

Take on Board



# Transcript – Tara Anderson answers your questions about governing for profit and purpose – the Take on Board breakfast Q&A

Helga Svendsen 0:00

Michelle Redfern you are up first, if you could ask your question about advice to directors over to you.

Michelle Redfern 0:06

Thanks Helga. So Michelle Redfern. And I've currently set on one industry steering committee called Wayfinder. And it's about getting more women into the supply chain sector, and currently looking for a board not very actively, though passively. So my question is, let's imagine that our company, a couple of directors in the company go, oh, we better pay attention to this. But our organization, which has traditionally been a traditional business model, and now we've got pressure from wherever or interest or curiosity about, let's get into this for purpose, malarkey. How does a director who thinks or say a director comes off to those causes? The next board meeting, I want to put this on the agenda? How might I introduce this topic in a way that is going to get grabbed people's attention? And have us to explore it more? So to do the right thing, but also, you know, obviously, to still appeal to those directors and others stakeholders who might be saying, hang on, we've got to make profits for shareholders.

Tara Anderson 1:11

Yeah, excellent question, and I love the malarkey. I'll call that the technical term now. Offense malarkey. So two things I would say that we see as people transitioning in this sort of to impetus it's not a word for this drivers. One is the sort of compliance have to side because there's pressure and then the other is the kind of storytelling element of it that pulls at the heartstrings. So you'll know your audiences best and you'll know which one of those to go with. But on the first one, I would say, figure out with your organizational priorities with the stakeholder groups you have the customer base that you have, what do they care about? And then where is there an opportunity to look at purpose that's linked to that. So if you've got a customer base that's interested in a particular thing, or there's a particular product or service, they're looking at how building and purpose to that might be able to extend your customer base, because you've got customers that are interested in more

ethical products, or ethical sourcing or climate friendly options, or carbon neutral, or whatever it might be so so think about it from that perspective. Same with your employee base, depending on who they are, and sort of demographics and what they're interested in, and investors and finance options. So your stakeholder base, what do they care about? And then where is there some synergy that you can create to say, look, if we started to add in this, it would actually achieve some sort of ultimate financial outcome around competitive advantage, more customers, more staff, whatever it might be. And then on the other side of that, there's the storytelling that pulls on the heartstrings piece. So it's often what we find is that people come in for that first reason they have to do it, or there's a there's a hook that's ultimately linked to profit, because that's the language that companies are used to and understand. And then once they do a little piece of it, then the story start to come out of it. And then they convert, and then we call them the the internal converts, they've become the internal champions, and then they're like, this is fantastic, More, please. And then it just builds and builds and builds. Because once you've got the first story, and you can talk about the person that was impacted as a result of what you did, no one can argue with the story of another human. That's how their life changed in some amazing way, because of something simple that you did that linked into the business as usual that you were doing anyway. And then once you've got one proof point, you can just scaffold it.

Michelle Redfern 3:28

It's really interesting tower because I'm so on I work. I advise workplaces on how to achieve gender equality. And this is exactly the model, which of course, you know, Workplace Gender equality is a part of ESG for many organizations, so thank you. I appreciate it.

Helga Svendsen 3:45

Thanks, Michelle. Thanks, Tara. So the next one, and it touches on it. But Stephanie, could you introduce yourself and ask the next question?

Stephanie Bashir 3:54

Yes, my name is Stephanie Bashir sorry, for the anonymous, I just didn't know how to change that. Thank you, Tara. That was an amazing and very inspiring presentation. I'm on an non for profit board for purpose non for profit. And we are going through a re inventing the organization introducing, you know, different revenue streams, as you mentioned earlier, in the present, how would I go about actually putting this on the agenda is a very similar question to Michelle. But from a non for profit lens, which is slightly different and a little bit more challenging. Perhaps, you know, maybe not, how would we go about putting that on the agenda, just trying to see even test whether the strategy that and business plan that we've recently signed off on fits in with some of these principles and structures that you presented?

