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# Executive summary

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## EXECUTIVE SUMMARY

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Venture philanthropy (VP) and social investment (SI) organisations (VPOs) work to build stronger investee organisations with a social purpose (SPOs) by providing them with both financial and non-financial support in order to increase their social impact<sup>1</sup>. Engaging corporates in their work can help VPOs reach further and deeper; ultimately generating greater societal impact. This report shows how corporations can successfully collaborate with VPOs to increase the resources to the sector by providing access to financial, human and social capital. We also show how collaborating with VPOs can enable corporations to develop and enhance their work of integrating social impact into their core business, thus moving from a more traditional corporate social responsibility (CSR) approach to a shared value, integrated strategy. Indeed, collaboration between the VP and the corporate sectors is already happening with very positive results, but much more can be done. We aim to reduce the barriers between the corporate and the VP/SI sector by explaining to VPOs how corporations currently approach the social impact arena, by showcasing pioneer examples of successful collaboration, and by increasing the awareness of VP/SI in the corporate world.

Leading corporations have started to explore and implement *Corporate Social Impact Strategies* (CSIS), defined in the report as investment oriented approaches to build sustainable value creation models while also generating strategic social return. These corporations are finding new ways of leveraging the strength of their core business to generate positive societal impact. The most effective corporate social impact strategies are the ones that help the corporations grow their business and increase profitability, by attracting and retaining the right people, adopting relevant innovations and growing into new market segments. This study looks at three CSI strategies in detail through specific examples and case studies: *Inclusive Business models*, *Corporate Impact Venturing* and *Strategically Aligned Corporate Foundations*. Companies employ one or a combination of these strategies in order to fuel growth and innovation, build an enabling eco-system for future business, attract and retain top talent, strengthen brand value and to improve supply chain efficiency. Investment in CSI strategies is still small in absolute terms, but is on the rise and has enormous potential – considering the volume of unmet needs of people at the bottom of the economic pyramid, the scale of critical social issues they face and the availability of resources that could be invested. Successful examples of pioneering corporations show that integrating social impact strategies into corporate strategy can be good business, but many challenges need to be overcome.

VPOs can help corporations overcome such challenges. They can be intermediaries that act as a bridge or translator between corporations and social purpose organisation investees. They can deliver investment ready social innovations ready to scale and thus reduce the corporation's risk and associated cost when it decides to invest in the growth of such innovation. VPOs can also act as co-investors, sharing the investment risk and providing valuable services to the corporate partner, such as due diligence or portfolio support. An increasing number of corporate foundations are adopting a venture philanthropy approach themselves, thereby becoming more engaged with their investees, while

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1. <http://www.evpa.eu.com/knowledge-centre/what-is-vp/>

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strategically aligning their investments with the core business strategy of the company. These models of collaboration take a long-term sustainability view resulting in win-win situations for all stakeholders.

Venture philanthropy organisations and corporations are valuable partners in developing and implementing social impact strategies, where VPOs bring their experience, knowledge, skills and risk-taking social investment approach to the table, while corporates bring significant resources, solid structures and scaling opportunities. In order to facilitate collaboration there needs to be more information sharing between corporations and VPOs about their social investment philosophy, strategic objectives and expectations. They need to have more opportunities to exchange experiences and share the stories of specific success cases and failures. This report shows the immense potential for social change there is in a stronger collaboration between VPOs & Corporates.

The European Venture Philanthropy Association (EVPA) aims to build on the momentum generated by this research and host a forum for future discussions about opportunities and social impact potential. Corporations and VPOs can generate greater social impact by working together and EVPA will continue to enable such partnerships to thrive.

