social enterprise. The company may engage directly with social enterprises or may work through an intermediary partner. Possible avenues under strategic sponsorship include:

1. **Direct investment in social enterprises through corporate innovation funds or corporate impact venture funds**, such as Patagonia's Tin Shed Ventures, Pfizer Foundation's Global Health Grants and

Investments, or Danone's Manifesto Ventures. This ranges from grant funding to equity, as seen in the Salesforce Ventures Impact Fund, which invested in high-growth social enterprises and impact-led startups like Guild Education, Unite Us, and Ellevest. (And how are corporates focusing their investments? *Stanford Social Innovation Review* reports that environmental sustainability and social justice are the top two impact focus areas for corporate impact investors, followed by workforce development/ education and health.[45])

SPOTLIGHT: Unilever's TRANSFORM is a cross-sector alliance with the public sector, other companies, and civil society to provide grant funding and a suite of business support to scale social enterprises. Over the past six years, TRANSFORM has invested in 56 social enterprises across 13 countries. Focus areas have included Health and Well-being, WASH, Energy and Environment, Rural Livelihoods, and now COVID-19.[46]

2. Funding and support for social enterprises through open innovation competitions, such as HSBC and Ashoka's Future Skills Innovation Challenge, which named 12 global winners for post-pandemic economic recovery and upskilling, or the Acumen-Unilever's Social Innovation Challenge on Plastics.

SPOTLIGHT: For the past decade, the global building materials company CEMEX has run the CEMEX-Tec Award, an annual global challenge prize[47] that seeks social entrepreneurs working toward systems change. Each year, selected startups participate in bootcamp trainings organised by expert groups such as Ashoka and MakeSense, and the top three social enterprises receive seed capital.[48]

3. Investment in aligned social enterprises through an intermediary partner (see list of illustrative intermediary partners in the *Mapping the Wider Partner Ecosystem* section, below).

SPOTLIGHT: Boehringer Ingelheim, a German pharmaceutical company, has invested more than USD $10 million in Ashoka to support more than 100 social entrepreneurs in the health field worldwide.[49] Other companies that have supported Ashoka Fellows and Ashoka youth entrepreneurship programs include Chanel, Bank of the West, T-Mobile, Audemars Piguet, Unilever, and Swiss Re.

4. Investments in enhancing the innovation ecosystem, such as providing acceleration support or improved financial services for social enterprises, such as SAP's S-GRID Accelerator with MovingWorlds (see case study) or the Google for Startups Accelerator: Sustainable Development Goals.

SPOTLIGHT: Through its new Global Social Entrepreneurship Program with MIT Solve, Microsoft is engaging with over 100 global social impact organizations, working across the UN SDGs.[50] The program connects startups with access to technology, training, new markets and customers, and grant funding. Microsoft's investment furthers its corporate sustainability strategy—but it's also good business. Through the Global Social Entrepreneurship Program, Microsoft is specifically seeking social innovators that have identified new ways to apply artificial intelligence (AI) for social change; and selected innovators such as Vector Center and UPEPO are demonstrating how Microsoft's cloud computing platform Azure can be applied to the water crisis and global climate change.[51] Microsoft is also investing in groups like i.c.stars that are dedicated to digital upskilling, addressing challenges linked to Microsoft's own global talent acquisition and workforce strategy.[52]

5. Mentorship or skills partnerships between corporates and aligned social enterprises, either through pro bono engagements; skills-based volunteering; or mentorship, coaching, or accelerator programs. Typically, mentorship focuses on leveraging the corporate's expertise to help the social enterprise overcome challenges or build business capacity for growth, access to finance, and scale.[53] Examples include PayPal's partnership with MovingWorlds; IKEA's corporate mentorship accelerator with Acumen; or Expert Impact's Human Lending Library.

> **SPOTLIGHT:** While not focused on social enterprises specifically, Partners in Food Solutions provides a valuable model for how corporate mentorship and volunteerism can be channelled for impact. Through Partners in Food Solutions, volunteers from seven major global food companies—such as General Mills, Cargill, and Hershey—work remotely to mentor and support promising African food companies and agribusinesses. Over 12 years, the partnership has connected over 1,400 corporate volunteers with over 1,500 African business clients.[54]

Strategic Sponsorship: The Value Proposition

Strategic sponsorship allows companies to convert available budget—or other resources—into sustainable, scalable impact, by investing in the growth of aligned social enterprises.[55] It also exposes companies to portfolios of new innovations and business models for impact and emerging market engagement. Strategic sponsorship allows companies significant flexibility to control the scope of their engagement—from one-off, light-touch programs to sustained, substantial, and more complex initiatives.

Strategic Sponsorship: 5 Key Success Factors

1. Stay focused and know how you define success.

Be clear on your strategic goals and the distinct value(s)—in terms of social impact, business objectives, financial returns, and/or employee engagement—your company hopes to derive out of strategic sponsorship. Then, design the program; scope your company's involvement; and target specific geographies, markets, impact areas, and social enterprises with these objectives in mind.[56] Clear impact goals aligned to the company's overall mid- to long-term strategy will also make it easier to specify performance criteria for new investments and opportunities. [57]

2. Be patient and define quick wins

Social impact takes time—you might not see transformative results in the near term. Instead, with your strategic goals in mind, define "quick wins" and milestones for your project, as these are key for reinforcing internal buy-in within your company. And, before you start, outline a feasible, realistic monitoring plan to track progress toward your goals.

3. Partner to ease your search.

Finding and vetting promising, aligned social enterprises can be challenging; here, collaboration with an intermediary partner with existing networks can streamline the search. A couple things to keep in mind: First such networks are extremely valuable and difficult to build, so some intermediaries will be understandably protective of their investment. As a corporate, consider how you can invest not only in social entrepreneurs, but also in the existing social enterprise support ecosystem and infrastructure, to facilitate and incentivise network sharing. Second, be intentional about the networks you want to tap. Not all intermediary networks are equally inclusive, and most target specific populations, geographies, or types of entrepreneurs over others. Knowing who and what you're looking for will help you partner and build networks strategically.

