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S1 00:10 Hello and welcome to another episode of the Moxie podcast. This is episode 19 recorded on Friday September 18th 2014. This is the companion web show to the Moxie sessions, which is an internet economy discussion group. It's held once a month in Auckland, New Zealand. Our aim is to bring together a group of interesting technophiles from across the New Zealand economy to talk about how New Zealand can take advantage of the internet to improve its economic performance. I'm Glenn Williams with you here in London. As always a fantastic crop of guests joining me in New Zealand as well. I'll introduce them very shortly, but I'll tell you now about the topic of the last Moxie session. It was all about enterprise - social enterprise, that is - in New Zealand. The session looked at the New Zealand businesses with a social purpose and asked whether corporate responsibility is more than just a side project. Are social enterprises the start of something transformative and positive for the economy, and what would it take to hurry it along in New Zealand or the world?

S1 01:12 So, to talk about the topic, as I mentioned, three great guests involved with social enterprises in one form or other. Let's introduce them. First up it's Alex Hannant, who is the Chief Executive of the Akina Foundation, whose aim is to grow social enterprise across New Zealand. Welcome to the show, Alex.

S2 01:32 Thanks Glenn.

S1 01:33 Also joining us today is the Director of Human Resources at Vodafone New Zealand. He also sits on the Board of Directors of the Vodafone New Zealand Foundation. His name is Antony Welton. Welcome to the show, Antony.

S3 01:47 Hi Glenn. Thank you.

S1 01:49 Finally, we've got Jade Tang who set up and runs Curative, which is an agency for social enterprises. Welcome to the show, Jade.

S4 01:59 Thanks, Glenn.

S1 02:00 Great. We're going to learn about what all you guys do as well in your various roles - your daily jobs. First up, I guess for the uninitiated, it would be good to have a 101 on what is a social enterprise. First up, I'll go to you, Alex. Could you give us a definition of what is a social enterprise?

S2 02:23 Yeah. I mean it's as simple as it actually sounds. A social enterprise is an organisation that uses commercial methods and business models to solve social and environmental problems. So, rather than find or create needs and generate profits for shareholders and business is good, and we need lots of good businesses, social enterprises are very intentional about solving social and environmental problems, and finding commercial models which financially work. That's really helpful, because if you

can generate your own resources you can be both sustainable and scalable in your impact.

S1 03:01

Tell us about the Akina Foundation.

S2 03:05

The best way to understand Akina is a little bit the way that we understand business incubators. For mainstream business we've recognised that getting businesses up and running is a difficult thing to do, but when they're successful that's a really valuable thing for the whole country. So, we invest in a support of the structure to enable entrepreneurs to get access to the skills, networks and capital they need to fulfil their potential. We're doing exactly the same for social enterprise. We've had a bit of a systemic gap in New Zealand up until now, because a lot of the business infrastructure, as I say, is very much focused on businesses which generate profits for shareholders, and a lot of the social agencies which support specifically not-for-profits or community organisations, don't really understand business. So social enterprises have been left in the middle a little bit really and have been underserved. We're really about just fixing that gap.

S1 04:01

Okay. Give us some highlights from your speech, or what you spoke about at the last Moxie session.

S2 04:07

I think it was important for me to put a bit of context around where social enterprise has arisen from, and also place it in a wider movement, which I think there's a transition from mainstream business as well. It's not like this has come out of nothing, like, I don't know, My Little Pony or something. There are a number of deep, strategic and market reasons why social enterprise has evolved over the last 10, 15 years. I think it's important to recognise the world is fast moving in a number of ways. 20 years ago the internet didn't really exist as from the point of view of normal users and now it's completely disrupted everything we do. The population has doubled in the time that I've been alive and people have more aspirations. They're using more resources, and we're really starting to push the fundamental earth systems and planetary boundaries that we have on this ball of rock in the middle of nowhere. While percentages of people living in poverty have gone down, the total number of people living in poverty has actually increased quite significantly.

