

# confessions of a social entrepreneur



## **Presentation to Rio Tinto's community partners and employees**

Perth, Western Australia – 22 March 2007

I started my working life trying to persuade people to buy a certain brand of washing-up liquid – in marketing management with the multinational Procter and Gamble. For almost all of my career, however, I have been a social entrepreneur – starting and / or running a number of organisations in the public, the private and the voluntary sectors – and particularly, several initiatives at the interface of the different sectors – public-private-community partnerships.

I am delighted that Rio Tinto has given me this opportunity to reflect on what I have learnt – often through my mistakes – about getting the most out of such activities for the people we are trying to serve.

All of us here are very privileged:

*If there is food in your fridge, if you have shoes and clothes, if you have bed and a roof, you are richer than 75% of the people in the world.*



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

## Passion

Even more, we are privileged because we work in something that we feel passionate about. One of the greatest gifts in life is to work out what it is that we feel passionate about; and then to have the opportunity to work in your passion. For some of you here today, that is about bringing the arts and culture to more people in Western Australia. For others it is about getting a better deal for disabled Australians. Some of you are working on community redevelopment or in empowering Aboriginal communities. Whatever your passion, Rio Tinto believes you are best of breed and, therefore, you are a partner of choice.

Identifying your passion and working in it, is my first lesson.

But passion is not enough! You need the resources and the capacity to do something positive about the things that motivate you.

## Leadership beyond authority

Key to that is leadership. As more and more of us are knowledge-workers, the old command and control methods of leadership become ever more redundant. Leaders need to operate beyond authority – beyond their formal lines of command.

‘Beyond Authority’ is the title of a thought-provoking, insightful and entertaining new book, by a good friend and colleague: Julia Middleton – the founder and CEO of Common Purpose: [www.commonpurpose.org.uk](http://www.commonpurpose.org.uk).

For almost two decades, Common Purpose has been inspiring and equipping active citizens: bringing people together from public, private and voluntary sectors. Its original, ‘signature’ year-long programme which explores what makes a particular city tick (law and order, culture, enterprise, education and so on), has expanded to more than 50 locations across the UK as well as to South Africa, Germany, and the Netherlands – with several more countries in the pipeline. The original programme for emerging leaders in their late 20s-late 30s has been supplemented with programmes for schoolchildren and students; and a national programme: Common Ground.



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

In her book, Julia draws on the experience of her Common Purpose participants, speakers and partners; interspersed with analogies and anecdotes from her own vibrant family and social life.

She quotes the CEO of Rolls Royce: Sir John Rose that today leaders must have:

- Courage.
- Broad view.
- Common sense.
- Small ego.
- Ability to focus and concentrate effort.
- Preparedness to change mind publicly for right reasons.
- Ability to engage and influence people.

To lead ‘beyond authority’, you need to put yourself in others’ shoes; create opportunities to get outside your comfort zone; and learn from younger as well as older minds.

## Personal values

In my experience, leaders also have a well-developed sense of their values – their North Star – that guides them and helps them make the difficult decisions.

Closely allied to values, they have meaning.

“Meaning is not something you stumble across, like the answer to a riddle or the prize in a treasure hunt. Meaning is something you build into your life. You build it out of your own past, out of your affections and loyalties, out of the experience of humankind as it is passed on to you, out of your own talent and understanding, out of the things you believe in, out of the things and the people you love, out of the values for which you are willing to sacrifice something. The ingredients are there. You are the only one that can put them together into that pattern that will be your life. Let it be a life that has dignity and meaning for you. If it does, then the particular balance of success or failure is of less account.”

*John Gardiner*

[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

All of us have values – whether we have ever bothered to sit down and articulate them – or whether they remain inchoate. But another lesson for me is to take the time to work out your values.

## Organisational values

Organisations too have values – organisations in the public, the private and voluntary and community sectors. Again, they may be expressed or implicit. But they are there.

Of course, just expressing some values is meaningless.

### Communication

- We have an obligation to communicate. Here, we take the time to talk with one another ... and to listen. We believe that information is meant to move and that information moves people.