"I think the first criteria is how concentrated the social enterprise ecosystem is in the particular target geography. In a country like India, you're looking at a very concentrated ecosystem with thousands of social enterprises, hundreds of funders, and it makes no sense for a company to incur the transaction costs of solo discovery—or of due diligence for that matter. I think in that instance, it's completely logical to work through and with funders, many of whom will be very open to the inquiries of big companies."

Audrey Selian, Artha Impact

4. Be creative in how you deploy your resources.

Sponsorship is—and should be—about more than money alone. Corporates bring to the table supply chain reach, business expertise, vast networks, brand value and reputation, and buying power. As you assess the challenges and opportunities in your target impact ecosystem, look for creative ways to leverage your existing resources and strengths to de-risk, catalyse, and grow opportunity.[58]

5. Broaden your coalition.

Consider how you might engage the wider ecosystem to elevate the power, effectiveness, or reach of your strategic sponsorship program. Could you co-invest with other companies, foundations, or donors to increase scale and decrease risk?[59] Are there potential partners with complementary technical expertise or services who could improve your program? Consider your gaps, map the partner landscape, and go from there. (Conversely, consider whether you might co-invest and collaborate on existing efforts before you start your own.)

"We've been finding in the past year that a lot more collaboration, even amongst competitors, is on the table. We actually just hosted a roundtable—because we've been working on a development impact bond—and we brought five different pharmaceutical companies that are all competitors around the same table. And they were all open to collaborating in different ways, including joint funding. I think it helps when you have an intermediary with independence, as well as a very clear outcome that you're all trying to move toward."

Anne Stake, Medtronic LABS

Case Study

Johnson & Johnson Impact Ventures Invests in Building Health Innovation Ecosystems

With more than USD $80 billion in revenue and 130,000 employees across 55 countries, Johnson & Johnson is the world's largest healthcare company. It was also one of the first major companies to make a public commitment to the UN Sustainable Development Goals.

Throwing its weight behind this effort, the company in November 2019 announced Johnson & Johnson Impact Ventures (JJIV), an impact investment vehicle housed in the Johnson & Johnson Foundation.

When JJIV launched, there was huge growth in the impact investing sector—but very little of that growth was in health. "Impact investing in healthcare social businesses was severely underrepresented," notes Alice Lin Fabiano, Global Director of Social Innovation & Investment at Johnson & Johnson. The reason, she argues, was the additional layer of sensitivity and risk in the health space, which demands in-house technical expertise to navigate. The nascency of the sector is part of what prompted Johnson & Johnson to engage. JJIV has a two-pronged strategy: Through the Johnson & Johnson Foundation, they invest in companies that are ready to scale and sustain, but they also provide grants to support the ecosystem—through intermediaries like Village Capital, Transformational Business Network, and Interstellar Ventures—to build up the investment readiness of other emerging health entrepreneurs.

It was also one of the first major companies to make a public commitment to the UN Sustainable Development Goals.

Recognising the severe shortages of health workers in many communities around the world, JJIV invests in innovations that support the access and delivery of quality and affordable care. Most obviously, this assistance takes the form of early-stage funding, but JJIV also provides access to its extensive networks, technical assistance, and mentorship. JJIV currently has a global portfolio of 10+ companies with a particular focus in East Africa and Southeast Asia, covering a range of issues, from access to clean water to an AI-powered digital assistant for mental health.

Consider Flare, one of JJIV's earliest investments. Though emergency response is often taken for granted—dial a number and an ambulance zooms to your location—many countries suffer from a fragmented system of independent emergency operators. In Kenya, where Flare is headquartered, people often need to make hundreds of calls and wait for hours to find an ambulance.[60,61] Flare instead ties all of these operators together through a single online dispatch system and ensures ambulance teams go to hospitals that can provide the necessary care in a given circumstance. Flare, in short, is building Africa's first integrated emergency response system.[62]

Flare is building Africa's first integrated emergency response system, helping patients better access emergency medical services.

Flare is built on a paid subscription model that assures a fee is paid to ambulance companies. The company is now looking to expand to countries beyond Kenya.

For JJIV, impact is not measured exclusively through the social enterprises they support—success is also a matter of encouraging others to join the movement. "What do we want our impact to be at the end?" asks Fabiano. "Earlier on, the focus was really around these 10 to 15 social enterprises and helping these entrepreneurs grow their businesses. But our hope is also that by sharing our journey, we can inspire others to join us in health impact investing—and together build a more equitable society where health is within reach for everyone, everywhere."

Honourable Mentions:
Other Corporate-Social Enterprise Collaboration Models

Beyond value chain partnerships and strategic sponsorship, there are other ways for corporates and social enterprises to collaborate for impact. Here, we'll more quickly describe four other collaboration models, which we see as less common but worthy of mention.

1 Joint Program:

We define a joint program as a strategic, shared-value partnership through which a company comes together with one or more social enterprise—and possibly other cross-sector actors as well—to define a shared challenge, outline aligned objectives, and advance partnership activities based on shared risks and shared rewards. As in strategic sponsorship, a company might extend monetary or in-kind support to the social enterprise. The distinction, however, is that a joint program is a partnership activity designed jointly between the company and the social enterprise, to solve a specific shared challenge or to achieve shared objectives. Together, the partners are tapping their unique strengths to do or build something new.

SPOTLIGHT: Johnson & Johnson's Center for Health Worker Innovation has identified a set of six Global Interventions—what they call "big bet" innovative solutions with significant potential for impact and scale. Across these areas—including, for example, nurse education financing, digital learning platforms, and mobile solutions for frontline health workers—Johnson & Johnson is creating platforms for partnership to fund direct implementation, create mechanisms for shared learning and research, explore means to remove barriers and harness new pathways for scale, and deploy talent and know-how from Johnson & Johnson.[63] The company collaborates with a range of cross-sector partners across its Global Interventions, including social enterprises such as DANAdidik, Praekelt.org, TNH Health, reach52, and CareMessage.

