



Expert Speak

## A Social Entrepreneur's Guide to Sustainable Impact

**Dhimant Parekh**

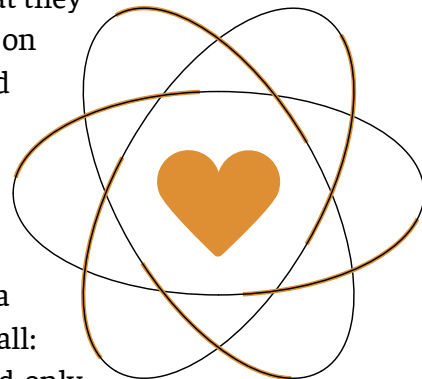
Founder and CEO,  
The Better India

*Social enterprises today grapple with generating true impact while learning to achieve profitability as they grow. Meanwhile, consumer awareness is on the rise and businesses are expected to demonstrate sustainability in their products, services, and practices as they work on a novel business model. Dhimant Parekh, Founder of The Better India, examines the rapidly evolving environment in which social enterprises must tackle these challenges, and work with the possibility that the shift in consumer sensibilities might be changing the very metrics of success in business.*

Creating impact has never been easy. It is a continuous process that takes time, persistent effort, innovative thinking, and strong willpower—and social enterprises know this all too well. However, simply aiming for impact is no longer a reality that is feasible or sustainable for such ventures. Further, organisations have begun to understand that they have the power to create this impact only when they have a steady flow of incoming revenue to support their activities, which makes profitability a key emerging concern for those aiming to thrive in the social sector. This puts forth some interesting questions: How can businesses juggle multiple aspects such as profitability, sustainability, and continuous generation of impact as they scale up and grow? How important are core values to a social enterprise and how do they tie in with business objectives? A recent study<sup>1</sup> showed that 85% consumers, globally, have indicated their preference for sustainable purchasing behaviour. In such a scenario, what does the consumer demand for sustainability truly stand for and what does it mean for businesses? Let us try to answer some of these.

## Core Values: How Do they Matter to a Social Enterprise?

Every business must clearly identify what is it that they stand for. Once identified, these core values go on to represent the organisation, its products and services, and reflect in every decision it takes. When we launched The Better India, our aim was to create positive social impact through true stories of individuals and businesses that were working hard to bring about change, and create a 'better India'. Our core value was at the heart of it all: sustainability in all its aspects. Although we had only driven impact through content until then, our consumers knew how much we valued sustainable living, because it had become part of our identity. So, when we observed that sustainability-oriented content was getting some of the best responses, we reached out to our readers to find out what else they would like to see

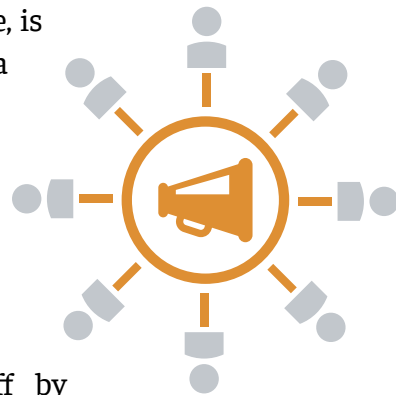


<sup>1</sup>BusinessWire, 2021. *Recent Study Reveals More Than a Third of Global Consumers Are Willing to Pay More for Sustainability as Demand Grows for Environmentally-Friendly Alternatives*. Retrieved from <https://www.businesswire.com/news/home/20211014005090/en/Recent-Study-Reveals-More-Than-a-Third-of-Global-Consumers-Are-Willing-to-Pay-More-for-Sustainability-as-Demand-Grows-for-Environmentally-Friendly-Alternatives>

us do in this space. Through their feedback, comments, and emails, our consumers suggested that we, The Better India team, should venture into the homecare space, and come up with sustainable cleaning products—because for them, it was the need of the hour, and they believed that we could fulfil that need. That is how we came up with The Better Home, and it worked because The Better Home was in perfect alignment with The Better India—both ventures focussed on bringing about change through sustainable living. This is why core values matter to social enterprises, and if businesses can align their product and/or service offerings with these values, they can create maximum impact while generating the requisite revenue needed for it to grow. Impact and change will occur more visibly when this alignment between values and business offerings exists.

### **Consumer Engagement: A Key Driver of Change**

Change, or to be more specific, the drive for change, is never an isolated process. For social enterprises, a major motivation for such change to occur is driven by the consumers themselves. When consumers come forth and voice their concerns, opinions, and their needs, the business can understand how to serve them better, and create the impact they aim to.



Now, we know that every business starts off by identifying its target audience and finding ways to reach them. But what is even more important than reaching these consumers, is engaging with them continuously. The first thing social enterprises must keep in mind when they start is that the relationship they form with their consumer segment can make or break them in the future, and that this relationship is based primarily on trust. However, this trust will not burgeon overnight, it must be earned by the business and it takes a lot of time. So, patience is key, as is consistency. It is important to engage with consumers, get their feedback, and ensure that their voices are heard. Time and effort were among the most significant investments we made as we raised The Better India from scratch. We constantly engaged with our consumers, took their feedback and suggestions, replied promptly to their messages, and most importantly, made sure that our consumers felt they were being heard. Consumers

trust a business that truly values their input and involves them in their decisions. They are also incredibly loyal to that business once it has proven its worth.

