

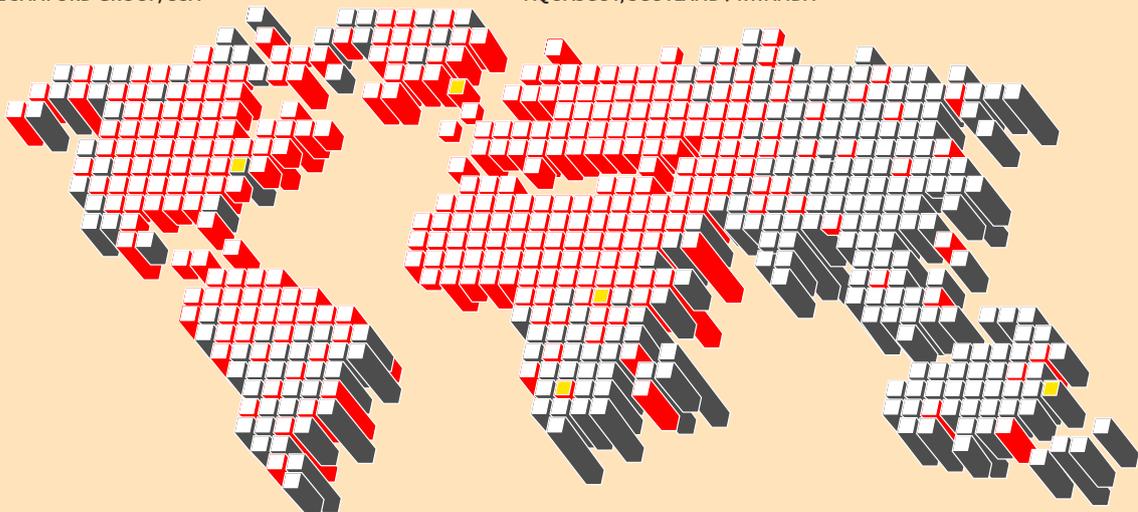
* The Social Enterprise Networks' (SEN) Award for Corporate Social Responsibility (CSR) is bestowed yearly upon YPO-WPO organizations that are premier examples of how companies manage business to produce an overall positive impact on society.

5 WAYS TO DO WELL BY DOING GOOD

REAL LEADERS ASKED THE FIVE WINNERS OF THE SOCIAL ENTERPRISE NETWORKS AWARD* TO SHARE THEIR CHALLENGES AND SUCCESS.

CHEROKEE SANFORD GROUP, USA

AQUASCOT, SCOTLAND / RWANDA



MAAFRIKA TIKKUN / PICK N PAY, SOUTH AFRICA

ISIS GROUP, AUSTRALIA



DENNIS OVERTON

Employee Impact Award

AN ENCOUNTER WITH A RWANDAN fleeing the genocide in his country began the unlikely business partnership of a Scottish seafood business with a Rwandan farming community. Dennis Overton's business, Aquascot, revolves around the farming of fish in the North Atlantic and salmon processing in the Highlands of Scotland. Nicholas Hitimana was studying a doctorate in agriculture at Edinburgh University and had knowledge of Rwandan oil plant production. The two befriended each other and compared thoughts on their respective agricultural worlds.

Overton at once saw some potential and realized that the farming of fish and the farming of plant oils were not that different. "Farming at sea or on land requires the same management and skills", says Overton. Ikirezi Natural Products was established as a community-interest company in Rwanda in 2005 and specializes in the growing of oil-bearing plants such as geranium, lemongrass and eucalyptus, all of which have good selling potential on the international market.

The aim of Ikirezi is to become a leading supplier of essential oils and to maximize profits to the small farmers involved in the growing, leading to a transformation of these largely cashless communities. The company mobilizes and trains farmers, mainly widows and orphans, and then buys the harvested material to produce and

market the oil. Through four farming associations and cooperatives over 500 farmers are involved.

"We're into year four now and almost at net profitability," says Overton. "Not bad when you consider that we're doing this in an emerging economy which rates in the bottom 30% on the global economic scale."

His biggest concern is how everyone can work together to save the earth's biosphere and considers a reliance on world governments to do this job as shaky at best.

"A network such as YPO is a clue as to how we tackle this problem. My self-awareness through networking, active listening and a willingness by members to participate in a non-judgemental way have all contributed to helping me focus on important issues. YPO Forum has been particularly helpful in resolving challenges."

And there are plenty of challenges in engaging a developing economy, as Overton discovered.