Tara Anderson 4:51

It's sort of a similar answer in reverse, I guess. So in the first instance, where we're talking about a corporate business that wants to embed purpose, you try and for aim the purpose initially in the context of profit. And so in this instance, you try and frame the profit in the context of purpose. So for a not for profit board that's wanting to get into this, it's talking to them about how the social impact that you're trying to create and the vision that you've got, how much more you could do with that, and how you could extend it in different ways. If you had some revenue streams that were a bit more independent, while bigger for a start. So more income, you can do more impact. But also often the revenue streams you get through trading activity, that's free cash flow for you to do as you wish. There's no grant requirements tied to that there's no government contract tied to that there's no tick box that you need to tick. That's somebody else's criteria about how you can do your impact, which is my great frustration working you're not for profits is the people that decide the impact you can create, or the people with the cash that don't have the knowledge on the ground that you do to know what impact is actually most relevant. So the beauty of trade revenue as an income stream is that you can do with that as you wish, as you know how, as you know what's best. So framing it in that perspective might help with a not for profit board that's just getting used to it. It is trickier because often well, in both directions. But the competencies of kind of commercial activity and commissionable revenue generation aren't necessarily inbuilt within, not for profits, just a social impact creation isn't naturally inbuilt within corporate organizations. So sometimes it means having someone come in and advise and talk to the board often helps on both both sides, an external person coming in and talking about what's possible and talking about different experiences. Partnering with another not for profit that's done something similar and having them talk about their story often really helps. I hate the fact that you know tends to be you need someone outside the organization to come in and tell them as opposed to you standing there going, Hey, hello, everybody. How about we do this, get someone else to come in and say it and I go, that's a great idea. So that can help too. But I would say initially frame it in the context of ability to create more social impact by doing this.

Stephanie Bashir 6:59

Thank you.

Helga Svendsen 7:00

Oh, thank you. They've been jumping around. I think over here, I'm gonna go to Penny next, who asked about social impact metrics. So Penny, can I pass to you? Can you introduce yourself and ask your question?

Penny Savidis 7:12

My name is Penny Savidis. I'm a charity in good faith Foundation, which is an organization charity that assists survivors of institutional abuse. And I'm just interested to hear more about social impact metrics, like how you sort of strike a balance between financial and non financial metrics in that area.

Tara Anderson 7:30

Yeah, so that's a whole step in the toolkit that I didn't even talk about. But essentially, build it out for what's right for your organization is what I would say and start small with it. So there are lots of different frameworks out there that you can pull from, but what we do in the work with dragonfly collective, when we're advising organizations, is we're looking at exactly the type of impacts you want to create. And then just picking two or three things to start with that you can start to track of how you're actually measuring against that the challenging social impact, it's really, really hard to measure, it's not easy, because you always have the issue of attribution. So to what extent do you know that it was your exact thing that you did that resulted in financial independence for a cohort of women, refugees, or whatever it might be? Because, of course, there are other influences on them that are helping them on that journey as well. But what we do is try and pull it back to look at as a result of the things that you've done, what tangible change, can you see? And how can you track that? And there's different ways to do it. So this is a short answer to what needs to be probably an hour's worth of conversation. But it's looking at picking the few things that you know, you can track and then looking at how you can find out what the outcomes to those are in the short term and the longer term over time, because again, the other challenge measuring social impact is it's not instantaneous. It often takes building up people's financial resilience and confidence to find long term employment. That doesn't happen tomorrow, after you put in place and action. So yes, it's complicated is the answer, I guess. And it needs to be done on a sort of case by case basis, to really figure out something that's going to work. There's no silver bullet,

Helga Svendsen 9:06

unfortunately. Beautiful. Thank you. Let me go back to the questions. Rebecca, I'm going to come to you next. You've got to there if you can just ask maybe the one of those because then I'll skip to somebody else and come back to you for the second. So Rebecca, if you can introduce yourself and choose one of those questions to ask.

Rebecca Cheney 9:25

Thank you. Hello, yeah. Hello, everyone. My name is Rebecca Cheney. I don't currently sit on a on a board. And but I do advise boards on climate action. We've recently just published three briefing papers with the World Economic Forum on how chairpersons can get some guidance on climate action. So that's my link to a fantastic presentation and so much to think about. My question today is

about board committees and the governance side of things. And what board committees that you've seen have worked most effectively and ticularly, I'm interested in your thoughts on on an idea have been discussing with some board members around having us Stewardship Committee, one that really has its focus on looking long term. Because for so many of us, I think we see short term ism as a real inhibitor to this sort of action. So yeah, just interesting. Your thoughts on board committees.

Tara Anderson 10:24

What I've seen work best is actually when there's three, I guess, core ones. And that's, that can be quite a lot depending on the size of an organization, the stewardship one often for me as a strategy subcommittee, which is then actually responsible for looking at all of the external changes that are happening around us scenario planning, longer term strategy piece. So we have one of those in the organization I work at now. And it works really well as a testing ground for us as the executives in the organization to bring in our ideas saying, we've seen these market shifts, the competitive landscape is changing in this way, can we just workshop it out with you and get your brains to help us think about? Where might we take this and what might we do next, and we do scenario planning, often with that group. And that works really well. We do then have a separate social impact committee. And that also works really well. And then there's the Finance and Audit Committee as the sort of standard one that most organizations have. The social impact committee being sort of discreet in itself is really important to keep it focused. And actually having both of those things, the finances on one side and the social impact separate, works really well, because it allows you to focus on on just that impacts piece. And it tracks metrics in the same way that you'd look at financial forecasting, you look at social impact forecasting across the different things that you're trying to achieve, whether you're on track or off track, and it's where you can collect some of the stories as well, that then can feed back up to the board around the difference that you've made in people's lives and the change that's happened, that then becomes that infectious piece that they can then feed out and use across their networks for broader promotion of the organization, but back down into the organization as well to reinforce the good work that's being done. So I have found that those three pieces when you put them together, work well. I'm not sure if that's exactly what you had in mind, which is exactly what I had in mind.