SPOTLIGHT: The lighting company Signify and the cobalt supplier Huayou Cobalt partnered with Impact Facility and the social enterprise Fairphone to create the Fair Cobalt Alliance, to improve health and safety, incomes, and community impacts linked to artisanal mining, while building a more transparent battery supply chain. The Fair Cobalt Alliance promotes uptake of responsible mining practices and harnesses investment for mine improvement. Additional corporate members now include Tesla, Volvo, Lifesaver, Sono Motors, and Glencore.[64]

"We partner with corporations like PepsiCo, Inditex, IKEA, Bank of America, and Gap. These collaborations are about shared value. For example, the business may want to make sure that the people who work and live in the areas where they operate have access to safe water and sanitation. This helps the company increase their productivity and their social license to operate, and Water.org meets its targets for people reached with safe water and sanitation. The partnership brings different mission objectives together to do something bigger and more—for the company's profit line, for their social good, and for the people we serve."

Rosemary Gudelj, Water.org

2. Industry Alliance:

Sometimes, social enterprises can influence, inspire, and support corporate sustainability activities and investments through participation in industry platforms or alliances. Social enterprises may deploy advocacy and/or offer new tools, frameworks, or services to level-up sustainability and social impact across a target industry.

SPOTLIGHT: The social enterprise Tony's Chocolonely created Tony's Open Chain, an industry partnership that challenges other chocolate companies and retailers to commit to its 5 Sourcing Principles, designed to drive industry level change, eliminate child and human slavery, and advance liveable incomes for cocoa farmers. Tony's Chocolonely couples these 5 Sourcing Principles with tools and resources to help chocolate industry players make the transition. ALDI Choco Changer, JOKOLADE, Albert Heijn's Delicata, and Barry Callebaut have all joined or support the challenge.[65]

3. Incubation:

Sometimes, a corporate sees a strategic opportunity to create a wholly new social venture, either to unlock market opportunity or address priority corporate sustainability or social impact challenges. This new social enterprise may exist as a social business arm (such as LIXIL's SATO toilet for the base of the pyramid[66]) or as a separate, independent entity. Yunus Social Business has worked with over 20 companies, including Danone, BASF, Uniqlo, and Tata Trusts, to kickstart social businesses.

SPOTLIGHT: The medical technology company Medtronic launched the social business Medtronic LABS to expand access to healthcare in emerging markets, by designing, building, and scaling technology-enabled healthcare delivery models. Medtronic LABS began as an initiative within Medtronic, before it launched as an independent public-benefit corporation in 2020. The new social business has benefited from this independence, while still maintaining close ties to its corporate founder. Says Anne Stake, Head of Strategy and Innovation at Medtronic LABS, "It gives us more flexibility in the types of models we're able to deploy, like direct patient care or innovating in digital health, which we weren't previously able to do, as part of a larger corporation. It's enabled some of that nimble work on the ground."

Meanwhile, the ongoing value to Medtronic, says Stake, is three-fold: First, Medtronic LABS' impact on patients' lives and health systems extends Medtronic's mission and health objectives; second, the social business's innovation in digital health, its focus on non-communicable diseases, and its work in emerging markets complements Medtronic's long-term corporate strategy; and finally, Medtronic LABS inspires current employees, future employees, and external stakeholders to engage in Medtronic's mission.

Stake's advice on corporate social intrapreneurship? "Success starts at the top. Ensure that there are champions at the highest level who are fully bought into the end goal, whether it's improving lives of the underserved or incubating new technologies in a particular area." She adds that, once there is buy-in, the company should "build a team that is ready for fast-paced, iterative work—discovery, testing, failing, learning—because the journey will not be straightforward. Incubating social enterprises is one path to pursue but be open to other tools from philanthropy to impact investing to building a holistic impact strategy."

4. Acquisition:

Where strategic, a corporate may move to acquire a social enterprise, embedding the mission-driven entity within the company to further corporate impact goals, expand access to emerging markets, or deploy new market solutions (either oriented toward sustainable offerings or emerging market customers).

SPOTLIGHT: In 2021, Tata Consumer Products acquired Kottaram Agro Foods (KAF), owner of the brand Soulfull. Soulfull specialises in converting ancient grains (like ragi and other millets) into breakfast cereal and other products, bringing them to market for Indian consumers. Millet is a water conservative, highly nutritious grain that can grow in harsh climates. Soulfull's products have been creating market opportunity for small farmers and providing healthy grain alternatives to Indian consumers. Now, Tata Consumer Products will scale its market and impact further. Says Tata Consumer Products CEO Sunil D'Souza in a press release, "[This acquisition] opens to us significant new market opportunities ... and helps us partner a passionate and ambitious team of entrepreneurs who will remain and become a part of Tata Consumer Products team."[67]

