SME Case Studies

Set out below are two case studies that focus specifically on the response by smaller organisations to the challenges posed by Corporate Responsibility.

Academy Internet: Community Collaboration

In this case study we will:

- Show how an SME can use community collaboration as a differentiator in a competitive market
- Show how an SME can attract and retain staff by being a responsible company

Why is this strategic for Academy Internet?

- Academy Internet wanted to stand out in a high-value, competitive market
- To do so it was crucial that they retained their employees, in an industry where turnover is exceptionally high

Background

Academy Internet (A.I.) is a Brighton based digital agency providing bespoke e-learning & internet marketing.

Created directly after the dotcom bubble burst in 2002, the owners were acutely aware of the competitive nature of the market and the resulting importance of standing out from the crowd.

However, the Internet presented a huge opportunity for companies willing to take up the challenge.

Internet usage was growing rapidly. Between 2001/02 and 2006 the proportion of adults in Great Britain who had used the Internet in the last three months increased by one-quarter, from 48 per cent to 60 per cent (National Statistics); with take-up in the South East of England where the company was based, as high as 71% (Keynote 2005).

The e-learning sector, one of their key markets, was worth £61m in 2002 and has been the fastest-growing sector of the IT training market since 1997 (Keynote, IT Training 2003). Furthermore, e-commerce looked set to grow driving demand for their e-marketing skills (Keynote, 2003).

The founders knew that with low capital outlay they could reach a huge market directly, fast and economically, no matter the size or its location (Internet Growth Statistics).

However competition for Academy Internet was fierce. In the UK training sector there were around 710 IT training companies supplying e-learning (Keynote, 2003). In 2001, the top 50 companies controlled almost 70% of the industry's revenue and, in 2002 this had risen to 73.7% (Keynote, 2003).
Further, while attracting staff was not a challenge when the company launched, it became an issue as the IT industry stabilised and re-built following the crash of the dotcom market. As service-based firm, retaining top talent was critical to the business. By 2006 there was a marked increase in competitor agencies seeking highly skilled staff. Almost all digital marketing agency websites were advertising job vacancies (Keynote 2006) and finding staff with two or three years' experience became a challenge.

The company wanted to survive and grow in this competitive climate, but wanted to do so without compromising their personal values which as an owner managed company, influenced all areas of their business. Their founders aimed to create a company which built long-term relationships with clients and one which employees thought was great to work for.

An audit they conducted in 2006 found that A.I. were spending 50% of their net profit on random donations, contra deals, discounts and pro bono work with no measurable benefit to the company and minimal impact on those they donated to. They decided they needed to develop a more strategic CR plan.

The Challenge
The challenge for this SME was to capitalise on the opportunity that the boom in internet usage presented, establishing a niche in the crowded marketplace. To do this they had to attract and retain the best staff and customers, but were dedicated to staying true to their values.

The Response
As an owner managed organisation, Academy Internet were able to exploit their flexibility as a small company and could build the business based on their values. They distilled these down into building a better business through Trust, Leadership and People.

To fulfil their aim of becoming Brighton's largest agency the founders realised they had to recruit and retain people with talent, who shared their ideas about building long-term relationships with clients and the local community.

They believed that their current and future employees would be proud to be involved in CR activities and that this enthusiasm could be harnessed in the workplace to build a better business. With the support of their staff they built a community strategy which allowed them to train in the local community.

A.I. focused on five key partnerships with the Brighton and Hove Business Community Partnership, Sussex Wildlife Trust, the University of Brighton, Action for Change and Young Enterprise. Their strategy focused on three key themes; the environment, education, and employee interests.

Within the education programme, A.I. work with the University of Brighton, providing work placements, course sponsorship and other support, gaining access to top digital media talent in the process. They also provide tutors, presenters and support for Young Enterprise projects, which helps staff to build their organizational skills and confidence with public speaking, while building relationships with the local community.

Under the remit of environmental work, A.I. partnered with the Sussex Wildlife Trust to provide internet marketing support including e-newsletter production. In return,
they were able to offer staff environmental and development opportunities which improved their motivation at work.

A.I. also work in partnership with an alcohol abuse advice charity, an initiative championed by employees. The project aims to convert some of the charity’s intellectual property into e-learning with the potential for generating sustainable long term revenues.

56% of employees have improved their competencies through these activities and staff turnover is extremely low. No one left the company in 2007 despite operating in an industry where average turnover is around 20%.

