

How a Family Business Can Develop a Social Mission

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I love M&Ms and have since my mom tucked them inside my brown paper lunch bag to take to school for a recess snack. (It was the '70s.) They're still my go-to pick-me-up on many occasions. Today, though, there's another reason I support M&Ms' maker, the huge family-owned business Mars: its social mission of making sustainable sourcing and practices a priority. Developing a social mission is a smart goal for a family business that wants to do well and do good.

Philanthropy and business often go hand-in-hand, of course, but for family businesses, that strategy can be especially authentic, personal and closely tied to their identity.

More Family Business Owners Are Trying to Change the World

"In a well-managed family business, there is a sense of community and meaning that is quite deep. They understand that their family business is a platform to do good in the world. They can be a leader of social and environmental change," Rob Lachenauer, a partner and CEO at Banyan Global Family Business Advisors in Boston recently told me. Lachenauer noted that he's increasingly seeing family business owners "using their platform to change the world."

I find this manifesto fascinating.

For more insight on how family businesses can make a social mission a priority, I reached out to Ritch Sorenson, Opus endowed chair in family business and

academic director at University of St. Thomas in Minneapolis; highlights are below. (I suggest you check out the new website [Familybusiness.org](https://familybusiness.org/) (<https://familybusiness.org/>) , an offshoot of the University of St. Thomas' Entrepreneur and Innovation Exchange — eix.org — a social media platform for new business ventures. Full disclosure: The Schulze Foundation, which funds EIX, is also a funder of Next Avenue.)

Next Avenue: Why do some family businesses weave a social mission into their operations?

Ritch Sorenson: They might not begin with a social mission, but over time, family businesses tend to become values-based as the guiding focus for their businesses. The larger and older they get, the more they formalize the set of values, even down to their guide in hiring people.

Many small family businesses tend to be focused on their own communities. That's because they are embedded in their communities, and they see the need to promote goodwill for community growth, for a good place for their families to live. So they tend to invest in the communities — the venues close by.

One family business in Minnesota, for instance, built a business education center in a nearby rural area to give people an opportunity for growth and development and perhaps to become business executives one day. It's a way of caring for people in their community.

Getting Started

Next Avenue: What are the best ways for family businesses to get started developing a social mission?

Ritch Sorenson: They need to first determine what their values are. Do they have a desire to give, support and care for people, or the environment, or some other social cause?

They must ask where they would like to make a difference in their communities.

Communities always have projects they are working on. It could be sports teams. It could be providing support for immigrants. Because their children are growing up in these communities, they want to provide support for the arts, sports, whatever the schools are engaged in.

Next Avenue: What are some ways a social mission can be incorporated in a business plan?

Ritch Sorenson: One pretty common way is the owners will dedicate a portion of their profits to charities.

They might also encourage employees to select an organization in their community they would like to support and help allow them to donate the money to that cause or give the employee time off to support the charity.

The company leaders might also choose a project in the community, and they all work on it together.

Some family members may go on a service mission in another country — say, Haiti.

There's also the give-back model, where for every one item bought, another one is donated to someone in need.

Why They Give

Next Avenue: What's the motivation for a family business, aside from making their own community stronger?

Ritch Sorenson: First, it makes sense to the family to be charitable because that's what they believe is important.

It can also be good marketing. There is self-interest in that, sure. But the financial reward is not the main motivator. What's really driving it is: they just want to make a better community.

It all is based around beliefs and value. If your belief is that we are caretakers of the environment, you say 'Let's do all we can do to sustain it.' That is what's behind it.

Next Avenue: What are the potential pitfalls?

Ritch Sorenson: You need to be careful about being over-committed for the long-term. Business can be volatile. Start with a small commitment and test the waters.

Small businesses are approached frequently by various groups in the community to donate money for their cause. You need to stay focused.

The best way is to go slowly. The more that a business becomes involved in giving to the community, the more they find something they are really interested in (or one or two things). And then they can invest a lot of resources in those areas and can really make a difference.

There can be problems because not all the family members — both those who work inside and outside the business — have the same set of beliefs and values. Some might prefer to do more charitable stuff outside of the business.

Developing a Mission

Next Avenue: Practically speaking, how should family businesses develop social missions?

Ritch Sorenson: The key is they need to have a really good governance and formally agree on goals and values. They should meet frequently to get updated on what they're doing in the community. The family businesses I have known who are most united in their social mission in the second and third generations are more structured in terms of governance.

Next Avenue: When is the best time to get an initiative rolling?

Ritch Sorenson: Typically, a first-generation family business will start out giving back when the founder or founders' kids are young and involve them in some of the activities. It builds within their children a desire, interest and acquaintance with being engaged in those philanthropic actions.

Then, as the children grow older and become owners in the business themselves, they then establish formal goals and values for their businesses.

It is a great way to develop values in the younger generation and carry on your legacy.

Kerry Hannon is a contributor at [NextAvenue.org](https://nextavenue.org/)(<https://nextavenue.org/>) and has covered personal finance, retirement and careers for The New York Times, Forbes, Money, U.S. News & World Report and USA Today, among other publications.

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