Case Study: mPharma Partners to Rebuild Africa's Pharmaceutical Supply Chain

mPharma

Case Study

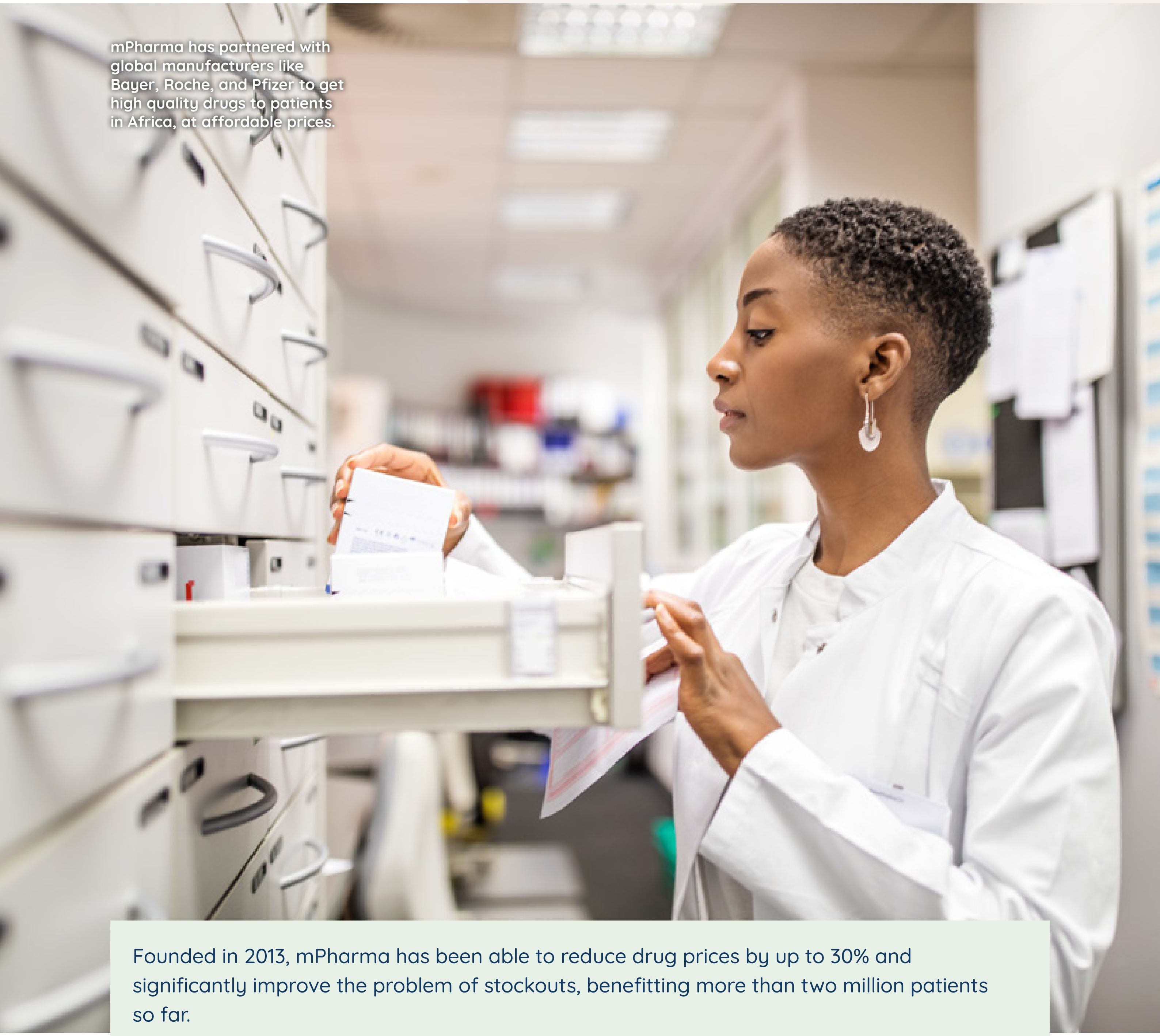
In Africa, where people overwhelmingly pay for their medical costs out-of-pocket, and where drug prices are some of the highest in the world, patients struggle to access and purchase the drugs they need. Even if they can afford it, their local pharmacy might not have the medicine available.

Currently in six African countries and expanding, the Ghanaian social enterprise mPharma works to reduce drug prices and stabilise supplies by addressing Africa's highly fragmented pharmaceutical supply chain. Pharmacies, clinics, and hospitals have historically managed inventory individually, purchasing medicines from multiple suppliers after the drugs have passed through several "middlemen." An incremental markup is added to the drug price at each step, leading to exorbitant retail prices for patients. But, today, mPharma is streamlining the chain for its fast-expanding retail network.

This offers several benefits: first, mPharma aggregates demand across a network of hundreds of hospitals, retail pharmacies, and medicine vendors, which allows mPharma to negotiate lower prices directly with major pharmaceutical manufacturers and suppliers. Second, retail partners only pay for what they sell to patients, as mPharma assumes the risk of unsold and expired inventory. (To manage this risk, mPharma applies predictive modelling to local demand, smoothing out concerns about both under- and overstocking.) Finally, community pharmacies and medicine vendors can opt into mPharma's conversion franchising model, QualityRx. Franchisees get access to business-related financing for refurbishments and working capital, as well as customer service training.

> "We had to prove that our model works, and because we are technology and data driven, we had the data and analytics to back it."