### Respect

- We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment.

### Integrity

- We work with customers and prospects openly, honestly and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.

### Excellence

- We are satisfied with nothing less than the very best in everything we do. We will continue to raise the bar for everyone. The great fun here will be for all of us to discover just how good we can really be.



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

Sound fine?

Those were the published Values of Enron!

Values have to be lived. Wise organisations use their Values as a first sift in recruitment. They induct in the Values; they train in the Values. They use the Values in decision-making – and learn from difficult ethical choices for the future. Leading-edge businesses also now appraise staff in terms of how well they have performed in relation to the Values – and this is reflected in compensation and promotion.

One of my heroes is David Robinson. David is a wonderful community entrepreneur. He started an amazing community development trust in Newham in the East End of London back in 1979 called ‘Community Links’.

Community Links provides a whole range of services to a very ethnically diverse community. But they are also reflective practitioners: they seek to make meaning of what they experience and to share that with others.

Last year, for example, they worked with the UK’s National Council of Voluntary Organisations: NCVO to explore what are the distinctive values of the voluntary and community sector? Not what makes the sector better or worse than the public or private sectors. Just what makes it different. You can download the conclusions from the Community Links website:

**[www.community-links.org](http://www.community-links.org)**

The very readable report is called: “Living Values: a report encouraging boldness in third sector organisations”. It suggests that it is the combination of a number of values that differentiates the sector:

- Empowering people.
- Pursuing equality.
- Making voices heard.
- Transforming lives.
- Being responsible.
- Finding fulfilment.
- Doing a good job.
- Generating public wealth.

[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

Of course, some of those values are found in business and public organisations too – it is the combination that is unique to voluntary and community sector organisations.

I recently took over the chairmanship of one of England's largest providers of social housing and care to older people: Housing 21 ([www.housing21.co.uk](http://www.housing21.co.uk)) We have been in existence for over 40 years.

David and his colleagues came in to speak to the first meeting of the Housing 21 board and senior staff that I chaired, to talk about this Values work. With their help, this Spring, we are launching a Values Debate through the Housing 21 organisation and with our stakeholders to review and renew our values.

So, that's my next lesson: work out your personal and organisational Values, periodically review whether they are still fit for purpose – and make sure that they are constantly used – not abused!

## Good governance

Boards have a particular responsibility for defining the Values and making sure they are being truly lived through the organisation. Having reported to several boards and having served on various boards, I am today much more seized of the importance of good governance – whether that is in business or for a public agency or for a voluntary organisation. Boards should not be just window-dressing or a rubber-stamp. Nor should they be a forum for infighting and factionalism; and if they become confrontational between the non-executives and the staff, things have gone badly wrong.

Good boards have four main tasks:

- Formulating policy & foresight.
- Thinking strategically.
- Supervising management.
- Exercising accountability to shareholders/funders and stakeholders.

[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

To be effective, they need to have:

- Defined generic skills set – and directors who match the generic skills.
- Specific skills matrix – with at least one director covering each of these defined skills/experiences.
- Rigorous and transparent succession planning/regular renewal of board members.
- Annual appraisals of each board member; of chairman; of board effectiveness overall.
- Capacity-building.
- Techniques for individual board members to be able to keep in touch (field visits etc).
- Clarity of board and executive roles.

They can suffer from:

- Too much or too little information.
- Inaccurate information.
- Wrong information.
- Indecipherable information.

So, another lesson: regularly review governance arrangements. Make sure we still have all the 'needs to have' for effective governance.

[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

## Stakeholder engagement

Good boards can be ambassadors for the organisation in the best sense: both picking up insights and intelligence and feeding it back to the executive; and helping to represent and present the organisation. Non-executives can be invaluable in stakeholder-engagement.

Notice I say: ‘engagement’ not stakeholder ‘management’. The latter implies a one-way process: what does the organisation want to tell its stakeholders? Engagement is a genuinely two-way process. In ‘Corporate Social Opportunity’ Adrian Hodges and I suggest ten critical success factors for effective stakeholder engagement:

- Engage the key stakeholders.
- Build trust.
- Be flexible.
- Allow time.
- Be open.
- Be realistic.
- Share the agenda.
- Create a common understanding.
- Field your very best people.
- Be prepared to change as a result of the engagement.