## **Profitability, Impact, and Sustainability: The Balancing Act**

When a social enterprise sets out on its journey, there are primarily two pillars it must lean on equally for support and growth—impact and profitability. Neither pillar can help the business survive without the other, and both must scale up equally as the business grows. If a social enterprise focusses more on impact than on profitability, it will have trouble staying afloat financially in the long run. On the other hand, if profitability becomes more important to the business than impact, it risks



losing sight of, and compromising on its core values as a socially motivated venture. Further, a third pillar has been gaining importance increasingly: sustainability. Today, a business is expected to demonstrate sustainability in its practices across the organisation, its decisions, its products, and the way it interacts with the society. The combination of these three pillars is a tightrope for most social enterprises to try and walk.

What, then, is the solution to this dilemma? To answer simply, it is necessary to set up a sturdy business model, which ensures that as the business scales up, revenues and impact scale up alongside. This quality must be inherently part of the business model, and it is important to put this in place in the early days of the business, otherwise, the dilemma originally faced will keep cropping up at every juncture going ahead. Now, I see two important elements around which the business model works: core values and the product/service offered by the business.

The backbone of every social enterprise lies in the core beliefs it stands for and the principles that drive its actions, as shared previously. So, it is natural that these values find a place of importance in the business model the organisation finally adopts.

I believe that businesses must ensure that the product or service they are offering is scalable, and that it is something that can generate revenue while tying in

neatly with their core values and their aim to create impact. The business model for The Better Home is one such example. For us, our offering of toxin-free, organic household cleaning supplies matched our values of sustainability and our aim to create a better world for everyone to live in. At the same time, our products could generate steady revenue, because consumers preferred them to the other options in the homeware space as these were true to their claims of non-toxicity and derived from plant-based ingredients. Thus, we had a business model in place that perfectly combined profitability, impact, and sustainability, brought in revenue, and aligned with our goals as an organisation.

However, getting such a balanced business model right will take quite a few iterations owing to some fundamental challenges. One challenge that presents itself often is that of pursuing immediate, quick revenues that are not strictly aligned with your purpose. It may seem tempting to go after that and ‘fix the business model’ later. But doing that is detrimental—by going for such a short-term fix, you lose sight of your objectives and may end up lacking a clear long-term path to building a purpose-driven organisation. Another challenge for an enterprise is to build a team that is in perfect alignment with its value system. We ensured that the core team that joined us in the early days of The Better India was evaluated more on its excitement about the mission, than on skills. That core team has been responsible for our growth over so many years, and continues to innovate and flourish, because the passion for the cause is what gets them going. Getting the early believers is very important across both employees’ and consumers’ spectrum.

That said, while a good team and a community of believers gets the organisation up and running, it cannot progress much further without a steady flow of revenue pouring in. Thus, it is also important to build strong revenue models and ensure that they are able to support and sustain the business as it grows. From a profit-generating perspective, revenue models are perhaps the most important part of any business model. Setting up a robust revenue model, or a few different ones, if needed—eliminates at least one concern for businesses—they need not worry much about their finances going ahead. The advantage of creating a revenue model early on is that there is plenty of scope for experimentation. What we learnt with The Better India was that our greatest source of revenue was advertising revenue. So, the revenue model we strove to put in place had to accommodate that approach;

as our readers grew in number, so did our capacity to generate ad revenue.

## The Recipe for Success

A crucial objective of any business is to maximise profit for its shareholders. For decades, this has been understood as the greatest purpose a business has. However, with the rapidly changing consumer landscape, the stakeholders of a business today are not merely the ones who fund it but also the ones who interact the most with it—the consumers. Today, consumers have become much more aware of what they truly need and desire from a business, and more importantly, what the environment they live in needs. A recent survey<sup>2</sup> of the Indian consumer segment revealed that 39% of consumers considered the sustainability of a brand and its products very important when making a purchase decision.

To that end, sustainability is not just a trend anymore, it is a way of life that consumers expect businesses to follow, particularly the social enterprises.

“ Now, businesses must understand that when consumers speak of sustainability, it is a sense of accountability, ownership, and responsibility towards the community and the planet, that they want to see businesses take up.



Over and above the products and services a business offers, what is it that they are giving back to society? This is the question consumers are asking, and the more conscious a business is of the consequences behind its actions and decisions, the more successful it becomes in the age of sustainability.

## A Future of Inclusivity

Although consumer demand is one of the primary drivers of sustainability, businesses need to recognise that sustainability across all aspects is becoming a necessity for survival, if not for profit and success in business. Ultimately, not just consumers, but businesses and entire societies will accrue the benefits of sustainable living—sustainability across products and services, and in organisational practices offering better outcomes for everyone, from the community at large, to the environment. Thus, I strongly believe that sustainable commerce is at the heart of the future we are heading to, and it is time for businesses to step up and adopt the same. Social enterprises, in particular, have to become cognisant of the fact that they can, and should take the lead to usher in the future, which will be much more inclusive than the times we are living in right now.

<sup>2</sup>Statista, 2022. *Importance of sustainability for consumers when choosing a brand in India in September 2020*. Retrieved from <https://www.statista.com/statistics/1197859/india-importance-of-sustainability-for-consumers-when-choosing-a-brand/>

*Dhimant Parekh is an impact entrepreneur in the Indian sustainability landscape. Rated as one of the top product mentors for startups in India, Dhimant built and grew The Better India, the world's largest impact-focussed digital content platform, showcasing stories of positivity and progress. He then built India's first e-commerce marketplace for sustainable products to connect MSMEs to conscious consumers. Most recently, he launched The Better Home, a venture offering a range of sustainable, natural, and safe cleaning products, the first of its kind in India.*