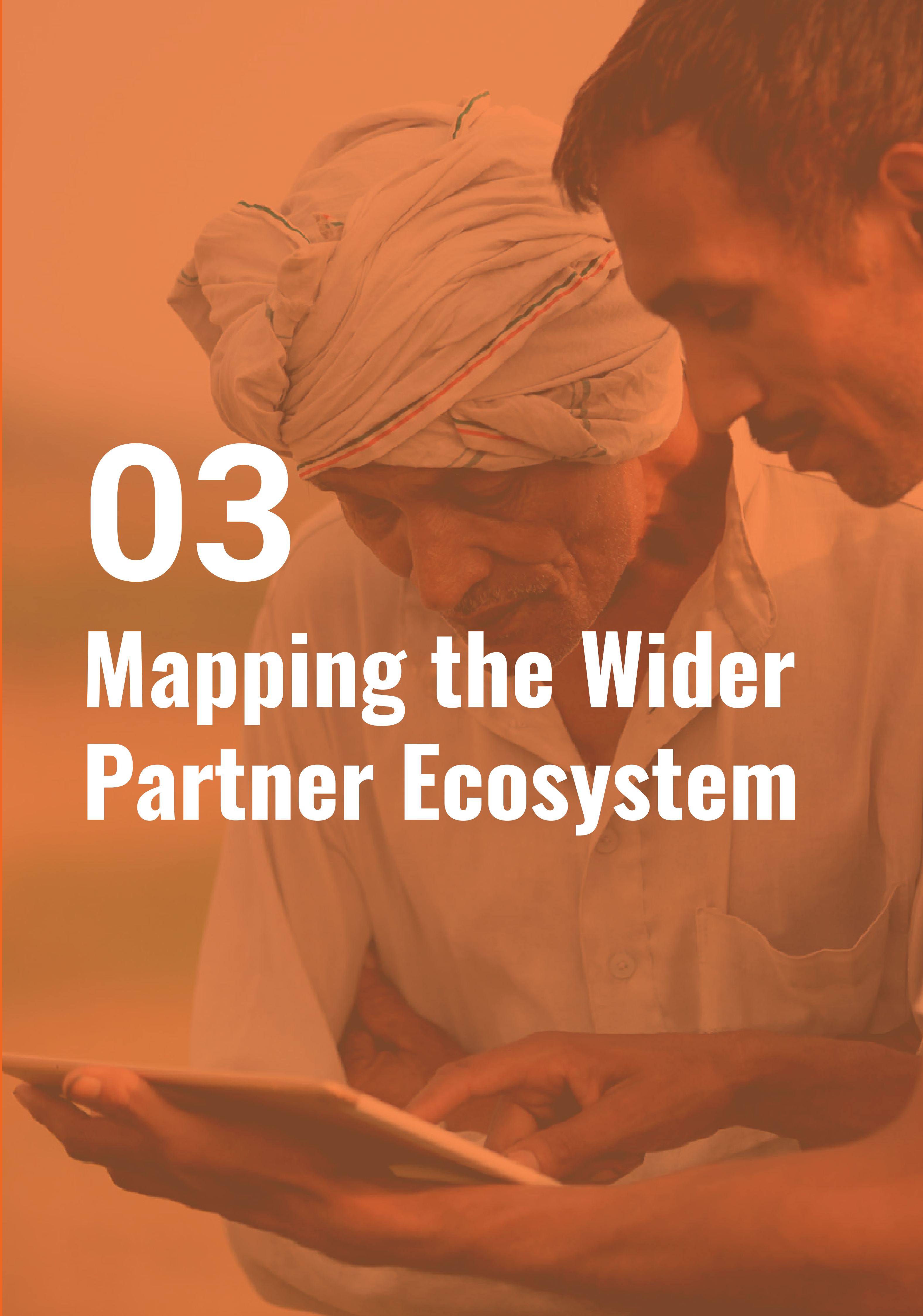
mPharma has partnered with global manufacturers like Bayer, Roche, and Pfizer to get high quality drugs to patients in Africa. They also collaborate closely with major pharmaceutical companies to design and implement tailored patient support programs to help patients access life-saving drugs at discounted prices in disease areas such as diabetes and breast cancer. Says Naa Akwetey, Senior Vice President, Strategy and Business Development, at mPharma, "The drug manufacturers are keen to work with mPharma to design programs that focus on affordability and access to drugs that have been proven to significantly improve patients' health outcomes." Another advantage of collaboration for the pharmaceutical companies? The data and market insights. "The manufacturers know they sent a hundred packs of Drug A to Ghana, but they don't have visibility over how many of those packs ended up in a patient's hand versus expired or damaged, for example." mPharma collects data on which drugs are sold in their network, at what prices, and in what quantities. "The data analytics about dispensation has been a game changer for them," reflects Akwetey.



mPharma has partnered with global manufacturers like Bayer, Roche, and Pfizer to get high quality drugs to patients in Africa, at affordable prices.

Founded in 2013, mPharma has been able to reduce drug prices by up to 30% and significantly improve the problem of stockouts, benefitting more than two million patients so far.

The key to partnering along the supply chain? “Keep social impact at the forefront,” says Akwetey. In her experience partnering with some of the world’s biggest pharmaceutical companies, she’s found that companies are enthusiastic to partner and test the boundaries, so long as the social enterprise can show that there’s real, quantifiable impact. “We had to prove that our model works, and because we are technology and data driven, we had the data and analytics to back it.” Now, she says, she has calls from pharmaceutical companies seeking to design patient support programs, asking, *How bold can we go?* “They’re willing to slash prices,” says Akwetey, “as long as you can prove that it’s translating into tangible cost savings for patients.”



03
Mapping the Wider Partner Ecosystem

Engaging Other Key Stakeholders

Before you start any new collaboration, you should map the wider stakeholder landscape: Which other players share your challenges or objectives?

Who has critical resources or skill sets that could boost your chances of success? And who do you simply need to have on board to move forward with legitimacy? Although a partnership can involve just two players, corporates and social enterprises often benefit from wider-reaching collaboration. Below, we provide an illustrative—and certainly not exhaustive—run-down on common partner types.[68]

Supporting intermediaries and social enterprise accelerators
What they bring to the table: • Existing social enterprise networks and connections • An understanding of social enterprise needs, capacity, and potential • Technical expertise to support collaboration design, implementation, and monitoring • Understanding of the policy landscape and legal structures relevant to social enterprise engagement
Examples include: Aavishkaar Group/Intellecap, Acumen, Agora Partnerships, Ashoka, Aspen Network of Development Entrepreneurs (ANDE), B-Lab, Catalyst 2030, Endeavor, Euclid Network, Impact Hub, MovingWorlds, Rippleworks, Social Enterprise World Forum, Village Capital, Yunus Social Business

Donors and foundations
What they bring to the table: • Resources for co-investment • Global convening power and networks • Technical expertise across challenges and geographies • [For some] deep technical know-how on scaling and supporting social entrepreneurship
Examples include: DOEN Foundation, Draper Richards Kaplan Foundation, Schwab Foundation for Social Entrepreneurship, Skoll Foundation, Sorenson Impact Foundation, UNDP Business Call to Action, UNDP SDG Impact, United States African Development Foundation, USAID, World Economic Forum

Finance partners
What they bring to the table: • Resource for co-investment • Connections and networks to help establish new co-investment platforms • Existing platforms and opportunities for co-investment • Technical expertise on the financing needs and scaleup requirements of social enterprises • Existing social enterprise networks
Examples include: Artha Impact, Closed Loop Partners, Echoing Green, Global Impact Investing Network (GIIN), Global Innovation Fund, IIX (Impact Investment Exchange), Kiva, Latimpacto, NESsT, Nonprofit Finance Fund (NFF), Open Road Alliance, Root Capital, Working Capital Fund

Also consider:

- **Local government agencies or local civil society groups**, as necessary stakeholders for on-the-ground coordination, local buy-in, community access, or social license to operate.
- **Other companies**—in your industry, your value chain, or beyond—that could co-invest and collaborate with you, on a pre-competitive basis, to expand your reach and scale your impact.