Rebecca Cheney 12:13

That was an excellent answer. Thank you.

Helga Svendsen 12:16

Fabulous. Thanks, Rebecca. Thanks, Tara. I'm just gonna pop over here. cloudier. You've got a question about governments if I can come to you to introduce yourself and ask your question.

Claudia Fatoni 12:26

Thanks, Helga. Matera, Claudia Fatoni, I sit on two statutory authority boards respect Victoria and the adult community and further education board and separately, my day job work in the charitable sector. I was interested in your views on what role governments could or should play in this space and outside of you know, those regulatory compliance levers and whether you've seen any interesting examples overseas?

Tara Anderson 12:52

Great question. There's lots they can do if they want to. So the compliance and the regulation piece is really important. Because often, it's the stick first that makes people do something that then they see the story, feel the impact and go, This is great, I love it, I'm going to do more. So it's actually really, really important, as a driver that they do set up actual regulation that makes companies act in different ways, because we've got early adopters in this room and lots out there as well. But that's not quite enough to get the majority falling in behind behind us. Yes. But the other things that government can do around funding for the organizations in this space, I guess, and partnering with them, and then creating strategies, government led strategies for purpose in their jurisdictions. So what we've seen we have in Australia at the moment, for example, is there's a social enterprise strategy led by government in Victoria and Queensland, they're the only two states but their Scotland is leading the way on that front. And the rest of the UK is doing relatively well as well. But Scotland is a particular front runner, when they create and you know, there's the well being strategy from New Zealand, Canada has got some looser strategies. But when government actually puts a strategy in place that says, This is what we want to drive, from a purpose, perspective, a social enterprise perspective, and then strategies to support the sector to do that, which might be around training, it might be around funding, it might be around connections with corporate to activate different projects, when actually put it in place and CO created with the sector, the whole purpose sector itself. That's when we really start to see change happen. And when they listen to the sector well enough to the sector's tell them what it needs to grow and develop. And then that gets put into the strategy which we saw that in Victoria and Queensland with the social enterprise strategies, there was actually a subcommittee setup with reps from the sector that advise the government on how to how to create that strategy and what it should have in it. And we've now got some good starting points that could always do more, of course, but some great strategies there for us to build on. So. Great, thank you.

Helga Svendsen 14:56

Great question. That's So Rebecca, I'm going to come back Back to you brief intro and ask your second question.

Rebecca Cheney 15:04

You've already heard from me on the intro. So I'll go straight to the question. It sounded a little bit, Tara, like there were few for purpose companies in Australia at the moment, an awful lot that sort of needed to get themselves there. Do you see that there's a hybrid, and therefore, what percentage would you say really are in that four purpose? bucket? And how many are perhaps, on their way, but perhaps not quite there yet?

Tara Anderson 15:29

Yeah, great question. And also really hard to answer. Because the challenge we have in the for purpose, space is what counts as for purpose. And so we've got some categories in there. So I can answer from that perspective. So social enterprise, from my perspective, is the purest form of for purpose, because we actually we certify them and social traders. So to actually check, do they have purpose baked in, and there's a range of tests we do for that, and do they generate their income through trade, and then they reinvest the profit back into the business. That's a classic social enterprise definition. When you look at that, there's roughly 20,000 of them in Australia, 80,000 in the UK, so as a proportion of the whole corporate sector, small. However, that's only the social enterprise sector, which is quite a specific construct, then you've got B corpse, which we can measure as well, because they are certified through B Lab, which is the international movement. So there's 3000 of them three and a half, I think around the world, that is only 400 in Australia. So the proportion of those that are kind of the pure breads for want of a better word is very small. But the proportion of businesses that are starting to grapple with this is much bigger, but to my knowledge, there's no there's been no mapping or measurement of exactly the size of our businesses that are falling within that space, we only can see the trends of more and more starting to pick up the baton and wanting to play.

Rebecca Cheney 16:49

And the trends are so important, that we can see that the appetite for this conversation is increasing on a daily basis. So well done, Tara, you're in, you're in a great space. Thank you.

