



# **Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs**

*Muhammad Yunus*

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## **Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs**

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Muhammad Yunus, the practical visionary who pioneered microcredit and, with his Grameen Bank, won the 2006 Nobel Peace Prize, has developed a visionary new dimension for capitalism which he calls “social business.” By harnessing the energy of profit-making to the objective of fulfilling human needs, social business creates self-supporting, viable commercial enterprises that generate economic growth even as they produce goods and services that make the world a better place. In this book, Yunus shows how social business has gone from being a theory to an inspiring practice, adopted by leading corporations, entrepreneurs, and social activists across Asia, South America, Europe and the US. He demonstrates how social business transforms lives; offers practical guidance for those who want to create social businesses of their own; explains how public and corporate policies must adapt to make room for the social business model; and shows why social business holds the potential to redeem the failed promise of free-market enterprise.

## **Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs Details**


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## **From Reader Review Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs for online ebook**

### **Glenn Williams says**

Muhummad Yunus, author of 'Banker to the Poor', and founder and managing director of Grameen Bank, presents a compelling case for establishing social businesses that focus on overcoming poverty and other significant issues. He argues that capitalism should serve humanity's pressing needs.

Central to Yunus' beliefs is the position that poverty is not created by poor people. It is created by the system we have built, the institutions we have designed, and the concepts we have formulated. It is an artificial, external imposition on a person.

People in business are often portrayed by capitalism as being one-dimensional whose only mission is to maximize profits. In social business, the investor focuses on helping others without making financial gain. It is a business because it must be self-sustaining.

Two kinds of social business: 1) Type 1 – Investors return all profits to the business 2) Type 2 – a profit-making business owned by poor people (2)

Yunus presents seven core principles of social business for those who are interested in launching a social business:

1. The business objective is to overcome poverty & other social problems
2. The business will attain financial and economic sustainability
3. Investors get back their investment only
4. Profit stays with the business for expansion and improvement
5. The business will be environmentally conscious
6. The workforce gets market wage with better-than-standard working conditions
7. Do it with joy!!!

Yunus provides examples of social business and strategic alliances formed with major corporations and some of the challenges they needed to overcome in order to be effective.

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### **Nityakanuri says**

What I really enjoy about this book is that the author both writes and DOES. So many authors pass judgment on or make claims about the best ways to live and work and conduct oneself; however, Yunus has a history of experiences to validate his thoughts and writing. What's better, those experiences allow him to lay out exactly how to get started. I went to this social entrepreneurship event the other day--Ubuntu Education Fund, Of Rags, and SCHEF all spoke about their various fights against poverty in the third world. They each discussed their different business models and sources of revenue, and shared their thoughts on the buzzword topic of "sustainability." What I took away from them is just that the hardest battle is to just keep going, disappointment after disappointment. Be like the Little Engine that Could. Moreover, if you have an idea, just do SOMETHING to get started. However small or large that initial effort may be, just crossing the hurdle of starting is significant.

In this spirit of supporting organization that "do better" for the world, I actually bought this book on a site called Buyve.com. For every book I purchase on the site, a percentage of the profits gets added to college scholarship funds for local students. Since I live in Philly, my money gets directed to a local Philly high school students, which I think is pretty neat. They have all the books I need, are practically the same price as Amazon, and my money is supporting students in my community, instead of Amazon, which already has enough money if you ask me!

Anyways, I'd recommend checking on Buyve.com and those 3 organizations--Ubuntu, Of Rags, and SCHEF--all 4 are doing amazing things in different spheres.

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### **Alejandro says**

Buen libro. Lleno de propuestas prácticas, consejos y anécdotas sobre como empezar en pequeño para ir hacer creciendo una idea. Quizás sus fundamentos teóricos no están del todo completos y haya que leer Creating a World Without Poverty para tenerlos, pero en cuanto a sus propuestas para acabar con la pobreza es muy bueno.

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### **Zenfira says**

"Social business? Awat la aku nak baca, bukan nak buat bisnes pun."

Alhamdulillah, tulisan penerima Hadiah Nobel ini ada membantu buatkan diri sendiri jadi agak praktikal sedikit. Mula-mula memang skeptik dengan perkataan "business" tu tetapi sebenarnya banyak mutiara pengalaman daripada Grameen (bermaksud kampung) ni untuk diri sendiri.

Satu hal yang saya kagum dan terinspirasi adalah betapa dalam kemelut kepayahan satu masyarakat itu pun, inshaAllah jika kena dengan idea yang tepat dan usaha yang berterusan, satu perubahan bisa dibuat.

Muhammad Yunus juga mengajar saya melalui buku ini, betapa, untuk memulakan satu perubahan, tidak semesti tunggu kesempurnaan - terus buat sahaja selepas beberapa kali analisa dan pengkajian tentang masalah - dan sepanjang usaha itu, setiap silap itu kita baiki dan ditingkatkan untuk beri usaha lebih baik.

Juga, dalam dunia ini, banyak hal birokrasi (yang melecehkan) dan akhirnya satu perkara baik tu tak sampai pun pada end-target kita; melalui buku ini juga saya dapat beberapa idea tentang bagaimana untuk cuba atasi masalah ini.

Alhamdulillah, buku yang meneman saya sepanjang dua hari "terapi".

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### **Niloy says**

A manifesto with excellent potentials. It could change the world. I suspect it will.

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## L says

Random thoughts:

There was quite a bit of overlap with his other books, but I enjoyed it nevertheless. His writing is clear, although slow at times. I'm intrigued of his concept of social businesses, which is very specific, and not broad like the term 'social enterprise'. Social businesses are no-loss, no-dividend companies. Yunus seems adamant on both terms - there should not be any grant support, and there cannot be any promise of returns, however small. And none of the current legal structures are good enough for him - not L3Cs, and not B-corps's idea of changing the terms of incorporation to allow a social purpose.