"In Rwanda subsistence farming is the norm with low education levels making the communication of farming skills difficult. A key to resolving this was to work with Rwandan locals to implement the training. We needed to grow the business in an inclusive manner while still recognizing the needs of the farmers."

These needs included the need to eat, so the small farms of between one and two hectares are shared between food and oil crops. Despite these small plots and the diversification of crops, the farmers are earning up to three times more per hectare than if the land was used only for food crops.

"Long-term business sustainability and a deeper understanding of true profits are key to this business model," says Overton. "These farmers now have more choices. Kids go to school and people are signing up for the government health insurance programme for the first time. People are now earning more than the national average of \$270 a year and cash has been introduced into some communities for the first time. It's amazing to see this happening and how it is changing lives."

Overton's scheme has seen the Ikirezi farmers develop a clear competitive advantage over other farmers and become innovators, yet ironically, he has benefitted too. "I'm better at what I do in Scotland because of my work in Africa," he says.

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AUDETTE EXEL

Economic Justice & Community Impact Award

"DURING THE TOUGHEST TIMES, I sometimes wondered if this was the worst idea I'd ever had", says Audette Exel, a structured finance and banking lawyer and founder of the ISIS Group, a set of businesses set up to fund and support The ISIS Foundation. Yet, as with all pioneering



ventures without similar business models to follow, there is always a degree of uncertainty about the sustainability of a new idea. The ISIS businesses are now in their 13th year and have provided millions in recurrent funding to the ISIS Foundation, which provides service to around 11,000 people in extreme poverty Uganda and Nepal a year, and has provided direct and indirect support since inception to around 100,000 people in need.

The Bermuda and Australian-based venture was started by Exel and friends in 1997, who realized that business types and non-profit types needed to recognize that they were different—and that if they combined forces with each playing to their own strengths, they could together change the world.

An idea was formed over many years: what if a purely commercial business was set up for the sole purpose of funding a non-profit foundation? After initial suspicions from business colleagues that the business was purely being set up for tax reasons, as well as scepticism from non-profit organizations who didn't believe anyone would run a business purely for social outcomes and so viewed her business model as having a hidden agenda, Exel proved that by realizing unique strengths of each, much good could be achieved.

"One of the biggest challenges was to overcome the very negative attitudes that often exist between the two worlds of non-profit and commerce," says Exel. "Business people oftentimes view non-profit people as incapable of handling money properly as well as not accounting for their

spend in a way which makes sense to big business. Corporations, on the other hand, can be viewed by non-profit organizations as 'evil capitalists' who didn't understand development work in complex social environments, especially within the developing world."

Exel saw the potential for these two opposing disciplines to work together for good, and now has both business and non-profit teams working in the office on a daily basis, each with a separate agenda but a common cause.

The ISIS businesses are the financial 'engine' of the venture and has expanded to include a Bermuda law firm, a Bermuda fund administration business, and an Australian corporate finance and placement business. The group has funded over US\$3 million for The ISIS Foundation and put to work a further US\$7 million received from partner donors since inception.

The ISIS Foundation assists in breaking the cycle of poverty in disadvantaged communities in Nepal and Uganda, with a focus on providing health, education and opportunity for children and their families.

They seek to focus on projects that are remote, not currently popular, or less likely to be funded by large international donor organizations, therefore filling the gaps left behind by the changes and latest global trends in international development. Of the many achievements that ISIS has delivered on the ground, here is an example—a new maternity ward and a new and expanded neonatal intensive care unit (NICU) have been built, funded and supported in a rural

bush hospital in Uganda which has built capacity to provide effective care for newborn babies and mothers, reducing the infant mortality rate. ISIS also provides training and capacity building for local staff from expert volunteers. The staff also have access to a medical advisory service over email and are also linked to 10 hospitals in Seattle, US for equipment support and advice on best practice.

What would Exel have done differently if starting over? "In a dream world, it would have helped if we had raised some capital from like minded individuals, as we grew this business from a zero capital base.

It would also have been less stressful if we had partnered with other businesses to build out the vision. But in the early days, people largely thought the concept of a social business was a crazy one, so we just got on with it and thankfully are still around to tell the tale!"

When talking of key risks after 13 years, she is also aware of a need to dilute her overly-central role in the businesses, to ensure that others take the vision forward and develop the ISIS Group into a sustainable future.

