



Reporter : James BYRNE and Nitin JAIRAJ, EDHEC Business School
Conférence 5A

New Business Models for Tomorrow's Success

Moderator: **Elisabeth LAVILLE**, Cabinet UTOPIES (France)

Speakers: **Jean DUFOREST**, CEO idgroup (France)

Mike HANNIGAN, President and Co-founder, Give Something Back (USA)

Ms. LAVILLE emphasized that today's economic crisis can be attributed to business models based on a short-term vision of maximizing financial measures of profit and growth; these models have had a devastating social impact. There is a need for alternative models based on an HR-based approach and on working in conjunction with the eco-system.

Jean DUFOREST, founded ID GROUP in 1996 in Roubaix, to manufacture nursery products and clothes for babies, children and pregnant women. It developed with an objective of Economic, Social, Corporate and Social Responsibility of Children Brands (*RESSEME* in French). An alternative business model is summarized by the firm's business statement: *"Be entrepreneurs in order to make a better world and to serve growing children"*. According to **Mr. DUFOREST**, the crisis today accelerates critical questioning of our economic system, of the need for alternative approaches to bring about a *"Renaissance"*. ID Group assures a balance between performance and altruism with three core values:

- **PROGRESS:** Since the only unlimited resource of the future is human energy, there has to be cohesion of the heart, soul and mind. Passionate employees *"intrapreneurs"* are sources of this energy. The firm implemented 3 tools: 1) Measures of the well-being of employees. 2) *"Quality Shoppers"* for internal audit. 3) Tools for processes & behaviors (*"Smile, Hello, Goodbye, Thanks"*)
- **SHARING** among employees.
- **RESPECT** for diversity and exemplarity of managers.

Mr. DUFOREST concluded *"If you give employees a hand, they'll shed their blood for you."*

The second speaker, **Mr. Mike HANNIGAN**, founded in 1991, the firm GIVE SOMETHING BACK, which has become USA's 4th largest office-supplies company, and the biggest in California. The firm's revolutionary model is to offer office products at the lowest possible price, and redistribute the profit (normally destined to shareholders) to non-profit organizations in communities that the company serves. Since the past 21 years, an average of 75% of profits has been donated (representing \$5million) to local non-profit organizations. The company's profits are shared with communities in proportion to the volume of business they bring to his company. Employees and customers from different communities select the organizations who receive funds. The Board takes into account the employees' opinions; information on communities and organizations are provided to the employees, who have equal rights in the decision. The procedure is transparent; customers participate in "giving back" to local communities.

GIVE SOMETHING BACK obtained the status of *"Benefit Corporation"*; specific rights are granted to non-financial stakeholders (communities), making them virtually a part of the Board. Although some institutions are sympathetic to the cause of his company and do collaborate and donate, **Mr. HANNIGAN** never seeks special favors through the label *"Benefit Corporation"*. He uses

business competencies to positively impact entire regions of the United States, but without compromising on customer service. The company's challenge is to remain competitive, but different from rival firms who, in order to increase profit, reduced by half their budgets for medical protection of their employees. For **Mr. HANNIGAN**, his key stakeholders are not just the customers but also employees, trade associations, and government organisms. Human capital is a key asset; social entrepreneurs, government and other stakeholders exchange ideas about what is best for the society.

This revolutionary business model is opposed to the "old school" activism of the 60s, which rejected the corporate world. Today's scenario is favorable to organizations as GIVE SOMETHING BACK. Basic regulations are in place for progressive people who want to improve the community. Business is now a career path even for activists. **Mr. HANNIGAN's** business model has been copied by thousands of companies, and many business graduates want to work for "GIVE SOMETHING BACK".

To conclude, while Mr. **Mr. DUFOREST** and Mr. **HANNIGAN** had different approaches, clearly distinguishing French and American work cultures, both consider it important to address problems of the community and they believe that "individuals bring about changes" – small changes that grow and translate in the long run into growth of the organization. Will more companies build on such sustainable models? Will this "social capitalism" replace our current model in crisis? Only the future will tell. Last but not least, CSR is no longer just a slogan nor a way simply to make profits but is an access to the future!

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