S2 05:09

There's a sense of we're living in this strategic age where things are changing very quickly and there's less resource to go around and greater aspiration for people to thrive. What are the types of businesses, or how do we organise ourselves collectively, which both live within those physical parameters but also provide those social foundations? I think, beyond that context, this is where the business opportunities are now. Some estimates to say that if we are going to meet our targets around climate change or living within Earth's systems by 2050, there needs to be an investment of about, I don't know, 500 billion globally a year into the new green growth markets. At the same time you've got three and a half billion people having the same amount of wealth as 67 wealthiest individuals. A lot of time those people are underserved in terms of health, or financial services, or energy services, so you know, what are the new businesses which really focus on creating value for this people.

S2 06:03

I think lastly there is actually a sea change in the way that we are as people as well, maybe that's related to the need of the world, maybe that's related to connectivity, but there's reports on the value of millennials nowadays. You know, I think a real early signal of the way that we go as a society. Millennials believe that business is the way to solve a lot of the bigger problems on the world, and they are highly motivated

by issues of social justice and environment. Even if your mainstream business who just want to chug on as business as usual, you're in a war for talent, and you have to adapt yourself to actually make sure that you're securing the brightest young things coming up.

S2 06:42

Lastly, there's huge opportunity now just to disrupt markets. It's not necessarily a social enterprise, but the hard age of some really ground breaking innovations, people are keen with on Must with Tesla, having developed a whole heap of IP in terms of battery storage and electric vehicles. His main thing is to say, how do we really stimulate this market. Having developed that IP, he's just released it into the public domain. So the whole thing about getting us to move faster to create better social value in the world is making sense on a number of levels. There's a huge pool of opportunity here, and what we're just starting to see is a lot of people, communities, not-for-profits, entrepreneurs, starting to think quite differently about the way they want to create value and build organisations, and that's what social enterprise opportunity is.

S1 07:37

Over to Anthony who is deep inside the bowels of Vodafone there in Auckland today. You're not there, you're not on the show in your capacity as human resources director but instead sitting on the board of directors of something called the Vodafone New Zealand Foundation. What is that? What does it do?

S3 07:58

Yes, I'm the chair of the foundation, and the foundation is something that we have in all the countries that we operate, and it's something that's been with Vodafone from the beginning. It's a real part of Vodafone culture. The foundation is our charitable arm. We give money to the foundation from the business every year, which comes from the profits that we generate from our customers, and in New Zealand our focus is on healthy outcomes for young New Zealanders. For the past 12 years that we have been here, we have been involved in giving 18 million dollars plus to local charitable organisations, community organisations that help our young people, and particularly our most at risk young people here in New Zealand.

S1 08:56

Fantastic. Give us some highlights of your chat at the last Moxie session.

S3 09:02

It's interesting your introduction was saying I was here as my chair. My discussion was really both my hats as HR director and the chair of the foundation. I'm looking at it from the perspective of the corporate. And this idea of social purpose and social impact, and I think, to pick up of number of things that Alex has talked about, there's this question about corporate social responsibility, social purpose in large corporates, and is it really real? I think the answer to that is that it depends. What I've seen in my experience, both in Vodafone and with others, is it depends on why a business is deciding to do something. And if it is a response to a risk and I think a large corporate has a very different experience both for its customers and its people in its response to social issues. Whereas if that's coming from a place of social impact, and to address some of the issues that Alex highlighted earlier, and there's a genuine and authentic belief in that, then I think it can be a very powerful thing. What I have experienced as part of Vodafone, particularly with the work of the foundation, is there is a real belief in trying to be a part of making stronger communities where we're based and where we work.

S3 10:35

I gave a few examples in my talk of this need for a purpose and having a clear purpose in the organisation that is beyond just making money and the power of that when you get that right can be quite incredible. Alex talked earlier about millenials and some of the characteristics of those millenials, and certainly our experience with our young

millennial employees, our graduates, our apprentices etc is, clearly the foundation isn't attracted to them in their choice of employer, but also once they work for us it's a critical reason behind why they stay because they do want to think that the business that they work for is there to do more. I talked a little bit about an example from Australia. Alan English has just been named Philanthropist of the Year in Australia, and how his business - which was a business for kitchen products for a fast food and restaurant organisation - but how he created a purpose around reducing poverty and reducing one million people-- taking one million people out of poverty, and how that has really galvanised his organisation, which, in and of itself, does not directly address poverty.