Done well, stakeholder engagement can produce new insights. Leading businesses are now engaging their stakeholders to help them achieve their commitments to Responsibility and Sustainability.

As Rio Tinto’s latest Sustainability (released March 19th 2007) says:

- “Unless we operate responsibly and can demonstrate leadership in all aspects of exploring, mining, transporting, processing and marketing we are unlikely to secure full access to people, land and capital.” (page 6).



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment



## Corporate social opportunity

Earlier this year, Business Week ran a cover story: 'Imagine a World' in which it looks at the way in which commitments to Sustainability and Responsibility are helping successful businesses around the world, to find new business opportunities. In the December 2006 Michael Porter and Mark Kramer make a similar argument in "Strategy and Society: Competitive Advantage and Corporate Social Responsibility." I am pleased to say that the one external source that Michael Porter and Mark Kramer quote in their HBR article is 'Corporate Social Opportunity'.

If you want a great example now of Corporate Social Opportunity, it is Business in the Community's current Company of the Year: Marks and Spencer. The iconic British brand Marks & Spencer, three years ago was in the commercial doldrums and facing a hostile take-over bid. It has now bounced back – making sustainability and responsibility an integral part of its brand values. The 123 year-old M&S always had a well-deserved reputation for its philanthropy and for being a fair employer/marketer. Now, however, it has pulled together a range of environmental, fair trade and health and well-being commitments into a holistic narrative of Responsible Business.

It illustrates two critical messages about Corporate Responsibility: it should not be a bolt-on to business operations but built-in to business purpose and strategy. And secondly, Corporate Responsibility should be less about risk minimisation and more about opportunity maximisation. The latter is much more likely to enthuse entrepreneurial business people than a compliance mentality. The March 2007 edition of the Ethical Corporation magazine ([www.ethicalcorp.com](http://www.ethicalcorp.com)) has an article by Adrian and myself on Marks and Spencer.

Rio Tinto's HISMELT innovative technology for making iron in a more environmentally friendly way, here in Western Australia is innovation driven from a commitment to Sustainability.



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

Voluntary and community organisations may be able to move from a charitable or community investment partnership with a business to one based on Corporate Social Opportunity. To be able to do so effectively, you need to ask yourselves:

Do we:

- Have empathy for corporate partner & its success?
- Commercial nous to be able to spot possible partnerships; and work out what is realistic for company/ngo?
- Cost accurately value of our contribution: including our brand value and contribution to overhead as well as any direct costs?
- Negotiating skills and access to any necessary professional expertise on our board / supporters?
- Have effective governance so that we can be credible partner?
- Deliver what we promise?
- Have any ideas for corporate social opportunities?
- Know range of things we might offer a corporate partner?
- Understand basis on which we might enter a corporate partnership? - from corporate philanthropy to corporate social opportunity?
- Know basis on which company will decide whether our partnership is successful / option to extend? criteria for making such a decision?
- Are we a responsible organisation in our own operations?

(If you are partnering with a company committed to responsible business then they will increasingly be asking you to show that you too are a responsible organisation. It won't be viable to say "oh, we are an environmental charity, so we don't need to worry about being a good employer of disabled people!" or "we are a disability ngo so it doesn't matter if we aren't good on the environment ourselves!")

So, next lesson: be entrepreneurial in developing partnerships. Remember also: it is easier to seek forgiveness than it is to ask permission!



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

## Networking

All entrepreneurs – social ones included – need to be ferocious, eclectic networkers.

There may only be one letter difference between ‘networking’ and ‘not working’ – and networking sometimes has a bad reputation and can be self-serving and exclusive. Done well and for the right reasons, it is a critical skill for modern leaders.

