

Mission, Inc.: The Practitioner's Guide to Social Enterprise

by Kevin Lynch & Julius Walls, Jr.

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Reviewed by David W. Gill

www.davidwgill.org

Kevin Lynch is President of Rebuild Resources, Inc., a \$2.2 million nonprofit social enterprise business in St. Paul MN that helps chronic addicts and alcoholics find a path to sobriety through spiritual recovery and work. Their business products include apparel and promotional items. Lynch previously spent 21 years in the advertising business. Julius Walls, Jr., was until recently CEO of Greyston Bakery and Senior VP of the Greyston Foundation. He has been adjunct professor at NYU's Stern School of Business. Before joining Greyston in 1995, Walls spent years in the chocolate business. He grew up wanting to be a priest. "I never did become a priest, but I have become a minister in the African Methodist Episcopal Zion Church. And between that and Greyston, I know I am doing God's work" (p. xvii).

Mission Inc argues that what matters most in business (and in life!) is the mission, the purpose we choose to serve. "Social enterprise" is a business that seeks to "make the world a better place," to advance the common good. You can get a feel for their message by this statement near the beginning of their book:

What if the purpose of business were to fulfill a *real* human, social, or community need? What if the goal were to return value to the community rather than push off expenses on it? What if the obligation to employees were to elevate them rather than extract from them? What if the cost of raw materials were pegged to its replenishment, not its depletion? What if profit were not the *point* of business but the *means* by which the point of a better world were achieved? (p. 5).

Lynch and Walls are using this kind of language to define a *social* enterprise; I think it belongs in the definition of *any* good, sustainable business. "Making the world a better place" can sound a little grandiose and "for the common good" too general. I prefer to say we want a business that is good for all of its *stakeholders*, i.e., everyone affected by it, with a "stake" in its operations. But that is a quibble about the terminology, not the concept.

Lynch and Walls organize their "practitioner's guide" around "ten paradoxes." They identified these ten not just from their own experience but in a series of focus groups with other social entrepreneurs in 2007. They point out the high rate of failure (80% or so) of all start-up businesses within five years. The reasons for failure are mostly common to all organizations in trouble, no matter their purpose (e.g., lack of cash, lousy marketing, poor customer service, clueless leadership) but social enterprises sometimes suffer in particular from naively thinking that idealism and high purpose will overcome weak business skills and practices. Not so, Lynch and Walls argue. So recognizing the ten paradoxes is critical to any successful enterprise. In each case, both poles of the dialectic have their place. It is not either/or but both/and, about finding the balance, not just splitting the difference.

The first paradox is "Doing Well vs. Doing Good," between business success and common good achievements. Businesses fail by not being good enough at what they do. It can't be either/or. The authors give great counsel on establishing from the outset six or so guiding principles for the business operations. The second paradox is "Form vs. Function." What the business does (its function) should drive its choices about legal structure, governance, and organizational architecture. Appropriate form is essential but form must not become an impediment to function but an enabler of it. The third paradox is

“Planning vs. Practice.” Plan but be flexible. Be disciplined and plan well, but adjust even better. They provide a great outline of a business plan --- and a list of forces that require some flexibility and adjustment.

The fourth paradox is “Debits vs. Credits.” Many businesses fail because of undercapitalization and cash flow problems. The authors advise a “frugal mindset” but not a “poverty mindset.” They give important advice on developing financial literacy and skills, good book-keeping and accounting practices, and getting specialized, experienced help when you need it. On personnel and hiring, their fifth paradox is about “Do Gooders vs. Good Doers.” Hire the best, most skilled (not just the most idealistic) people you can find. Pay them adequately. Give your people *aspiration* (vision, dreams, growth), *say* (internally – listen to them), *voice* (representing company to outsiders), and *ritual* (celebration together).

The sixth paradox is “Perception vs Reality” in marketing. It is good to leverage your commitment to a worthy social cause (e.g., improving the environment, hiring the long term jobless) but no “cause” can overcome a lousy product! You can’t just work on perception, you must deliver reality. The seventh paradox is “Value vs. Waste.” This is about environmental impact but also more broadly about running a “lean” business where everything and everyone counts. The eighth paradox is “Metrics vs. Instinct.” You need careful objective measures of progress and success but must not reduce everything to numerical measurements. Continually seek to evaluate success on values and vision, and performance on company principles, alongside the financials. The ninth paradox is “Growth vs. Focus” --- in developing the business. Bigger is sometimes, but not always, better. They give good advice on how to decide whether to expand or stay focused.

The tenth and final paradox they call “Sweat Equity vs Blood Equity.” Sweat is fine (driving yourself hard for the sake of the business) but don’t bleed yourself to death! These are wise words to idealistic, “world-changer” personalities who sometimes neglect or harm their friendships, families, bodies, and minds in pursuit of a mission. This is a trap, Lynch and Walls point out. Take care of yourself and paradoxically your business should be better off as well.

Mission Inc. is a bit like a modern day “Proverbs” with commentary for business leaders, whether sole proprietors or part of larger enterprises. Very page is filled with wisdom and common sense --- the very thing that is not so common after all. Every once in a while CEO Walls becomes Rev. Walls and alludes to a Scripture, always to good effect. But this book wreaks of biblical values and wisdom without getting preachy or sectarian. It would be a great study not just for business teams in a narrow sense but church leaders, educational administrators, and any other teams with high purpose but short on the organizational and entrepreneurial side.