- S3 12:06 Just the passion, the energy, the engagement of that organisation behind that goal is sufficient to raise the performance and the profits of that organisation which means they then generate more money to address this social need. I do believe that there is a role of corporates, and I guess more traditional businesses, in addressing social issues, by connecting their resources, their capabilities, their skills and their people to these issues. There are a number of ways of doing that, and the foundation is just one example.
- S1 12:41 Corporates and millennials by the sound of it. Just lucky enough, we've got a millennial on the podcast today in the form of Jade Tang. Jade, you set up and run something called Curative, Curative, which way. Curative.
- S4 12:58 You can say it either way.
- S1 12:59 You can. You can. That's the Curative way [laughter]. It's an agency for social enterprises. What does that mean?
- S4 13:07 Yeah. Essentially, if you boil it down, we're an ad agency that works on social good and social change campaigns. Our tag line is, I guess, elevated purchase-- Curative works on projects and works with people that help make the world a little bit better. Working with leading not-for-profit organisations, social enterprises, community organisations and, more and more increasingly, local and central government on more larger scale behaviour change campaigns. Anything around youth suicide prevention, sexual abuse, mental health overall. We work with a range of organisations around a lot of social change campaigns.
- S1 13:47 This role of the millennials has come up a couple of times, from both Alex and Antony. Was that the angle you were coming at from the last Moxie session?
- S4 13:57 Yes. I came from two perspectives, as a millennial, and also as a start-up social entrepreneur. I've ran up a couple of start ups, first one I think I talked you about a few years ago called Why Media, and then most recently, co-working spaces for social entrepreneurs called The Kitchen. Both of them were unsustainable because at that point in time there wasn't a keen [?] There wasn't any capability or capacity building for this area. You're either-- you couldn't really fit into the business box and you couldn't necessarily fit into the community philanthropists capacity building box either. You're kind of left in the middle to your own devices. At that point of time I did a lot of reading overseas to see what thought leadership we could potentially bring here as well. And looking at some model -- my background is in design - really looking at how agencies could be used-- design could be used for social good, and adapting quite a few models here as well.
- S1 15:01 Okay. Let's widen the discussion out now to-- because one of the main purposes behind the Moxie session was to figure out-- we know that social enterprises are

good, and we want more people doing more positive things in the world, I guess. This is a big why question, how do we get more social enterprises starting up in New Zealand. First of all, back to you Alex, what's the drive, how do we get it happening?

S2 15:32

Just going one step back as well. I think it's important to make all-- we've spoken about millennials. The way I see it, millennials represent a new bell curve shifting through. This is a big demographic which is going to increasingly be more significant in our society, but it's also important to recognise that it's not just millennials doing this. Out of all the entrepreneurs and organisations we work we're actually, the median age of the people work is about 40, this is a whole of society thing. I think it's important to recognise that the values millennials are leading on represents a bigger shift in the way our collective thinking is going. Going back to how do we get more of-- It's kind of potentially a bit like shooting fish in a barrel, because there is so much demand that we're not actually serving at the moment. Just to give you a bit of sense, you'd have heard of Start Up Weekend.

S2 16:31

Start Up Weekend funds programmes all around the country, all around the world, brings entrepreneurs together, gives them good skills around starting up, and enables them to take the first step in building businesses. Last year they ran the first Start Up Weekend social enterprise, and it was the most subscribed event they had run in the country today. We've been running this thing for business, and you open the door to do a social one, and suddenly people are beating down the door. We run a number of different programmes for different levels of entrepreneurs, from everything, from the first step to more meaty acceleration programmes. People have got start ups to-- we are actually doing the work to establish social enterprise [?] social investment. We've launched our first accelerated programme this year, and we set an ambitious target to match what the commercial technology accelerator, Lightning Lab, had got in terms of applications, and we set a target around 80. We got 134 applications. I'm a bit conflicted in one way, because it's great that we've got all this demand, and we can take 11 on to the programme, but the thing that keeps me awake at night is what happens to the other 122 teams which still want to crack on, but there's not the organisations around to support the development, their business models, link them to networks, link them to professionals services, link them to the capital that they need to crack on.

