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Making a difference

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bv: By Business View

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Boundaries are blurring between profit-making enterprises and philanthropic organisations. We profile two businesses that have prioritised giving back to the community – Kookai’s Katalyst Foundation and Thankyou.

Kookai’s katalyst foundation: changing lives in a small fujian village

After a long history of philanthropy in Fiji, [Kookai Australia](#) CEO Rob Cromb decided to formalise his company’s efforts to improve opportunities and living standards for the people of the Pacific Island nation.

Himself the grandson of a village chief, Cromb’s personal links with Fiji saw him establish a manufacturing facility in Suva 20 years ago, and today Kookai employs more than 1000 people in its three factories.

Established in 2012, Kookai’s Katalyst Foundation juggles myriad grassroots projects and initiatives across the healthcare, education and small business sectors in one of Fiji’s most remote and poorest provinces – Bua, on the northern island of Vanua Levu. Home to around 15,000 people, Bua’s villages are a world away from the tourist hubs in and around the main island of Viti Levu and the hustle and bustle of Suva.

“It’s on the second-largest island in Fiji but these people had no electricity, no water, no toilets, no sewage treatment facilities, no employment,” Cromb says. “So that’s where we’ve focused our energy – we wanted to see if we could help transform this community in terms of health, education and employment.”

Addressing intergenerational poverty

Lack of access to trading hubs is one factor that has resulted in intergenerational poverty throughout Bua, and Katalyst is trying to tackle this head on.

“Because they haven’t been exposed to economic activity or development, it affects the mindset of the young people going to school,” Cromb says. “They don’t see the point, because there are no jobs. So one of the first things we did was to show them there were areas of possible employment, by inviting locals to come to the mainland to work in our factory.

“And we started to develop small businesses that would employ people and use natural resources in the area – fishing, road construction and small farming projects. It’s led the community towards a mindset change. They can see a reason for being educated. They can see that work and study lead to a good outcome and a way out of poverty.”

Providing better access to healthcare by investing in local clinics and hospitals has also been a focus.

“People get all sorts of conditions and they’re not treated, but often it’s relatively simple stuff,” Cromb says.



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“We’re trying to do a lot of things that make a permanent change.”

Steady jobs in the capital have long provided a path out of poverty for the workers who sew Kookai’s distinctive female fashion and accessories range. Creating opportunities for these Fijians and their families has been part of Cromb’s personal and corporate mission from the earliest days.

“For many years we’ve involved ourselves in building schools and kindergartens and sponsoring apprenticeships and tertiary education,” he says. “It’s enabled a lot of the children of our factory workers to go to university. We’ve seen accountants, a lawyer [and] a pilot all graduate. These initiatives have such a direct impact, and they’ve become part of the DNA of Kookai.”

Over the past two decades the company has put more than \$4 million towards its causes – and all without fanfare or fuss.

“We’ve never had a cap on what we contribute,” Cromb says. “Our aim is to give whatever we can and whatever is necessary. We’ve never asked ourselves if it should be a percentage of profits, or told customers, ‘If you buy this, we’ll donate this.’ It’s been something that we’ve done very quietly. We haven’t publicised it much, and we never sought external donations in the past. It’s only recently, since Cyclone Winston in February, that we’ve started to look for external partnerships to help us with some of the rebuilding programs we have in train.”

Thankyou: the social enterprise tackling poverty

In 2008, as a 19-year-old university student, Daniel Flynn came across a confronting juxtaposition of figures. “Around 900 million people didn’t have access to clean water,” he says now. “Almost 4500 children were dying every day because of that. Simultaneously, \$50 billion was being spent globally each year on bottled water.”

Flynn decided he’d start a bottled water company – [Thankyou Water](#) – and channel 100 per cent of the profits to funding water projects in the developing world. He roped in his marketing-student girlfriend (now wife) Justine and his finance-student best mate Jarryd Burns. Studying full time, working part time and with a combined net worth of around \$1000, the trio launched one of Australia’s first major social enterprises.

A social enterprise is defined as a business that seeks to solve a problem that would traditionally be addressed by a charity, NGO or political organisation, through selling a good or service.

Raising capital was a challenge from the get-go, given that Thankyou Water couldn’t offer any ROI other than positive publicity. Nonetheless, several large companies helped to get things started by donating bottles and distribution. However, the company’s first three years were characterised by ongoing issues with bottlers, distributors and retailers, and even a couple of product recalls.

Then things started to turn around.

“In 2011, Australia Post agreed to stock our product,” explains Flynn. “Shortly after that, our supporters got behind a social media campaign that led to 7-Eleven also taking our water.”

Over the past five years, Thankyou’s fortunes have improved as Flynn’s ambitions have grown.

In 2013, Thankyou dropped the word ‘Water’ from its name and expanded into food and body care products. It’s now entering Australia’s nappy market, worth more than \$500 million.

Thankyou’s charity partners have received \$3.7 million to date. Flynn has also just released a book detailing Thankyou’s journey, called *Chapter One* to raise money for what he hopes will be ‘Chapter two’ of Thankyou’s trajectory – playing a significant role in ending global poverty by 2030 as well as expanding internationally into New Zealand.

Making your purchase count

So what has Flynn learnt from eight years in the social enterprise trenches?

Firstly, that Gen Y wants to feel good about their purchasing decisions. “They’re asking, ‘Why am I buying this product or service?’ That may be because it’s supporting a charity or it may be allowing them to buy into a lifestyle brand. Either way, there now has to be something deeper there,” Flynn observes.

Secondly, and somewhat contradictorily, that social enterprises can’t expect any special favours from consumers. “There are two rules with Thankyou products: all the profits have to go to good causes, and they have to be better than competing products. You might get a one-off purchase by being a social enterprise; however, I learnt early on that to get the repeat business that creates long-term sustainability you have to offer something better than the competition.”

Market research recently revealed that 46 per cent of people purchasing Thankyou products didn’t realise they were supporting a social enterprise. “That’s concerning in some ways, but it was reassuring to get confirmation people are buying our products because they are good products,” says Flynn.

Thirdly, that David can take on Goliath. “We’re operating in a commercial space and have to win against multinational competitors. The way we win against those spending the big dollars is by being more creative, more resourceful. We cut through by running a lot of crazy marketing stunts.”

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Fourthly, that the boundaries between profit-making enterprises and philanthropic organisations will continue to blur. “There are already a lot of business out there that embrace CSR [corporate social responsibility] and contribute to their communities,” says Flynn. “But what I think will happen is the further evolution of cause-driven organisations solving complex problems through selling products and services.

“We didn’t even realise we were launching a social enterprise back in 2008. Now there’s a whole social enterprise sector that we are stoked to take an active role in raising awareness about. In 10 to 15 years I’d predict there is going to be a different and very interesting business landscape out there.”

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