Photo courtesy of Water.org.

04

Our Recommendations

Photo courtesy of IKEA and Industree.

Recommendations for Companies: Harnessing Social Enterprise Partnerships for Impact

Below, we explore recommendations and best practices for companies looking to partner with social enterprises to advance sustainability, market access, and impact objectives linked to the SDGs.

We've broken down our recommendations by partnership lifecycle stage:

Pre-Partnership: Defining collaboration strategy

Partnership Design: Identifying and aligning with social enterprise partners

Partnership Implementation and Evolution: Managing partnerships for success and scaling impact

Pre-Partnership: 5 Best Practices to Define Collaboration Strategy

1. Get clear on your objectives and what you want to achieve.

How to get started? Make sure you can articulate the problems you seek to solve through collaboration, as well as the high-level impact—for business, people, or planet—you hope to have. Then, map how these objectives align with your company's overall corporate strategy and business goals, to maximise potential for internal buy-in and key business unit support down the road.

2. Focus your collaboration strategy—but don't get too rigid.

Given that identifying aligned social enterprises can take time—and often involves developing and tapping local or sector-based networks—it helps to narrow the field, in terms of priority markets or impact areas. Yet, keep your strategy agile and flexible enough to allow for iteration and learning, adaptation to new markets and challenges, and unexpected opportunities along the way.

3. Consider the collaboration model that's right for you.

In choosing the collaboration model—or models—you wish to pursue, consider alignment with your objectives and impact goals, existing company initiatives and available resources, and the extent to which company leadership and needed internal business units are on board and ready to engage. Further, the nature of your industry—for example, do suppliers navigate extensive regulations that will make it highly cumbersome for social enterprises to compete?—and value chain may shape how you partner.

4. Inform your strategy through pre-competitive conversations with your peers.

Talk to other companies to learn more about how they engage and why, to hone your strategic approach. These learning conversations can also help you identify ways you might collaborate or coordinate with other companies within or outside your industry. You will also benefit, at this stage, from discussing strategy with experienced social enterprise intermediaries (see table in *Mapping the Wider Partner Ecosystem*, above).

5. Appoint a designated partnership point person.

Partnerships that don't have an accountable internal point person—who can act as the coordinator, project manager, communicator, and champion—often fall short. Make sure you have team member(s) with the time and headspace to elevate your collaboration strategy and specific partnership initiatives. And ensure, too, that this person has the authority—or the means of getting it—to communicate clearly and make partnering decisions.

"In some cases, you're talking to someone who is a more junior member of the team whose job is to gather all of the information and make the case—but they're not a decision-maker. And sometimes they're also not in the know on the latest and greatest decisions of the corporate. So then, when you get in front of whoever the ultimate decision maker is, you feel like there's a mismatch. This can be frustrating for both parties, because you've likely been talking for months and months and reached this apex of conversation only to realise you're actually behind a few steps."

Mary Beth Côté-Jenssen, Root Capital

Partnership Design: 5 Best Practices to Identify and Align with Social Enterprise Partners

1. Define impact—and align success to core business objectives.

Be clear and upfront about how you define impact and success, and make sure you and your social enterprise partner(s) are aligned. That said, partners can have different driving objectives, but those objectives should be mutually reinforcing—not in conflict. Each partner must work to understand what the other partner values, and why.[69] And, remember, the strongest partnerships—which are less likely to fall apart and lose steam when it comes time to implement—are aligned to real business need and strategic objectives, both for the corporate and the social enterprise.

"Ask how the corporation defines "impact" or "sustainability." Are they interested in driving impact at the lowest level? Are they truly interested in working with low-income populations? What are their commercial and social goals? Their goals and yours should be aligned."

Vineet Rai, Aavishkaar Group

SokoFresh, a venture founded by Enviu, showcasing its cold storage solution to partners. *Photo courtesy of Enviu.*

"Entrepreneurs generally know what they want, they have a vision. And if they are good entrepreneurs, they'll stick to that. But that also means that it could be difficult to work with them as a corporate if the corporate hopes to steer them in a different direction. So, what I've learned is that you have to make sure in the beginning that you're very, very, very aligned at the core. And you should take the time to secure that. Because in the end, an entrepreneur will do anything needed for his or her organization to become successful, to realise its ambition. And that's good."

Michiel Elich, Enviu

2. Build a "true partnership."

There is a natural—almost inevitable—imbalance in power between a large corporate and a smaller social enterprise. And for value chain partnerships and strategic sponsorship, there will be a temptation to create a standard vendor or funder-investee relationship, respectively. However, there is significant potential to be unlocked when partners come to the table ready to listen, to solve problems jointly, and to get creative about how to work together most effectively to meet shared goals. For example, Mary Beth Côté-Jenssen, Chief Partnerships Officer at Root Capital, described an ongoing partnership with USAID, Keurig Dr Pepper, and Ezrah Charitable Trust, in which the company has been deeply engaged in helping small agricultural businesses stay afloat during the pandemic. This collaboration is a true partnership, says Côté-Jenssen, in that Keurig Dr Pepper has invested in listening and learning, to better understand the true needs on the ground and collectively shape a way forward. For Keurig Dr Pepper, she notes, "It's not just about *more* and *next* and *new*—this isn't about a transaction or checking a box to meet some goal. Instead, I would say that, across the board, what makes for a happy corporate relationship is when the impact is at the centre of the conversation."