Bill Bryson in ‘A Short History of Nearly Everything’ tells the story of two teams of scientists in the same research establishment. One team was trying to get rid of some annoying background noise which was getting in the way of their experiments. The other team was convinced that Big Bang must have left some residual noise – and if they could only find it, they would get a big break-through to understanding Big Bang. It was only through chance remarks when one scientist from one team was having a drink with a scientist from the second team, that enabled them to help solve each other’s problem!

So, a key lesson for me is the importance of networking: going to many, varied events; working the room; meeting new people; getting their contact details; following up with promised information; keeping in touch.

## Constant learning and having great mentors

That is part of constantly learning – another key requirement for social entrepreneurs and successful organisations. When did we last learn from someone much younger or older than ourselves? Do we regularly buy and read magazines from sectors totally outside our own. Do we plan time in to our schedule each year to do some organised learning: to go on a course; to undertake a study visit; to go and see some organisations to benchmark with?

Another part of learning is having some great mentors. I have been lucky that from a very young age, I have had some amazing mentors who taught me so much, opened so many doors, challenged my thinking.

So, another lesson: do we have effective mentors? Do I encourage the people reporting to me to find mentors?



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

## Creative swiping

This is my third visit to Perth. It feels like a city on steroids – growing faster than China and India. Of course, alongside the growing prosperity – generated not least by Rio Tinto and the other great mining houses – the very growth also creates social and environmental challenges. But will the new wealth produce a new generation of Venture Philanthropists here in Western Australia?

The British social philosopher and management guru: Charles Handy has a new book out: 'The New Philanthropists'. It looks at a number of men and women around the world who are applying the techniques of venture capital to social issues. Studying Charles (and his wife Elizabeth's) stories of these new philanthropists might give community and voluntary organisations here in Perth, some insights in to how to appeal to some of the new, high net-worth individuals of Western Australia.

One of Charles and Elizabeth's stories concerns Tony Adams – the former England Football Team Captain. Adams had a much publicised battle with alcohol addiction. After which, he created 'Sporting Chance Clinic' to help other sportsmen successfully overcome addictions. Reading the last few days' newspapers here in Perth about the difficulties of your AFL Team – and without, of course, commenting on the specific allegations, I just wonder which social entrepreneur here is going to suggest to the Eagles' CEO and Chairman that they might want to fund a local chapter of 'Sporting Chance Clinic'?

Social entrepreneurs follow Tom Peters' advice to practice 'creative swiping' – 'to steal good ideas with pride'. Many of our Business in the Community programmes in the UK such as CARES are the product of 'creative swiping'. We have now CARES in Melbourne. Another thing that some social entrepreneur here now in Perth might 'swipe creatively' and promote to the Eagles in their current PR difficulties is 'Clubs that Count' – an innovative Business in the Community programme to help sports clubs improve the totality of their positive community impacts.

So, that's another lesson: social entrepreneurs steal with pride – and look for opportunities in adversity.



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment

## Fill the unforgiving minute – and find balance

Two final lessons – at first they may seem in contradiction – but actually they are inter-related.

When I was just nine, my grandfather made me learn the whole of Rudyard Kipling's great poem: 'If'. Strip away the macho and the jingoistic, and it contains much life wisdom. It ends with what I would like my life motto to be: 'fill the unforgiving minute'.

At the same time, there is always a danger that all entrepreneurs – and perhaps especially social entrepreneurs who are campaigners for a cause, for a better world – will burn-out. You are no good to the cause burnt-out. So, for the sake of the passion, remember also, to find balance: find the ways of recharging your batteries that work for you. For some of us, it is in sport and exercise; for some it is our families and friends; for some it is to play a musical instrument or climb mountains. Whatever it is, make sure you make the time to do it!

I look forward to making a fourth visit to Perth when hopefully I will find some of these confessions have been successfully applied! Meantime, my thanks to Rio Tinto's Community Investment team for the opportunity to share these thoughts with you now.

© David Grayson March 2007

[www.davidgrayson.net](http://www.davidgrayson.net)



[www.ciwa.riotinto.com](http://www.ciwa.riotinto.com)

**RIO  
TINTO**

**community** investment