S2 17:51

If we actually say, "Look, we're serious about this sector, we see this as a complimentary part to our whole economy, we realise there are any number of not-for-profits, community organisations, social business startups, joint ventures between existing commercial organisations and community sectoral organisations, we are just basically-- there's a whole heap of value here which is under-realised. How would we go about realising that? I think you've got to think about it like, you need capability building, you need to create markets, you need to supply capital, and then you have to build an engaged community which actually allows the whole community of practice to connect, trade, learn, interact which each other, and be able to evolve its own strategic development. It's not like this is just being creative. Many other countries have now got thriving, mature social enterprise eco-systems, and the way they've gone about it is largely similar. It does take time, it'll probably take 10 years to really build an established market, and will take investment, and that investment usually come from us, the New Zealander, the tax payer, because if these things work, they create a huge amount of social economic value for us all. But also the investment of the private community and the philanthropic community, because there is a great alignment of interest here.

- S2 19:15 One of the things that we work really well with existing corporate partners is because they love the opportunity to provide skill volunteering. I think the day is going shaking pots and painting fences are gone. It's much better to get someone who's got huge expertise on HR to come in and be able to give that service to someone who desperately needs it, and the same with things like technology, finance, legal services, these are all-- It's not doing projects. Social enterprise isn't doing a project, it's building businesses for the long term, and they just want get up and run it. There is huge alignment of interest in here, and it's just about trying to articulate a vision, I think, and then creating a story which allows other people to realise the potential value and makes it safe to invest.
- S1 19:59 Antony, any thoughts on that as well? Yeah.
- S3 20:02 Yeah, I was just going to say-- to build on Alex's point there, and actually to pick up on something Jade said earlier, that there are, I think, some barriers as well. As an example, the foundation-- we're a philanthropic organisation, we're governed by charitable law, so that means that I can only give money to a charitable organisation, and therefore not necessarily to a social enterprise unless they are set up as a legal entity that's a charitable organisation, which then drives certain social enterprises to look for alternative funding. Now there are investors out there who are willing to fund social enterprise but then you get much closer to the traditional models and looking for a return on investment for that capital. I think there are examples around the world. Alex talked at the Moxie sessions around the UK where there is a different structure, a different legal entity created around social enterprises which can enable a different flow of money. I would certainly, as the Vodafone Foundation, be very keen to support social enterprises, but at the moment I'm constrained by those laws.
- S2 21:25 This will be an iterative process, because you can only make good legislation when policy makers actually understand the opportunity, but as a little window that you've got in the UK now-- basically here, if we give our money away, you get a tax credit. In the UK, if you invest in social enterprises, you can actually get a tax credit as well. So as that sector's evolved, this whole new area of social impact investment has grown. Actually the G8 have just completed a task force on this whole area. That's really upstream in terms of policy, but this is a serious issue which is on the agenda of the highest, most powerful governments and most powerful leaders in the world. They know that there's only so much money that the governments and philanthropic sector have and there's a whole heap of needs that we have to respond to. We have to be creative and innovative and get the system of trade, which has served us so well as a civilization for our whole existence, but just pointed at something different than the interest...
- S4 22:32 The UK is something like a community interested company and a legal entity, in New Zealand what we can really do is a hybrid model where you start off with a the charitable organisation, charitable trust, and then start up a social venture, and potentially one of the shareholders or key stakeholders of that business will be a charitable trust. We were considering whether we would go down a hybrid model when we were first starting out. But we knew, first up, you are incredibly passionate, you clearly see the need, you don't want to go through 6 to 12 months of trying to, I guess, legalise your entity before you have even started to practice. I think there's definitely a gap there. [crosstalk] In the UK a couple of years ago-- they've got a minister of social enterprise, I think we'll be a few years away from that. Something that they did that actually was quite prevalent was-- they're just really good at telling their stories. Amongst capacity building, growing your markets and investment and

capital, actually backing your champions and your key influences in this area, and creatively storytelling those-- the amazing work on the ground, but also the impact that creates. That is incredibly important, and we shouldn't undervalue that.

S2 23:53

And just-- in the States you've got the benefit corporation, which is equivalent of another legal form, but in the US context. Out of that has become a whole movement called B-corps, which is actually a global accreditation programme. If you do the analysis and you pass the mark, then you become a B-corp. It's kind of interesting because B-corps are starting to trade with B-corps, and investors who want to invest in B-corps are starting to set up funds for B-corps, and there's even now a B-corps-to-consumer movement going on as well. That's the little bit of the market building, but as Jade said, the better story you can tell and the more visible you can be, then you can actually start to build some scale around that.