The team has grown from 2 to 25 staff and annual turnover has increased at rates of between 36% and 88% per annum. This has been driven in part by extremely high levels of customer satisfaction and by attracting new customers by word of mouth. 84% of customers said in a recent survey they would recommend using the company.

They gained the Business In The Community (BITC) Small Company of the Year award in 2007 and are sure their commitment to CR has improved their company reputation.

Clients have included Fujitsu, Stannah, Specsavers, Cancer Back Up, ECPAT, the Home Office, UNICEF, Department of Health, Damovo and the National Trust and the company have been ranked 34th place on the Deloitte TechTrack 50 in 2007 for growing 1208% in the last five years.

What can we learn?

Academy Internet have employed the principles of CR to great effect. By supporting and building relationships with their local community, they have built trust with their stakeholders, retaining valuable staff, attracting new customers and generating sustainable growth.

References


Keynote (2006), ‘Marketing in the Digital Age - Strategic Overview’

Keynote (2005), ‘Marketing in the Digital Age – The Internet’


The Eden Project

In this case study we will:

- Show how social and environmental values can motivate an entrepreneur to create a successful social enterprise
Show how an organisation that places key issues like sustainability and protecting community values at its heart can attract huge numbers of visitors, boast a significant turnover, become self-supporting and pump resources into the local community.

Why is this strategic?

- Programmes like the Eden project prove that different business models exist and can flourish.

Background

Social Enterprises have social or environmental aims central to what their purpose. Rather than focusing on maximising shareholder value, their main aim is to generate revenue that can fund ongoing social projects (Social Enterprise Coalition).

Recent government data suggests that there are more than 55,000 social enterprises in the UK with a combined turnover of £27bn. Social enterprises account for 5% of all businesses with employees, and contribute £8.4 billion per year to the UK economy (Social enterprise coalition).

Eden Project CEO Tim Smit was a music producer and garden restorer before he saw the opportunity to create “The eighth wonder of the world”, in Cornwall.

Motivated by the support of people who felt they are ‘not putting their talents to best use’ (The Guardian, October, 2004), he wanted to address society’s lack of understanding of the natural world and to highlight that working together in communities with optimism is as essential as technological solutions when addressing our big environmental challenges such as climate change. The Challenge

The challenge was to create a popular, effective and eventually self-supporting social enterprise that brought about positive change to the community and the environment in which it operated.

- The Response

The Eden Project opened in Easter 2001. Tim Smit and his team persuaded builders to work for free, bankers to agree to risky loans and locals to give up their time and
money to turn the Cornish clay-pit near St Austell into a famous conservation project (The Guardian, October, 2004).

The social enterprise attracted over 6 million visitors in the first 4 years of opening with the project becoming a symbol of sustainability, housing plants on a grand scale and an opportunity to learn about ecology, the environment, conservation and mankind’s battle to maintain and establish livelihoods in harmony with nature (http://www.edenproject.com/).

The term ‘social enterprise’ was not in common currency when Eden was being developed and legal and accounting frameworks did not easily allow for their existence. Gaynor Coley Eden’s MD had to pioneer with the Charity Commission, Millennium Commission and other key stakeholders a framework that allowed the Eden Project Limited as the operating subsidiary of the Trust to not only deliver effective commercial results but also to deliver the charitable activity of public education. This combination of commercial activity with the educational and community mission within one legal entity was groundbreaking and one of the precursors for the Community Interest Companies that we see today.

As an organisation they believe in ‘learning by doing’ and run exhibits, events, workshops and educational programmes that focus on topics such as understanding and protecting nature and sustainability (http://www.edenproject.com/).

Gardens for Life is one such initiative involving over 7,000 children and young people, 120 teachers, with many families and communities in the UK, Africa and India. It involves schools and their communities gardening, growing crops, sharing their experiences and learning about the major issues concerning food (http://www.edenproject.com/). All money raised goes to further the aims of the Trust and is pumped back into new initiatives (http://www.edenproject.com/).

Eden management aim to practice what they preach hiring the majority of employees from the local area, and sourcing 90% of their catering supplies from local businesses, helping to regenerate the local community.

Importantly, the Eden Project has proven itself to be a business success, drawing in 1.2 million people a year, raising £140m and pumping over £800m into the local economy.
What can we learn?

The Eden Project demonstrates how a social enterprise which creates a positive impact on the society and environment it exists within, can regenerate a community, become financially successful and inspire people to become more responsible.

References

The Eden Project www.edenproject.com
Social enterprise coalition www.socialenterprise.org

The Guardian, Society (October 6th, 2004), ‘Shaping the Future’ www.guardian.co.uk