

Even though capitalism has brought wealth to a lot of areas of the universe, a lot of individuals have been omitted from its advantages and live a life of devastating poverty. However, what can be done to make the universe a better place? A good place to start is to form a social business.

Non-governmental organizations, nonprofit organizations, social entrepreneurship, charity and so on are all supposed to promote a good thing—however, social business is a thing that is completely different.

In these book chapters, you will discover the meaning of social business and what makes it different from other social ventures. Also, you will be provided a piece of advice on how to devise an idea for your personal social business and how to begin it.

## Chapter 1 - There's a different method to do business that's essentially about fixing society's issues instead of becoming wealthy.

You've probably heard of the word "social business"; however, what does it actually signify?

Basically, a social business isn't based only on its outcome. The majority of the businesses, private ones, specifically, are all essentially about maximizing profit; on the other part of the coin are nonprofits that depend mainly on philanthropic contributions. However, a social business is different from both of them

The main purpose of a social business is to fix social, environmental, or economic issues. To achieve this purpose, those kinds of businesses use normal business schemes such as the production and sale of a product or service that makes the enterprise self-sustaining.

For example, Grameen Danone produces and sells inexpensive yogurt products filled with micronutrients, and their prime aim is to fight malnutrition among the children of Bangladesh.

However, it's not really that easy. As a matter of fact, there are two kinds of social business: namely, Type I and Type II. A Type I social business generates profits; however, it does not give

out dividends –meaning, they don't usually pay a cut of their profits to the owners of the company's.

Hence, although Type I social businesses are still owned by investors, the entire profits are invested back in the company, leading to neither a gain nor a loss for the investors. An example of that kind of Type I social business is Grameen Danone, as they work without dividends.

Conversely, a Type II social business works just like a regular for-profit company. But, different from Type I social business, it is owned by individuals that are poor instead of rich investors. Due to that, the profits of the business go straight to low-income individuals and, hence, serve a social purpose—that is, the alleviation of poverty.

For instance, the Grameen Bank is an example of a Type II social business. It's owned by the poor individuals of Bangladesh and gives loans to low-income inhabitants.

## Chapter 2 - A social business is different from other charitable and socially-oriented businesses.

There's many misunderstanding regarding social businesses, and conversations about them are likely to have words such as social entrepreneurship, NGO, social enterprise and foundation. But, these enterprises are entirely distinct from social businesses.

For beginners, a social business is different from social entrepreneurship. Social entrepreneurship is essentially about one man– the entrepreneur – and his or her concept. Hence, although that kind of initiatives can have a social effect, they can be managed by non-economic, charitable or business aims.

Hence, although the entrepreneur in question might have a social dream, his social entrepreneurship could take various manners and is hence unlike a social business – which now you understand is an economically stable firm with a social purpose and no loss of dividends.

Second, different what a lot of people may believe, a social business is different from a nonprofit organization. Think of a foundation, a kind of nonprofit organization. Although they might possess a social plan, they are different from social businesses since they're not economically sustainable; they don't make any profit or any revenue, they basically share charitable contributions.

On a related note, nongovernmental organizations, or NGOs, are as well different from social businesses, because NGOs are solely non-profit organizations with charitable aims. They function on philanthropic contributions and, hence, don't have economic sustainability. Hence, they use a lot of their time and energy on fundraising, which allows it hard for them to grow in any sustainable way.

Hence, you're now interested in social business; however, how can you begin your own? This is what you will discover in the next chapter, and it essentially starts with having an idea!

## Chapter 3 - Begin your social business by pinpointing an issue that you believe you can fix.

Ponder on a standard, profit-maximizing business. When establishing that kind of a company, entrepreneurs usually look for a gap or position in the market that they can fill. Their key aim in doing that is to make as much money as possible.

But, when starting a social business, it's vital to begin by pinpointing a social problem that you want to fix and are exceptionally suited to fix. As a social business, according to the definition, you will be serving a social function, which makes turning a profit a must, not a purpose, for your business.

Hence, to pinpoint a social issue, begin by questioning yourself what is required in the universe and what troubles you most? What makes these needs to happen?

So question yourself, with my abilities and gifts, can I form a social business that assists fix those kinds of issues and fill those needs?

For instance, consider Cure2Children, which works together with the Grameen Healthcare Trust. This social business was established by a doctor as well as an entrepreneur who both noticed a need for health care in disadvantaged countries.

