



Profiles of Change

By Mike Nowak

As part of Social Fusion's Leadership Series

It has long been thought that serving business interests and doing good for society are fundamentally incompatible pursuits. In recent times, however, a growing number of enterprises have begun to challenge this assumption. Making use of both for-profit and hybrid-profit revenue models, these ventures have pushed legal and conceptual boundaries by bridging private and public structures to create both financial and social impact.

This piece is the first in a three-part series offered by San Francisco based Social Fusion to profile some of the leading innovators in this burgeoning enterprise space. Blending business savvy, carefully leveraged capital, and a fundamental desire to do good, these entrepreneurs are making a strong case that social and business goals, far from being exclusive, may actually serve to reinforce each other. And the potential returns for both the business community and social advocates may well cause leaders in both camps to take note.

Easy Being Nic

While some see the longstanding disconnect between the business community and social advocates as an obstacle, others have looked at the divide as fertile ground for financial and social returns. Few, however, are doing so with the big-picture gumption of Nic Frances.

The founder of two successful social enterprises in the U.K., Frances's most recent endeavor is the Australia-based "easybeinggreen," a for-profit company providing resource efficiency measures to private households. His goals for the venture are nothing if not ambitious – a 30% reduction in energy and water use by 70% of Australia's homes, followed by expansion into international markets and, ultimately, a place among the world's 1,000 largest businesses. And to hear him talk, he may indeed have the vision and wherewithal to get it done.

For what it's worth, he certainly has the pedigree. He grew his first social-purpose start-up, the Furniture Resource Centre, from a small local charity into a national business with \$10 million in annual spending. Another venture, a recycler of household appliances called CREATE, is currently being franchised in communities across Great Britain. Frances also spent five years heading The Brotherhood of St. Laurence, which, with over \$25 million a year in philanthropic activities, was one of Australia's largest charity organizations. Long respected within the social enterprise community, he has been recognized by the Schwab Foundation as one of the world's leading social entrepreneurs, was awarded the British government's Member of the British Empire honor for his charity work, and received a Centenary Medal for his service to Australian society.

Recently, we spoke with Frances about his background and his hopes for easybeinggreen in the future.

Mike Nowak: Is there anything in your personal background that has had a particular influence on your career?

Nic Frances: There's two things, I think. First, I grew up an entrepreneur in an entrepreneurial family – my grandfather started a business in the leisure industry. But more importantly, he was a prisoner of war for five years before coming back to meet his four-and-a-half-year-old son, my father, for the very first time. Something that very much united them was this business. And for all my grandfather's entrepreneurial flair, he was actually a very gracious, gentle man. He built a very successful local business and was seen as a leader in the community. Growing up in this environment was part of the context for me putting those things together in this thing called social entrepreneurship.



MN: How is it, then, that you made your first foray into social entrepreneurship?

NF: I had been doing a range of things, including working in the hospitality industry and as a stockbroker. I thought it was all about making money. But at the same time, my heart was going, "Making money isn't enough." And the stockbroking really cleared up the dilemma for me, because it was just so much about making money that I realized I had to leave.

So I moved to a poor area of Liverpool and I got involved a whole bunch of things – I considered ordination as an Anglican priest, I started a drop-in for prostitutes, I taught in the local school. And one of the things I realized is that there were a lot of people that had old stuff and a lot of people that needed it. So I started the Furniture Resource Centre, and for a few years we just picked up second-hand furniture and gave it away.

But I looked at the experience and said, "We're doing 2,000 houses a year. How many people actually need it?" It turns out there were 200,000 or something like that. And I just thought, There needs to be a market in this. So we did some research and noticed that if the government gave somebody a well-functioning, fully furnished home instead of keeping them on the streets, [the government] could save \$5,000 a year.

So I sat down with the minister responsible for this area and he just said, "Well this is fantastic, thank you very much." And suddenly we went from collecting second-hand furniture to building a business. We went from spending \$600,000 a year to \$10 million a year in five years. We went from employing three people to 120 in two organizations – most of whom had been unemployed and homeless. And also, then, we had the experience every day of people bursting into tears as they received their brand-new furnished homes.

MN: It must have been quite a change to go from growing a new business to leading a large, established organization like the Brotherhood of St. Laurence. Can you describe your experience there?

NF: It was a huge role with a very high profile, and at first I was excited about the idea. But it was a very big charity, and after five years I was just struck that charity is as much a part of the problem as big business is. I had a whole business wanting me to stand up and say, "The rich bastards are the problem." And every day I thought, No, we're the problem. Many times we get involved with someone they stay unemployed and disempowered. We make it more comfortable for them to live a life that most of us wouldn't see as acceptable.

