
Meeting business challenges with social projects



By [Luk Van Wassenhove](#)

About four years ago, INSEAD's new dean asked me to set up a research centre bringing together all existing initiatives related to the role of business in society. The man had a clear vision: sustainable enterprise would become an important trend in the years ahead.

In response to the dean's request, I set about amalgamating a number of more or less successful initiatives: our Health Management Initiative, the Sustainability Group (energy, environment, sustainable mobility, etc.), the Social Entrepreneurship Initiative, the Corporate Social Responsibility and Ethics Group, as well as my own Humanitarian Research Group. To this was added a new Africa Initiative.

While being quite a mixture of disparate themes and objectives, it was also a golden opportunity to move beyond the stereotyped pigeonholing of such initiatives and to look more comprehensively at complex, multidisciplinary problems with a group of highly motivated colleagues.

The INSEAD Social Innovation Centre

It was certainly not our intention to create a group of tree-huggers or well-meaning do-gooders. The business world increasingly needs to consider the impact carefully of economic activity on society and the environment. This not only involves a certain degree of risk, but also presents an enormous opportunity for innovation in new products and services.

We define social innovation as the introduction of new business models and market-based mechanisms, which can lead to sustainable economic prosperity and sustainable environmental and social benefits.

Note that the economy and profitability still occupy first place in the overall scale of priorities. But they are no longer alone. Moreover, the integration of the environment and the social context offer a huge potential for innovation in new products and services. The success of these innovative business models can also pave the way for a process of renewal and greater efficiency in the public and social sectors.

A bridge between different worlds

The Social Innovation Centre quickly developed into an incubator for multidisciplinary projects focusing on innovation and renewal in the fields of education and research. The centre devoted considerable time and effort to the harmonisation and strengthening of the social innovation content of the curriculum (both in core and elective offerings). Many students now choose our MBA programme, at least in part, because of the range and depth of this revised curriculum. Similarly, our sustainability executive roundtable has become a regular discussion forum involving companies, distinguished alumni, teaching staff and students. It helps everyone to keep their finger on the pulse and involved with the school.

For faculty, the greatest attraction of the centre lays in the excitement of tackling challenging new problems. Many projects involve 'uneasy' alliances: the study of complex problems with unfamiliar partners, such as companies, non-governmental organisations, local authorities, local schools, international donors, etc.

Take, for example, the Pepal Project. The International HIV/AIDS Alliance provides support to local NGOs who work to combat AIDS in more than 40

different countries around the world. Pepal seeks to bring together partners from private business and NGOs to work on joint projects. The aim is to help these two very different worlds to learn from each other. The Social Innovation Centre designed a programme which consists of a week's training (for 40 people, representing a good mix of business and non-profit), followed by a year of project work in situ (in countries such as Zambia, Nigeria, Myanmar, Ukraine), rounded off with a further week of training. It is possible for MBA students to work on some of the projects. A research programme has monitored the projects closely to establish which characteristics and environmental factors are most likely to contribute towards success. Such is the degree of satisfaction with this pilot project that six others are already being scheduled for the coming year.

Breaking the mould

What is so unusual about this project? Well, it is unusual for people working in profit and non-profit sectors to exchange information and collaborate so closely. It has been a highly educational experience for all concerned. It is also unusual for a training programme to be directly linked to a project in a difficult environment (for example, a poor rural district in Africa). However, it is precisely in such environments that innovative thinking, a problem-solving approach and an ability to adapt successfully to changing circumstances can best be cultivated. Even more unusual is that the executive training programme is linked to MBA projects and an academic research project.

The Pepal project has been able to break the mould of stereotyped thinking. Like most other organisations, our school is neatly divided into departments with specific and well-defined responsibilities. The Pepal project has managed to break through these silos.

From malaria to mobile phones

Another example is the Medicines for Malaria Ventures project, a public-private partnership to develop new malaria drugs. The fight against malaria not only requires new medicines but also innovative business models to ensure that these medicines reach the right (and often remote) places and are used there correctly. This in turn requires new supply chain models involving (yet again) a number of uneasy alliances between national and local authorities, NGOs, commercial companies, sponsors and donors, etc. It

further requires the right subsidies at the right place and the right time to keep medicines affordable and give the right stimulus to the different links in the chain. In cities it is possible to work with local dispensaries. In isolated rural areas -- where often only the large food multinationals are able to penetrate -- the help of the business community may be necessary. An understanding of local customs and culture is also indispensable to ensure that medicines are used correctly and do not lead to harmful side effects. One of the most innovative ideas is to use mobile phones. Many rural areas have access to the mobile phone network, so that it is possible to link the correct intake of medicines to extra dialling credits. In the future, smart drugs will make it feasible to use mobile telephones to track down counterfeit and sometimes dangerous drugs.

Innovative business models

It should be clear by now why the word 'innovation' is central in the name of our Social Innovation Centre. Innovation lies at the very heart of what we do. The centre is a focal point for experimentation, where ideas which do not readily fit into our normal business units can be explored. What works can be transferred to our regular activities like the MBA programme. We tackle complex and dynamic issues with innovative business models involving a wide diversity of unusual partners. This will make us better prepared to meet the challenges of the future, both in the business world and beyond, and allow us as a top business school to offer our students better education programmes.

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