"What works best is when our grant partner doesn't restrict what we can do together. Because we are on the ground active in communities, learning from people what they need, and connecting with other local organizations to work together in the ecosystem, greater flexibility leads to greater results. So, trust in our organization, trust in our leaders, trust in our program experts, trust in our evidence base. Our healthiest and most impactful relationships have boundaries, guardrails, and open communication—but also provide the freedom for us to make the best choice, as we see it, as we call it."

Rosemary Gudelj, Water.org

3. Ensure internal buy-in.

Within your company, are the key internal business units—such as procurement or marketing—and decision-makers on-board with the partnership plan? Given the inevitability of turnover, an ongoing process should be in place to engage with the right people and build long-term, durable support for this work. Further, partnership initiatives will benefit the more they align with the goals and objectives of key teams—for example, do they help procurement teams meet targets to diversify suppliers or achieve their key performance indicators (KPIs) for responsible sourcing?

4. Be honest and direct.

This point may sound obvious, but being genuine and direct about your objectives and constraints—and asking the same of your potential partner—will build trust and get everyone to a yes/no decision faster. It will also help you design a stronger partnership: If there are internal or external obstacles, either on your side or your partner's, it's better to raise and plan for them as early as possible.

"In any partnership, you want to have transparency and honesty. You want your partner to tell you, 'This is what I'm hoping for—I want to be able to tell my consumers, my shareholders, my stakeholders, that I have created this positive impact in the world.' We just need to know what it is the company's looking for. And then we can be honest about what we can deliver."

Rosemary Gudelj, Water.org

"Partnership requires honest conversation about risk. Over 70% of funders don't ask at any point in their application, *What could go wrong?* And if you're not asking this, then you can't have a discussion. And if you're not having a discussion, and if you're not identifying the risk, then how the heck are you going to avoid it?"

Maya Winkelstein, Open Road Alliance

5. Offer patience and flexibility.

Want to be a good partner to a social enterprise—and to scale impact? Be patient, and be flexible. You may find that you need to adapt your timelines, requirements, expectations, or policies, to better fit the reality and stage of your partner.

"I think it's about taking the long view because some of these organizations are so new. And they've got brilliant ideas—they just need time to marinate, and we can help them along, and others can help them along as well. Patience is important: Being patient and taking a longer-term view."

Shaun Mickus, Johnson & Johnson

"Use what they're good at! Let them find their way and don't steer too much or try to decide for them. Let them be the entrepreneur. Don't start moving them away from their core, which is to be entrepreneurial."

Michiel Elich, Enviu

Partnership Implementation and Evolution: 6 Best Practices to Manage Partnerships for Success and Scale

1. Work as a team—and don't put all the burden on the social enterprise to "push the boulder up the hill."

This goes back to acting as a true partner—not just a funder or a client. Together, you and your social enterprise partner are working to create social impact, shift the system, or progress sustainability goals. This is tremendously hard work, and challenges will arise. Work collaboratively and creatively to ease the path for your partner, boost their chances of success, and create clear checkpoints and milestones to frame the relationship.

"The unfortunate dynamic in our ecosystem is that there's an outsized burden borne on the shoulders of these young, hungry, mission-driven people, who often sacrifice everything to try to solve these wicked problems. And then big financiers and big corporates come in after they've done the heavy work and don't always give them their fair share."

Audrey Selian, Artha Impact

“Corporates have a history of passing on costs to their networks. This means that there are real, and costly, challenges for social enterprises to deliver competitive products that also create positive impact. If companies are truly committed to equitable and sustainable supply chains, then they should recognise this cost and compensate social enterprises not only for the product or service, but also for the fact that they are enabling the company to achieve their SDG targets and strengthen their brand for employees and consumers. Shameful companies will simply push ESG requirements to upstream and downstream partners without doing any of the hard work themselves—but those that take a leadership stance, do the work themselves, and invest in their partners will definitely benefit from improved partnerships and brand.”

Mark Horoszowski, MovingWorlds


Photo courtesy of Root Capital.

2. Have a contingency plan.

Know that things can—and likely will—go wrong. All partnerships are complicated (not just partnerships with social enterprises), and bold impact initiatives in emerging markets face a range of complications and roadblocks. Talk about sources of risk early, keep communication channels open, and have a contingency plan, including contingency funds, should things go awry.

"Our strategy for a decade has been to be an emergency room for impact— it's impact insurance. It's recognising that things go wrong. And when something goes wrong, there needs to be a finance mechanism for entrepreneurs, so they can solve the problem and get back on track."

Maya Winkelstein, Open Road Alliance

3. Have regular, open communication channels.

For every partnership, things go wrong when partners stop communicating. Have regular touchpoints, and get creative about how to maintain a two-way dialogue. Additionally, as you move along, remember to listen to your partner—both to avoid making assumptions about their needs but also to help you glean learnings and insights from the collaboration that you can build back into your business.

4. Collect data, stories, and insights on business and social impact.

Before you launch your partnership—and as you move along with implementation—have a feasible plan for collecting data, stories, and insights on resulting social impact and business impact. This will be key to maintaining internal buy-in and support within your company, but it can also help galvanise additional collaboration and investment in the wider ecosystem.

[On Root Capital's partnership with Keurig Dr Pepper] "I think that one of the biggest differentiators is the way that we've tried to, just this past year, document the value of our working together, and then figure out how we get others on board. How do we prove that for any coffee roaster or any buyer at any stage of the value chain, there is material business value? Documenting business impact has really opened the conversation to, how do we influence peers and practitioners within the industry? Because Root Capital and Keurig Dr Pepper alone aren't going to make the kind of change that we collectively want and need to see."