S1 24:42

That's quite key, isn't it? You do need that certification, otherwise you get cowboys coming in and masquerading as social enterprises, and of course people also want to have their investments in proper socially responsible places as opposed to bullets and bombs and that sort of thing as well. There's a big drive for that, isn't there?

S2 25:06

The flip side of this is that there has to be clear impact reporting. If you're claiming you're making a change in the world, prove it. All the social enterprise that we work with, that's a key part of building out their business model. How do you actually prove that you're making the change in the world that you set out to do in the first place? And that's for external communication - to investors, to consumers, to funders - but it's also about good management. Because if you're not doing what you set out to do, then your business model's wrong. Social enterprises do have to work across that triple or quadruple bottom line rather than the standard profit and loss.

S3 25:43

I think any entity, whether it's a social enterprise or a corporate, could have bad eggs, but I'd pick up on Jade's point earlier. I think there are so many positive stories, and there are many positive stories here in New Zealand, and that's what we should be showcasing. That's where I think we'll draw other people into this area.

S1 26:04

As you say, there are lots of positive examples. Is there a surprising examples, is there an example out there where you think, "Gosh, I didn't know a business could be made out of this social problem", and it's really surprised you that it's actually worked?

S2 26:18

I'm happy to give you a few of the ones that we've been doing some work with, or know of. Some of them are quite surprising; some of them have been under our nose for a long time. People like Barnardos actually run a 30 million dollar childcare service, and they actually use the revenue generated on the childcare service to cross-subsidise other services which are harder to fund. A lot of these things are not new, they exist in really important institutions, but then you have [?] trust which is-- it's not a start up, but it's still in it's young days, and it's basically an eco-nursery and it does riparian planting, or the commercial side to the motorway of natives, but that's the business model, it's really about providing a nurturing environment for ex-offenders or people who have drug addictions or learning problems, to have, basically, a stable work employment, so they use the business to create a nurturing environment for people being left behind to get back on track. And then you get bright starts, things like Chalkle, based out of Wellington, looking to reinvent the whole community education through technology. Think about a TradeMe for learning. Learners and teachers can connect with each other on online platforms, and then book locations off the back of that. And that's important, because about 120 million dollars has been taken out of community education in the last five to ten years, and there may be

good reasons for that, but we still need a way to make sure that communities can connect and learn in that more organic and informal sense rather than just through formal institutions. So all shapes and sizes, they're all around us, the whole point is that we just need to make them more visible, because once you see them, it's hard not to think why don't we want more of that?

S3 28:03

A couple of more examples - for example, it's not yet started, but the Malcolm Trust down in Dunedin are looking at a project to connect an issue around housing needs, but also youth unemployment. So, taking young people who are unemployed, training them to build small 10 metre square housing units that are movable and flexible, and then using those to solve social housing needs as well. Connecting end to end, and of course lots of people in New Zealand like a batch, so they can sell a few of them to fund the whole venture, which-- ideas I think like that are fantastic, connecting multiple social issues.

S1 28:47

Fantastic.

S4 28:49

Also another example down in Christchurch is when we were starting out at The Kitchen, our friend Julia who runs Rekindle is a great storyteller for social enterprise where they were taking reclaimed wood where a lot of the Christchurch homes after the earthquake would be demolished, and salvaging a lot of these pieces of wood, and turning them into beautiful designer furniture, and turning it into jewellery, and I guess also her background was in occupational therapy, so she was actually working with young people to build a lot of this furniture as well. Lots of amazing examples. One - which actually started in South-East Asia, but our friend is starting it here in New Zealand - is called Destiny Rescue, and the organisation aims to serve those affected by sex trafficking in South-East Asia, and rather than taking the girls off the streets, they actually empower them with crafts, and I guess other alternative means of living their life and generating revenue to-- that's just in formation here in NZ and she whether she wants it to be a social enterprise or a not-for-profit.

S1 30:05

And specifically because this is a show about the internet economy, what is it about the internet that makes social enterprise in 2014 and to the future so much easier than 10, 15 years ago?