"Real leadership is inspiring others to come with you on your vision", says Exel. "I believe that finding ways for people on extremes to work together for a common good is the way of the future for our planet. It takes courage to do things outside of models that society expects; but the journey is a fantastic one and well worth the ride"

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GARETH ACKERMAN

Leadership Award

NEXT TIME YOU GRAB SOMETHING off the supermarket shelf, give a thought to how it will be replaced. Gareth Ackerman's vision stretches far beyond the sale of consumer goods at South Africa's largest supermarket chain, Pick n Pay. He has been to the source of the food chain – the farms and the communities that work them – and realized just how fragile this supply chain actually is. A second-generation chairman of the company, he has been acutely aware of this fact for the last 40 years and he's introduced sustainable measures at Pick n Pay which ironically make good financial sense too.

"We plough 7% of our nett, after tax, profits into Corporate Social Responsibility (CSR) projects," says Ackerman. "Our business is about consumption, but we realize we need to reinvest in the source of these products to make sure we create long-term food security." This is a topic he feels quite passionately about, and he's not just talking about supplying his own supermarket chain.

The pressure to find scarce crop-bearing land world-wide has seen richer countries buy land in foreign countries to run 'virtual farms', keeping themselves supplied with a steady flow of fresh produce, without much benefit to local markets. The facts in Africa alone are quite frightening. Of the 600 million hectares of arable land available

in Africa, 100 million hectares are owned and managed by foreign countries.

No-one knows better than Ackerman that this, along with climate change, is the biggest threat facing our planet today – if good, arable soil is taken away, so too is the food.

"Food security. This will be a major global issue in the future," predicts Ackerman. "My model to counter this problem is simple, reinvest back into the communities which invest in you."

The percentage of profits Ackerman puts into CSR projects is viewed as advertising and marketing spend. Not too surprising then, as these items are usually associated with some kind of return on your spend. The returns for Pick n Pay have been in the form of loyal customers, collaborations with communities and food suppliers and a cost-saving model brought about by examining each step of the supply chain carefully. While researching more planet-friendly packaging, for example, they discovered cheaper options which saved the company money. "One of the fundamental things I have discovered about sustainability is that it saves you money, or put another way, makes you money" explains Ackerman.

The UN Millennium Goals have had a major influence on how he sees his contribution to the world. Formulated at the United Nations Millennium Summit in 2000 and adopted in 2001 by world leaders, these eight goals are designed to address the most pressing issues faced by the planet today and have a sell-by date of 2015. Of these, at least three apply directly to the work of

Ackerman: the eradication of extreme poverty and hunger, ensuring environmental sustainability and creating global partnerships for development. While some countries have achieved many of the goals and some are on track to achieve none, Ackerman has adopted this charter on a personal and business level.

"If there's one blueprint we can all look to for guidance on how well we are doing as sustainable and responsible business's, it's the UN Millennium Goals. Why reinvent a great social plan for humanity when one already exists!"

Adopting measures to save the planet is no small task, yet it seems as if everyone who is committed to making a difference, however small, should adopt an attitude of self-awareness in their approach. As Ackerman concludes, "All people trying to make a difference in the world should ask themselves: what will I be famous for?" as he challenges other YPO/WPO members to make a difference.

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THOMAS DARDEN

Environmentally Sustainable Business Practice Award

"**HAVING A PHILOSOPHY** about how you run your business is very important," says Thomas Darden founder of , Cherokee Sanford Group



(CSG), a leading private equity firm which invests capital and expertise in brownfield redevelopment. The company's track record is built on nearly 15 years of successfully cleaning up and revitalizing real estate with consistent and sustainable returns being generated. Most importantly Darden's work has shown that profitability and responsibility are not mutually exclusive; they go hand in hand.

As a schoolboy in the 1970s Darden was surrounded by potential environmental disasters, from the threat of nuclear weapons in the ongoing Cold War to books such as *The Limits to Growth*, which sketches a future planet running out of resources from overpopulation. The destructive images of the Vietnam war also triggered a reaction of despair in Darden about the future of the planet. His passion for rehabilitating land started when he bought four brick manufacturing plants and found 150 underground sewerage tanks on them as well as petroleum contaminated soil. When regulators suggested he take the soil to a landfill for disposal, Darden instead proposed mixing it with clean clay in the brick-making process, during which the combustion in the kilns burnt up the fuel in the soil. From this small beginning he has built his company into the largest soil remediator in the mid-Atlantic region, cleaning up to 15 million tons of contaminated material. He has found up to 40 different chemical solutions, destined for disposal, which can be recycled. Darden started buying industrial sites with a view to rehabilitating them and has now invested in

over 550 properties worldwide, with \$2 billion under management.

