

Mentoring for Change

leadership, coaching, mentoring, storytelling

Welcome to the Mentoring for Change newsletter. One of the roles of the leadership coach is to help leaders understand some of the forces which are shaping the future of organisations and business. Two such forces are the emergence of businesses whose primary purpose is to have a positive social impact (rather than to maximise shareholder value) and the movement towards sustainable business models. Both are discussed here as is, in more traditional coaching territory, a stage-based change model. So, in this issue:

- Social Business – a new business model
- Sustainable Business – learning from the biosphere
- Stages of Change – using the right change process

With best wishes

Mike the Mentor



Social Business

[“Creating a World Without Poverty”](#) is the newly published book by Nobel Peace Prize winner Muhammad Yunus. In it he promotes the idea of Social Business.

A Social Business (SB) is a company that focuses on providing a social benefit rather than maximizing profit for its owners; is owned by investors who seek social benefits such as poverty reduction, health care for the poor, social justice and global sustainability; and pays no dividends. In all other respects it is the same as a PMB (Profit Maximising Business) and must be able to compete directly with traditional PMBs. “It must provide customers with high-quality goods and services, provide excellent value for the prices it charges, and offer the same level of service and ease of use as any other company – if not more so. A SB can’t expect to win business just because it’s run by nice people with good intentions. It must attract consumers and retain their loyalty by being the best. Only in this way will it thrive financially and be able to provide the social benefit for which it was created” (p141/2).

So, why would people invest in Social Businesses? Clearly not for the financial return since the only return is the capital invested. Yunus is clear “One of the deep-rooted characteristics of human beings is the desire to

do good for other people. It is an aspect of human nature that is totally ignored in the existing business world. [...] People want meaning in their lives – the kind of meaning that comes only from knowing that you are doing your part to make our world a better place. Social Business provides this meaning. That’s why people respond.” (p162)

He points to some ready sources of investment: the billions of dollars people already contribute to charity; the charitable endowment funds and foundations seeking worthwhile investments; and international aid programs. But the possibilities are much wider. Commercial lending institutions will be sources of capital (since SBs are self-sustaining and profitable businesses just like PMBs), as will new kinds of financial institutions which will emerge to cater to the financing needs of SBs: social venture capital funds, social mutual funds and, eventually, a social stock market.

And, finally, PMBs will also create SBs – indeed, they have already done so. [Grameen Danone](#), a joint venture between Grameen and the multinational Danone, exists to reduce poverty by bringing daily healthy nutrition to the poor. It does this by providing affordable yoghurt-based foods to the poor of Bangladesh.

The most well known SB is the [Grameen Bank](#) and its micro-credit business which lends small amounts of

<u>Some of the Grameen Family of Companies</u>	
Grameen Telecom	Telecommunications services for the poor.
Grameen Shakti (Energy)	Renewable energy sources for rural Bangladesh
Grameen IT Park	Development of high tech office facilities in Dhaka
Grameen Health Care Services	Health care services for the poor
Grameen Knitwear	Manufacture of knitted fabrics for export
Grameen Fund	Social venture capital funding for entrepreneurial start-ups
Grameen Krishni (Agriculture) Foundation	Experimentation and training to improve agricultural practices and output

money to the poor of Bangladesh. The Bank has made loans of the equivalent of \$6 billion, has a 98.6% repayment record, makes a profit, has lifted millions out of poverty and is now the largest tax-generating business in Bangladesh. Not bad for an organisation that started when Yunus loaned a group of 42 people \$27 to enable them to escape the grip of the village moneylender.

The idea of running a business for social benefit is not a new one – its goes back at least a couple of hundred years to Robert Owen and the cooperative movement and has many modern forms. But what Yunus has done with his Grameen businesses and crystallised in this book is to create a brand and identity for Social Business, and so make it mainstream. Because of this, I believe that we will come to look on “Creating a World Without Poverty” as being one of the seminal business books.

Social Business won't appeal to everyone – whether investors or employees. But if you seek the payback of having your capital make a difference in the world, or you would rather work for an organisation whose primary goal is social benefit rather profit maximization, then you may well be involved in a social business before long.

Sustainable Business

The term Sustainability – the ability of healthy ecosystems to continue functioning indefinitely – is increasingly being applied to business.

Whilst there is a lot of confusion about what sustainability is, we already know exactly what

sustainability looks like - because the planet's biosphere provides us with a perfect model which has successfully operated for billions of years. As Gregory Unruh points out ([“The Biosphere Rules”](#), Harvard Business Review Feb 2008), enterprising companies are already applying biosphere rules for both environmental and economic gain. Scarcity of resources combined with increasing legislation in areas such as waste and recycling means more and more companies are going to need to exploit these biosphere rules. Here are three:

Rule 1: Use a Parsimonious Palette

Do more with less. Just four elements (carbon, hydrogen, oxygen and nitrogen) out of a possible palette of 115 or so elements form the basis of all life. So simplify the supply chain and make recycling easier by rethinking your sourcing strategies and dramatically reducing the number and types of materials used in your company's production. Rethink design to ask not “What is the best material for this application?” but “What design will meet our product specifications using our chosen materials?”

Rule 2: Cycle Up – Virtuously

When an organism dies, its elements become available to build another organism so that materials can be endlessly up-cycled. Up-cycling maintains the value of materials between generations of recycled product without loss of quality or performance. Down-cycling in contrast destroys the original value, as when a plastic computer casing is melted into a speed bump.