S2 30:20

I think one of the things is just barrier to entry. Even just in my experience of running a relatively small organisation, if you think about the databases, the connectivity, or just the whole information management system we have. Five years ago, you'd have been taking about tens of thousands of dollars, now pretty much you can set that up for free, or a relatively small subscription every month. I think just the internet has enabled people to do things independently or start things up, it's just a massive enabler, but I also think the connectivity thing as well. The ability to actually get learning, see what other people are doing, copycat models and all those things is also material. Then the last thing is actually delivering services through the internet. So Chalkle, as I said, it is possible because technology enables those services to be delivered in a fundamentally different way from bricks and mortar. Education, you had to go to institutions before, and now you're moving from an institutional framework to a network framework. So that's the three things I'd say. Barriers to entry are down, connectivity is up, and the way we can actually get stuff done is fundamentally disruptive.

S3 31:39

I think I'll just build on that. I think the whole trend of internet of things enables whole new sets of products and services and there are number of models that do that, but I can also think of a product that we provide through our foundations

around the world to Glee services to protect women who are victims of domestic violence. They're issued with special mobile phones that actually have a button on them that they can press if the person who is a threat to them is nearby and they don't actually need to speak, it goes directly through to the police and notifies through GPS exactly where they are and the police are dispatched to them immediately so they don't need to speak or say anything and this product has been credited by the UK police with saving millions and millions of dollars and it's-- I think technology in particular can specifically be addressed against specific social issues.

S1 32:57

I know-- [crosstalk]

S4 32:58

Just, really-- I guess it could exist, but a lot of easier, in one of those barriers, and around connectivity-- we've got a couple of global collaborations which we just wouldn't have been able to do without-- prior to the Internet, and prior to, I guess, social media to a certain extent as well. Global collaborations make it a lot easier, and also, we're constantly being inspired by thought leaders all around the world.

S1 33:32

Exactly. And we wouldn't be able to have this conversation and spread the word about social enterprise at all. I know Alex has to hoon off to a train, he's got to move off this morning. So first up, I just want to really thank you guys for coming on the show and also give you a little bit of time to promote anything that you're up to. First up, Alex, what are you up to right now, and where can people follow you online?

S2 33:58

Akina. A-K-I-N-A dot org dot NZ. That's the place to go to learn about us, and just that we're running open events workshops against social campus, building business models all around New Zealand, and we'd just encourage anyone to come along and learn more, and it could be the first step of a beautiful journey.

S1 34:20

Fantastic. Antony. Where can people catch up on you online?

S3 34:24

Vodafone dot co dot NZ. You can link through to the foundation website from there as well also. We are-- just at the moment our flagship programme is the world of difference programme, where we pay the salary and expenses for a year for an inspiring passionate person to work with the charity of their choice, helping our young people in New Zealand. If there's anybody out there, please go online, have a look at the foundation website and get your applications in.

S1 34:55

I imagine there'll be a gazillion applications for that [laughter]. Jade, what about you? Where are you online?

S4 35:02

Yeah. Google, curative, C-U-R-A-T-I-V-E dot co dot NZ. We're on Twitter, we're on LinkedIn, we're on Facebook, on all the things [laughter]. A couple of things that we run is Creative Mornings, a monthly breakfast lecture series that's completely free, 100 creative professionals together, also hosting something called The Feast, which is part of Global Social Innovation week, on October the 9th. So if you're interested in getting involved then, that would be great, even if you're just a person or an organisation doing some good things for the world, and you are just needing assistance, or wanting a sounding board, or just wanting to talk it through, we love having cups of tea with people, meeting new people and just hearing about their causes. So, yeah. Hit us up online.

S1 35:51

Being social obviously. I just really want to thank all you socially aware people for being on the show today. I think you're all absolutely amazing and fantastic, and I really do appreciate your time at the session and also on the podcast and hang out here today. And also thank you to you for listening, you can find on the audio and also

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the video on the website the moxie sessions dot co dot NZ. You'll also find the link to the NBR article about the last session and also the transcript as well if you just prefer to read rather than listen to my voice. Until next time, I'm Glen Williams here, with you in London. Thanks very much to my guests, back there in NZ. See you all. Bye bye.

[music]