Particularly, they noticed a necessity to treat the genetic disease known as thalassemia, an illness that affects nearly 100,000 children across the globe nowadays. The doctor, Dr. Faulkner, learned how to treat the disease thalassemia and the duo had their idea.

After pinpointing a need, pick the one issue that you believe you can fix. Nevertheless, you can't save the entire universe at the same time. Remember that you're only new to the game, just getting to know how to manage a social business and that it's vital to begin simply.

Nevertheless, if you dive headfirst into one of the largest and most difficult issues facing the globe, you'll probably struggle for months or even for years only to get up and running.

## Chapter 4 - Entice investors with a sensible business proposal, and look to for-profit enterprises when forming your social business.

Now that you have an idea, the next thing to do is to get funding. However, how exactly do you do that?

Well, it's significant to devise a sensible business proposal to entice possible investors. This proposal should entail a thorough five-year budget and prediction for operationalizing the business, together with both costs as well as revenue structures.

Furthermore, the budget you make must display that your idea is feasible: revenue should cover the entire costs and preferably leave you with a little extra for rainy periods.

However, it's significant as well to show that your cash flow is balanced on both a weekly and monthly basis. Nevertheless, you might require additional cash in April than in August, hence, if

your revenues aren't well balanced to account for the difference, your business could likely be unsuccessful at the end of the summer.

Lastly, it's a good thing to form your social business around the structure of a for-profit business. Although this might look surprising initially, here's the reason why it's really very beneficial:

Social businesses are not presently accepted as a legal type of business, which entails that you will probably be trapped with running a for-profit business that makes a social aim the center of its operations. But, social businesses working under this structure risk lawsuits, as some nations have laws in place that need for-profit businesses to maximize profits for the owner of the companies.

Although this risk can be minimized by making your investors sign a document attesting that they cannot get profit more than their initial investment, the method is still not perfect. Also, this resolution is better than making use of the structure of a nonprofit, because those kinds of organizations are inspected very well as a result of the tax exemptions they enjoy.

## Chapter 5 - Capitalism has meant wealth for some people; however, it is not complete and inequitable without social businesses.

As World War II was eventually getting to an end, worldwide prospects appeared bleak. Poverty and difficulty were prevalent across the world.

As the years went by, capitalism grew, leading to positive changes for a lot of people—however, not for everybody at once. In the decades after World War II, a lot of economies have done very well, especially economies of Europe and North America, greatly growing the riches and quality of life of hundreds of millions of people. However, yet more people were left disadvantaged in the wake of this benefit.

Hence, in trying to fix the difference between the rich and poor, the United Nations formed the Millennium Development Goals, which comprised of the goal of reducing the worldwide poverty rate by half. What came after were great developments for the poor.

For example, in the year 1991, the poverty rate in Bangladesh was 57%, however, by the year 2005, it was as low as 40%. Although this percentage is still really high, it keeps on reducing by nearly two percent yearly.

However, beyond that, it's obvious that the present capitalist system is crumbling. Just consider the repercussion of the 2008 financial crisis, whereby a food crisis struck, making millions of people to starve. The costs of wheat, corn, and rice, had become really expensive for poor people to afford. These kinds of crises are a direct outcome of a world system that doesn't take into consideration the needs of everybody; however, instead just the lucky, rich few.

Also, this is the reason why social businesses are really vital. Social businesses don't neglect the capitalist system; however, they include a significant part of doing social good to the work of sustaining a business. Just consider Grameen Veolia Water, the social business, or GVW, a joint venture of Grameen and Veolia Water.

GVW endeavors to increase and improve access to clean drinking water in rural areas of Bangladesh. For example, in the village of Goalhari, they give clean and affordable water to nearly 20,000 individuals!

## Building Social Business by Muhammed Yunus Book Review

Social businesses are a different kind of company that makes the universe a more just place. These businesses place a social, environmental or economic aim at the center of their works by letting go of the demand to turn a profit for investors.

Ask around to identify an issue to fix:

If you're experiencing a difficult time choosing a concept for your social business, just attempt talking about your ideas with people. Keep questioning yourself who you believe requires

assistance and bare in mind that it could be anybody from the disabled to children or the old people. Just by discussing with people about the issues they come across, you're certain to find a thing that deserves your concentration.

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