Mary Beth Côté-Jenssen, Root Capital

5. Use your influence to drive industry change.

By sharing evidence and examples of successful collaboration, disseminating lessons learned, and architecting and sharing new systems and tools to ease corporate-social enterprise collaboration, companies can establish themselves as leaders in the corporate sustainability space while also seeding impact across their industries and beyond.

"The health and health services ecosystem is more nascent than other impact investment sectors. Our hope is that J&J Impact Ventures galvanises other corporate and private funding towards social venture models for health. A large part of the thinking was: Let's take that leap, let's roll up our sleeves, and let's make sure to share our failures and successes. And let's see if we can spread that model through others, to dramatically increase the number of social enterprises in healthcare that are being supported and scaled."

Alice Lin Fabiano, Johnson & Johnson Impact Ventures

"You can have a big impact as an individual company by role modelling, building the systems, and sharing information."

Alexandra van der Ploeg, SAP

6. Evolve your collaboration strategy toward a systems approach (i.e., engage the ecosystem).

Across our interviews and research, we found a consistent theme: Companies looking to deepen their collaboration—and by extension, their impact—start to broaden their perspective to take a systems view, or what many called an "ecosystem approach."[70] Instead of only funding a specific cohort of entrepreneurs, or just trying to engage a set of social enterprises in their value chain, they start looking at the challenges that inhibit growth and scale for social enterprises more broadly. They start looking to partner with a wider network of ecosystem players, to coordinate interventions and solve complex challenges linked to social enterprise financing, capacity building, and networking. They start asking how they can use their resources and influence to wield collaboration to create broader ripple effects for social change.

"If you go and put a seed in the deserts of the Sahara, and put in a cup of water and then expect that seed to become a tree—that's not intelligent, right? The same applies if I go and give somebody money and expect that person to build an enterprise, in a place where there is no ecosystem. The chances of that enterprise surviving are very low. And when I say 'ecosystem,' what I am trying to say is, a social entrepreneur's need does not start and stop with money. Money is a very small ingredient in the success and scale of a social enterprise. It is the ecosystem of talent, capital networks, government regulations, and industry that actually delivers success at scale. So, try to look at the entire ecosystem—because the ecosystem may be slow to grow initially, but when it grows, it starts delivering value in disproportionate form."

Vineet Rai, Aavishkaar Group

05

Catalysing Collaboration: Our Calls to Action

Our hope is that this report will be a springboard for more, deeper, and effective collaboration between companies and social enterprises.

Enviu's venture Koinpack is tackling Indonesia's sachet waste problem, in collaboration with fast-moving consumer goods companies, using reusable and refillable bottles. *Photo courtesy of Enviu.*

Here, we offer a few specific calls to action for companies and the wider partner ecosystem, to help translate our learnings into meaningful next steps.

1. We call on companies new to social enterprise collaboration to:

- Reflect on how and where partnerships with on-the-ground partners can help them achieve their social and environmental goals.
- Explore how other companies are engaging, talk to social enterprise intermediaries to inform collaboration strategy, and consider joining existing partnership initiatives as a starting step.
- Begin with quick wins to build internal buy-in and enthusiasm, while planning a course for deeper, more impactful engagement.

2. We call on companies experienced with social enterprise partnerships to:

- Expand and deepen existing collaboration.
- Invest in targeted innovation ecosystems, to help remove roadblocks and create better enabling conditions for social entrepreneurs to unlock impact at scale.
- Look for opportunities, over time, to align social enterprise collaboration and investments more closely with core business strategy, targets, and operations, for greater long-term sustainability and scale.
- Leverage industry influence to showcase social enterprises as vehicles for innovation and impact, and to encourage other companies to engage.

If your company is interested in learning more about how to initiate or deepen social enterprise collaboration, please contact corporatecollaborations@catalyst2030.net.

3. We call on the wider partner ecosystem to:

- Share collaboration examples, business and social impact evidence, and lessons learned. We at Catalyst 2030 are eager to hear from you, to collect, share, and celebrate a wider range of company-social enterprise collaboration case studies. We want to know how you partnered, what went wrong and what went right, and the value created. Contact us directly at corporatecollaborations@catalyst2030.net.
- Strategically combine networks to help companies better identify aligned social enterprises—and vice versa. Contact Catalyst 2030 at corporatecollaborations@catalyst2030.net to contribute to network building for company-social enterprise collaboration.

Annex 1. Cross-Sector Partnerships: How-to Resources and Examples

For a cross-sector partnerships 101, see Resonance's Cross-Sector Partnership Guide, as well as separate resources on:

- Building collaboration culture
- Pre-partnership strategy development
- Partnership design
- Partnership implementation
- And partnership scale.

For a more thorough deep dive, with case studies and tools, see the partnership playbook Partner with Purpose by Steve Schmida, Founder and Chief Innovation Officer at Resonance

For Cross-Sector Partnership Examples, see USAID's Private Sector Engagement (PSE) Exposure Site

Other tools and resources on cross-sector partnerships:

- Endeva's NGO and Company Partnerships for Inclusive Business
- TPI Partnership Tools and SDG Partnership Guide
- The Global Environmental Management Initiative (GEMI) and Environmental Defense Fund's Guide to Successful Corporate-NGO Partnerships

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Audrey Selian, Director of **Artha Impact**, the impact investing arm of Rianta Capital (the dedicated advisory to a single family trust), focused on agriculture, health, skills, and livelihoods in India. Its counterpart **Artha Networks** builds SaaS platforms to help others capture deal flow and make it discoverable to a wider ecosystem.

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Catalysing Collaboration

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Resonance is a mission-driven global consulting firm. We work with changemakers in companies and the international development community to deploy partnerships and innovation to catalyse impact and promote market opportunity.

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The Catalyst 2030 Private Sector Working Group is dedicated to building collaboration between the private sector and social enterprises, because such collaborations can add value to core business operations, unlock innovation and accelerate progress against the SDGs.

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