Rule 3: Exploit the Power of Platforms

Earth is populated by 30-100 million species, all of which share the same carbon-based architecture. General purpose and endlessly adaptable, this strategy is so successful that life has adapted to exist everywhere on the planet. Rather like another general purpose architecture, Microsoft's Windows!

[Shaw Industries](#) is one business that has used these rules in the manufacture of carpet tiles. It uses a small palette of specially developed non-toxic carpet fibres and backings which can be endlessly recycled and reused without ever losing performance or functionality. The company has developed an integrated production system that takes carpet at the end of its useful life, separates out the constituent materials, and puts them straight back into the manufacturing process. This prevents 300 million pounds of carpet going to landfill each year and reduces the company's use of petroleum (which must have been a source of satisfaction when oil hit \$100/barrel!).

Using the Biosphere rules has enabled companies like Shaw to rethink the buyer-supplier relationship. As previously manufactured products become the raw materials for new products, Shaw has created a reclamation network to match their distribution network. With their customers being both the buyers of the company's products and the suppliers of its input

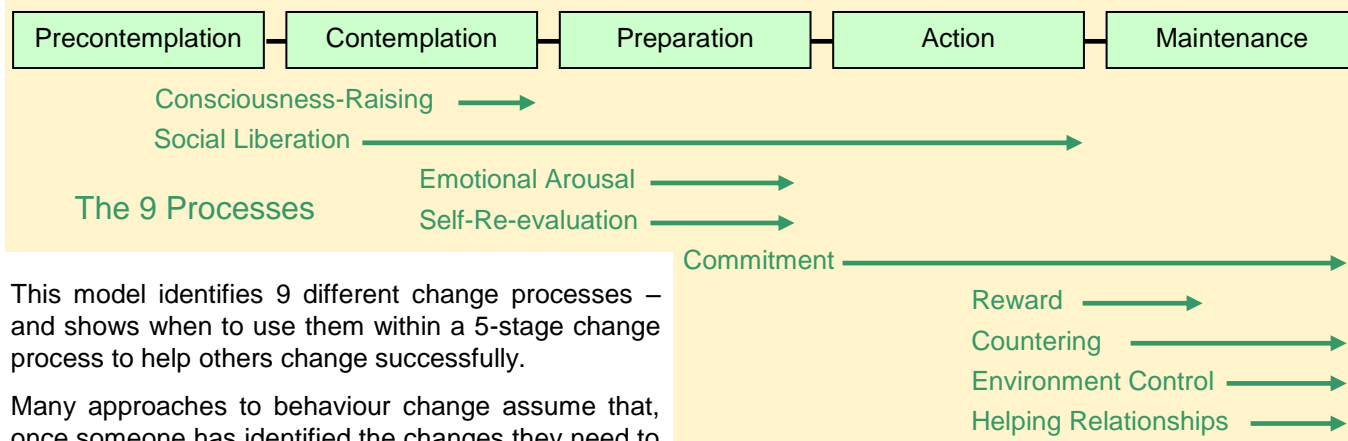
materials, they have an excellent opportunity to build closer relationships with their customers and increase the proportion who become repeat buyers.

The Biosphere's success is based on employing the same small range of raw materials over and over again using the same general-purpose platform. In a world of limited and increasingly expensive resources, Biosphere

rules are probably the best guidelines we have for building sustainable business success.

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Stages of Change – Using the Right Change Processes



This model identifies 9 different change processes – and shows when to use them within a 5-stage change process to help others change successfully.

Many approaches to behaviour change assume that, once someone has identified the changes they need to make, they should be able to make and maintain the changes. If they don't, this is taken to demonstrate a lack of will-power or motivation.

Prochaska et al, in their book "[Changing for Good](#)" point out that successful behaviour change is rather more complex: with taking action being just the most visible of a number of stages, each of which is necessary to the process of successful behaviour change. They identify the following stages:

- **Precontemplation:** "There is no problem, and therefore no need to change"
- **Contemplation:** "There is a problem – I'll deal with it one day"
- **Preparation:** "There is a problem – and I'm going to deal with it soon – and I've even started to make small changes"
- **Action:** "I am changing my behaviour, and managing the associated thoughts and feelings"
- **Maintenance:** "I am consolidating the new behaviours, and guarding against relapses"
- **Termination:** "My old way of behaving no longer holds any attraction for me"

and the following 9 major processes:

- **Consciousness-raising:** increasing awareness and insight about yourself and the problem, and about the self-defeating defences that get in your way
- **Social liberation:** providing social support for change (eg values statements, competency frameworks, cultural norms)
- **Emotional arousal:** evoking positive feelings about

the change you are contemplating

- **Self-re-evaluation:** taking stock of your current situation and recognising that the change you are contemplating would substantially improve your life
- **Commitment:** choosing to act, and to believe in your ability to change
- **Countering:** finding and practicing the new behaviours that will replace the problem behaviours
- **Environment control:** avoiding situations that evoke the problem behaviours and choosing those that encourage the new behaviours
- **Rewards:** rewarding yourself, or being rewarded by others, for changing
- **Helping relationships:** enlisting the help of others.

The diagram shows the stages of change at which the change processes are most useful.

This model has interesting implications for coaching – especially the commonly held expectation that six or eight two hour sessions should be enough for most coaching needs. This will often be true when the coachee is already at the preparation or action phase. But a highly effective piece of coaching working with someone at the pre-contemplation or contemplation stages may lead to no visible behavioural change, even though the coachee may have made many of the internal shifts necessary to prepare them for action.

Therefore, before designing a coaching intervention, assess where in this change process your prospective coachee is – and then manage the client's expectations accordingly.