Helga Svendsen 17:00

Beautiful. Thank you. So Tara, that one of the questions from someone is around? Well, let me just ask it as it is, are you seeing the same level of commitment and acceleration in Australian companies compared to overseas companies?

Tara Anderson 17:16

It's similar Australia's a little further behind, I would say. But some of the global brands are driving this, it's often the bigger end of town that's starting this trend. And it's pushing this trend. So we're seeing that come through in those organizations that are based in Australia, but the sort of pure form of or purpose in the social enterprise sector itself much smaller in Australia than in other parts of the world. The UK, I know, well, from my time there, there's about four times the size, but you know, so as the population, so relatively, that sort of on similar track

Helga Svendsen 17:47

related to the UK, the next one, you talked about a large social enterprise in the UK, that's got a social impact committee, who was that just so people can look it up? Who was it, and maybe you can tell us a bit more about it.

Tara Anderson 18:00

They're called London Early Years Foundation. And that's where I work. They're one of the big ones. And they have a cross subsidy model where basically, they provide early years education for families that wouldn't otherwise be able to afford it, which is crucial for Child Development, which sets them up for the rest of their lives, and particularly helps break the cycle of poverty for children from poor backgrounds. So they run nurseries early is education, where they have high fee paying nurseries, in some well off parts of London. And then nurseries and other areas where families from different backgrounds can also access them. And then they use the fees from one to subsidize the other. So really interesting model, and yeah, impacts 1000s of children. So it's fantastic.

Helga Svendsen 18:40

If you can provide me with the link to them, I will pop that both in the email and in the show notes to the podcast when it comes out as a podcast. That's amazing. Always good to showcase the people who are doing it extraordinarily well. Next question. If you're interested in working in the social enterprise space, what's the best way to get into this area? What's your advice there? I

Tara Anderson 19:01

guess it depends where you've come from and what your background is, but there connect with the sector start there. So there are social enterprise networks in every state around Australia. And there's also a peak body called Social Enterprise Australia, that is just starting up. So depending on where you're based, I would join your local network. So for example, in Victoria, it's Sandvik. In Queensland, it's CUSEC. They've all got slightly different names. But we can put links to those as well, for people that are interested. And that's where you'll start to then meet and connect with other



people in the space. And then that's where you can start to look at what particular industry are interested in because social enterprise works across every single sector of society. And that's where you can learn more about the other members and then find those that you might want to connect with start conversations. And then the usual joy of networking for job hunting again.

Helga Svendsen 19:52

Yeah, it's interesting. I've been to some of the breakfasts years ago, you know, back in the day, we were able to have breakfast and actually sit with people as opposed to this environment and some of the Those connections I've still got of just people I happen to sit next to, because they're all interesting people. And even if it's not leading to me, for me, it wasn't looking to work in that sector in particular. But yeah, it's just meeting interesting people that you can make connections with and learn from and gain insights and all of those sorts of things, much like these sorts of events. So there's a couple of questions around can you run a more extended presentation on this topic? And another one from Martina, who's the chair of a fantastic incubator called I think it's startup shake up or shake up startup one of those things, asking for can there be follow up workshops where we cover examples from their organizations? What can you do there, Tara?

Tara Anderson 20:45

So this is what the dragonfly collective does we run training and advisory and we do that in different formats. So it's, it's all about predominantly for purpose business models, how do you combine profit and purpose in practice. So if an organization needs really tailored support, that's where we would run advisory with them. And we can do bespoke projects depending on what's needed across all of the eight steps or across one in particular. And then we also run training sessions, group training sessions, where people can come in and learn with peers. And again, that can be we do sessions on all of the eight steps collectively, or deep dives into one in particular. So there, there are particular issues that people want to look at, then we do that in group format, as well. So can put some links to all of that info.

Helga Svendsen 21:28

So get in touch folks, you know, you've heard all of this amazing wisdom if you need more, whether it's as Tara says, whether it's bespoke or some of the general information, Dragon Fly Collective is the place to go. And we will make sure there is a link in the show notes so that you can get in touch. Fabulous, Tara, that was amazing. Thank you so much for sharing your wisdom both in the event and in these follow up questions afterwards. Because as always, there's way too many questions. Is there anything else that you would like to add or share with the take on board community,

Tara Anderson 22:02

I think just give it a go get on board with this, get, you know, start playing with it. Have fun with it. If you haven't started yet, start small and go from there. And if you're already doing it, there's lots of ways to extend and lots of other organizations to learn from to do it in different ways or bigger ways or extended across different geographies. So, just we need more people more and more for purpose leaders. So get on board and go for it.

Helga Svendsen 22:25

Fantastic. Okay, thank you. And thank you for sharing all of your wisdom with the take on board community today.