Following a cleanup, CSG implements thoughtful and sustainable solutions that create long-term value. In doing this, their investors, partners and the communities they serve have seen the first-hand benefits of the company's financial and environmental expertise, with a focus on sustainability. A highlight is that many of the impaired properties under their care become vibrant, healthy communities that feature sustainable, mixed-use developments with transportation choices and other public amenities. "We sometimes do urban planning to change the zoning of the land from industrial to retail, or towards a more suitable use," says Darden.

"We are also excited by our call for people to donate sites for rehabilitation to an independent non-profit entity CIP helped establish for rehabilitation. In this way we can hand sustainable land back to communities to thrive on."

Cherokee Gives Back is the company's philanthropic arm and supports a wide range of initiatives, including real estate development, an exchange and volunteer program for Ethiopian students, a project to rebuild part of New Orleans after Hurricane Katrina and a venture with North Carolina universities which develops commercial processes to convert biomass to electric power and other valuable byproducts.

"The greatest threat facing our planet today is what we don't know about chemicals," warns Darden. "Rising consumer demand has spurred

lab-generated chemicals for millions of products, of which most are unregulated. Our seas are awash with these materials, which have found their way back to the ocean and we cannot even begin to guess the consequences. If there are 250 chemicals regulated by consumer and public health authorities, there are a further 250,000 which have not been assessed appropriately."

He is concerned that all of us see pollution around us all the time, yet carry on in our daily lives as if it will magically resolve itself.

"A philosophy for your company is the best way of ensuring that you can implement change. The philanthropy angle is good, but just dishing out money without a plan is not."

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MARC LUBNER

Philanthropic / Non-Profit Organization

Marc Lubner's charity businesses are run on the same principles he learnt at business school, yet his investments into communities has bought him the most valuable 'asset' a man can own – a reputation - in return. "You own the reputation", says Lubner. "The community owns the assets, for they are the ones who realize the real value through using these assets. In turn, this hopefully

starts a chain reaction of sustainable practices among participants.”

Lubner’s involvement as CEO of outreach organization MaAfrika Tikkun as well as executive chair of the Smile Foundation has seen the transformation of vulnerable children and orphans in South Africa’s townships. While MaAfrika Tikkun focuses on holistic development, Smile Foundation assists with a backlog in state healthcare for children with treatable facial abnormalities such as cleft palate, facial paralysis and burns.

Lubner differs in his approach from most charities, which simply donate money, by acknowledging and developing the hidden potential, which lurks inside every ready community. The work is implemented by community members employed for attitude and trained for skills rather than the other way round.

“The word ‘aid’ presupposes there is a victim,” says Lubner. “Rather, by developing a community in a holistic manner, you can extract the hidden assets within, which can deliver sustainable results. People like myself can deliver the intellect and capital, the ‘fuel’, but we need to create the momentum within, say a hospital, for it to run on its own but its up to the communities themselves to operate the solutions in the long term.”

The risk in any needy society, of course, is that demand is huge. One of the biggest challenges to Lubner has been finding ongoing reliable sources of funds and resources. “We started needing around R10 million (US\$1.33 million) and now require at least R60 million (US\$8 million) annually.”

Funding has been secured from the South African corporate world (55%), offshore donors (25%) and the balance from the national lottery and government departments.

While initially targeting only young children, MaAfrika Tikkun cannot ignore the fact that each stage of childhood development is crucial, from toddlers, to teenagers in the cycle of developing a young adult capable of finding meaningful enjoyment or having the self-confidence to advance to tertiary education.

It has also become important to impart skills within the larger community so that this support is ongoing, and to do this, acceptance by the community is equally important.

“Our biggest threat is from infrastructure outside of our own collapsing. By this I mean housing, electricity, water, refuse collection, unemployment – all beyond our control – but which could ultimately demoralize our participants to the point where they fall out of

our programme.”

True to Lubner’s business education and skill, he has formulas for both empirical and subjective methodology to measure his success. These range from keeping score on how many Smile Foundation kids require psychological support one month after surgery to analyzing numbers on anti-retro viral drug adherence to issues such as mapping kids’ attendance at sporting events. Manual records are then transferred to a computer-based system for analysis and archiving.

“My biggest concern, and not just for South Africa, is the growing gap between rich and poor. Extremes in wealth create the perfect territory for extreme religious and political groups to thrive. The resulting violence and repressive political systems can create huge social damage.

My solution? Dialogue that leads to short term action. Small steps that deliver successful results are better than dialogue about more dialogue. We know the answers if we get over our ego and give up a greed mentality. Together we can make a permanent difference.

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