

Reaping the Benefits of Inclusive Growth: Ingredients for Success



Business is a pillar of a thriving society and has an important role to play in building a better Canada. Not only is a thriving business sector important for a strong economy, businesses can also improve the well-being of their workers and communities by making small changes to their operations.

This can include practices such as paying a living wage, hiring for diversity, leveraging supply chains and creating products and services that meet the needs of all Canadians.

Experience shows that those that adopt these practices are also more profitable, productive and competitive. They generate higher quality goods and services, have a more stable labour supply and supply chain, are more innovative, have better access to capital and new markets, are better able to manage risk and benefit from an enhanced reputation.

Creating value for both the business and the community is the heart of inclusive growth. Yet, many companies have yet to adopt inclusive growth practices and reap their benefits for a variety of reasons. Understanding the challenges will help overcome the barriers and open the door to a more inclusive and abundant economy. Here are a few of the ingredients for success.

Navigating the Seven 'C's

- **Clarity** – To be successful, an organization must be clear about both its business and social objectives. Having a common strategic motivation is an important first step in creating an inclusive growth strategy. ⁱ
- **Commitment** – Leadership is critical. When senior leadership is on board and understands the benefits of inclusive growth it is more likely that there will be internal buy-in to inclusive growth ideas and practices. ⁱⁱ
- **Culture** – The culture of an organization affects how open it is to new ideas and change. Creating a learning culture that accepts risk and rewards innovation is an important ingredient for success. Successful strategies also engage people at all levels from across the organization to encourage and support innovation. ⁱⁱⁱ
- **Capacity** – Successful strategies require appropriate internal knowledge and skill to conduct business in innovative ways and unfamiliar contexts. To be successful, an organization must have the knowledge of how to implement new strategies and assess the financial and social return on investment. ^{iv}
- **Clock** – Inclusive growth strategies require a long-term perspective. Successful strategies require time to scale and must also be supported with effective marketing strategies and in-depth market knowledge as well as informed shareholder expectations. ^v
- **Cash** – Because inclusive growth strategies have a longer time horizon, organizations must be able to generate sufficient cash flow and financial return during the transition and accept a degree of risk. ^{vi}
- **Capital** – Adopting innovative practices and bringing them to scale often requires the investment of capital. A supportive regulatory and tax environment coupled with subsidies, grants and loans can be an important support for businesses seeking to adopt inclusive growth practices.

This brief is the third in a series on Business for Inclusive Growth. More information about inclusive practices and their benefits is included in the first two briefs in the series.

- **Business for Inclusive Growth: What's the B.I.G. Idea?** A review of inclusive business strategies that are generating both financial and social value.
- **Doing Better by Being Better** A review of the business benefits reported by organizations that have successfully adopted inclusive strategies

Sources

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