During those five years, I had a thousand ideas, most of which the organization rejected, not purposefully but because of its nature. And I just thought that the whole idea behind easybeinggreen – creating new jobs and doing things differently to save the planet -- I thought its time had come.

MN: So now you've gotten easybeinggreen off the ground. Where do you hope to go with the company in the future?

NF: Our goal is to change the planet – and for starters, that means that 70% of Australians in 10 years using 30% less energy and water. That's a \$30 billion market. But we're not interested in the \$30 billion, we're interested in the 70% of houses using less, because then my kids are going to have an Australia that can be handed on.



Right now I'm speaking to governments asking them to consider using their legislative capacity to forcing every householder to make efficiency improvements when they sell their house. 70% of households in Australia will turn over in the next 7 – 10 years. So if the government follows through on this idea, we'll hit our target.

But ultimately, I'm not interested in a national business . I'm interested in a worldwide problem – global climate change – and I'm interested in a commercial solution because I think that's the only way you can have an impact on it. And I'm interested in going to the World Economic Forum not as a social entrepreneur, but as somebody who's running one of the 1,000 largest businesses in the world – a business that is driven by social and environmental goals.

MN: How are you planning to meet these goals?

NF: Doing this in Australia, which has about 16 million people, is a bit like doing it in half of California – you're not going to make much of a difference. The nice thing about starting in Australia, though, is that because the country's population is small enough, you've got the possibility of piloting and growing a national service. So the first issue becomes delivering here by making a good policy argument that encourages state and federal governments to make this happen.

If we can get it right here by showing that using legislation can work, we can have conversations in American and Europe, and that would be very powerful. Most greenhouse gas emissions happen in O.E.C.D. countries, and the biggest of those are in America and Europe. Those are the places to see this kind of change. That was made evident in the US lead clean air act of 1970 which introduced the catalytic converter to every vehicle almost over night.

MN: How would you characterize the reactions you've gotten to these ideas?

NF: In the past, I've spoken to a lot of businesspeople who have said, "The business model's too big, Nic. You're forcing the market." And I would tell them, "You don't understand – it's not the business that's driving these figures, it's the fact that people need it. And once we make this economic argument, governments will force people to do it."

Interestingly enough, though, I've spoken to environmental groups and they've said, "We don't want to get our hands dirty with this kind of business – that would be far too much like being the problem that we've been campaigning against and it's not our skill set." They can't therefore solve the problem; instead they end up being a part of it. In many ways they want to keep being the good guys against the bad guys.

But some people, like those we met through Social Fusion, have been very receptive. Amber [Nystrom, Social Fusion's Founding Director and CEO] not only understood what we were saying, she had already been getting investors to understand the nuance of a social idea that pushes along a business opportunity. So we went to California, met a bunch of investors, and as a consequence came back here with about \$400,000 worth of investment.

MN: So is this just about business or is the government role essential?

NF: If you see the size of the greenhouse gas pollution problem in America, it's huge. But imagine it instead as a problem shared by every single individual householder. If you see a solution that makes economic sense for each householder, as a government you can think to yourself, "Because it makes economic sense, all we've got to do is stimulate them into making that choice." And if the governments start thinking like that, I think we can actually start seeing real change.



MN: The concept that social and economic good can serve to reinforce each other brings up an interesting issue related to entrepreneurship: Investors often say that there's not a sufficient pipeline of social-purpose companies to invest in, while social entrepreneurs claim that there's not enough money for them to start businesses. Do you have a perspective on that disconnect?

NF: I think we need to stop looking for "social enterprises" and look for business ideas that, as business ideas, add real social or environmental value to our society. I think the disconnect is that the money that's out there doesn't understand that if you get a very good social purpose, it's going to drive the business. And I think the interesting thing about easybeinggreen is that the fact that I'm a social entrepreneur may get in the way. What I should be saying is, "I've got a very strong business opportunity here to create a global business with good margins, and I've got the skills and team to deliver it."

MN: So is there a role for existing businesses in this future picture?

NF: Sure. Ford was founded with a social vision of making it affordable for people to stay connected in a big country. The vision may have been lost over time to pure market values, but the skills and knowledge are still of great value. And interestingly, it is possible that the easybeinggreen agenda could be driven by such organizations paying for their employees' homes to be made energy efficient, which would save employees money and deliver a greenhouse emissions offset to the company. And that's certainly more beneficial at many levels than planting trees in a far off country every year.

For more information on Nic Frances and easybeinggreen, visit www.easybeinggreen.net. For more information on Amber Nystrom, and Social Fusion, visit www.socialfusion.org. Social Fusion is an executive incubator and "collaboratory" for entrepreneurs to grow for-profit and nonprofit businesses that produce sustainable social and environmental impact.

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