It's also interesting the advice he offers: - start small, start now! Despite all his experience, he realizes there's no one way to do things - you must learn as you do within the specific context you're working with.

Cross-subsidization was a common theme in many of the examples he brought up. He doesn't really address the potential vulnerabilities of this, though. It'd be interesting to get an update of some of the companies he mentions in 5 or 10 years though.

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## Kathryn says

It has been a number of years since I read this book. I have a business degree and worked in for large companies, including one multi-national. I have also had my own business. So, I have done my share of reading and keeping up with trends (until I became severely disabled).

This book is a must for anyone who wants an understandable yet integral look at how business can work on a local level in Asia. So many of us are aware to some level about the American businesses that have shipped jobs to Asia. However, many people choose not to leave their communities to work in factories or they don't even have the resources to travel for a job in another city even 50 miles away (something that most individuals never consider). Muhammed Yunus understands that and other constraints on the average person that must find a means to provide for their family.

To use a oft quoted wisdom, if the mountain doesn't come to Muhammed, Muhammed goes to the mountain. For many people across the world including Asia, they simply need some guidance and a little cash to get them into a more secure place in the economic system. This clever and compassionate man started Grameen Bank. He started giving women very small loans (we are talking \$50 some more and some even less with very small interest payable over a long term), thus allowing the borrowers to reinvest in the business and provide for their family then he has also required them to attend classes on basic business principals and attend weekly meetings with other borrowers so that they can learn from each other! He has given these women all the tools to be successful. It is been such a success that he has taken it to other places including NYC.

Mr. Yunus is changing the world. He won the Nobel Peace Prize in 2006. I also had the opportunity to see a documentary that was done in the borough of NYC (Bronx?) where he was establishing the same system for women.

While Mr. Yunus has been the face of this project, he has not exclusively pursued this avenue. He has however made a difference in many people's lives and that in itself is laudable. While I have provided a simple overview based on having read it so long ago, it impressed me greatly. I remember reading it and as some point shedding a few tears as a result.

Here is a link to NPR's look at Microloans along with some who question their value.<https://www.npr.org/sections/goatsand...>

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## Linda says

I learned of Muhammad Yunus, the author of Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs, while researching microfinance. Mr. Yunus is a pioneer in the microfinance industry. During the 1970s, he founded Grameen Bank, a microfinance institution in Bangladesh. I was fascinated by the work of Mr. Yunus and wanted to learn more so looked for additional reading material. Building Social Business looked intriguing and it was.

### The Bottom Line

Readers don't need a business degree to understand the concepts shared in Building Social Business. It provides a viable alternative, perhaps more of a companion, to profit driven businesses. I agree with the author, I believe people are both selfish and selfless. Perhaps it is time for some of us to give our selfless side more exercise.

I would recommend Building Social Business to anyone interested in broadening their understanding of what business can achieve and an alternative way of measuring business success.

Mr. Yunus has previously written, Banker To The Poor, and Creating a World Without Poverty, which both look like worthwhile reads.

Read the whole review at [www.greengroundswell.com](http://www.greengroundswell.com)

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## Riku Sayuj says

Is Yunus the only practicing (as in the type who never came across the proverbial armchair yet) nobel laureate in economics? (his field is, if not the nobel)

His ideas and beliefs are rooted in and grown from the experience of running what sounds like hundreds of companies and offshoots and sister concerns - almost all successful, launching an entire industry and redefining one of the oldest businesses of the world.

Yet, in spite of full awareness of the credentials of the author, everything inside a reader militates against the seemingly utopian picture Yunus paints. You want to shout at him: all this is fine but REALITY is different! But the reader forgets - Yunus has seen and succeeded in the stark reality of one of the poorest, most torn landscapes in the world and he is proving that the 'reality' that economics teaches us is a very constrained reality. All the talk of incentives being the fuel of the human growth engine fall flat. But you don't give in, you keep drilling deep holes in every cheerful statement of Yunus throughout the introductory chapters, after all you have years of economic training to back you up.

Finally Yunus gets to the case studies, and you read on with growing astonishment that the very principles outlined earlier, the principles that you had in your economic wisdom so thoroughly cut into pieces, all seem to just work on the ground. You scratch your head and try to figure it out. Then you forget your criticism and

congratulate yourself on your own positive outlook towards humanity. Until next time.

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## Javier Boncompte says

Genius!!

One of the best books I've read. I completely agree with his theoretical framework for Social Business

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## Roberta says

Avevo letto con interesse "Il banchiere dei poveri" e volevo approfondire l'idea del sig. Yunus. Questo libro presenta alcuni progetti concreti di business sociale già in essere e in via di sviluppo. Sono sorpresa di trovare molte multinazionali tra i partner del gruppo Grameen: Danone, Intel, Adidas... Con un po' di cinismo ho pensato che fosse un modo come un altro di lavarsi la coscienza e di darsi un tono buonista sulla piazza internazionale. Anche se non particolarmente esplicitato c'è un senso di praticità nel saggio che mi piace: chi se ne frega in fondo di quali motivazioni spingano Adidas a creare la scarpa da un euro al paio? Purché lo faccia e vada a vantaggio dei poveri del mondo!

So che Yunus è stato spesso contestato. Credo che molta gente non ha capito che si tratta di un imprenditore, non di un santo: ha rinunciato al profitto come fine ultimo, ma non si occupa di pura e semplice carità.

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## Sondra says

The entire concept of this book is so interesting, but the presentation at times just felt boring and difficult to get through. Yunus is at his best when he is describing why social business and how the businesses he's created are helping to eradicate poverty in Bangladesh. Where I struggled is when he's telling how 'easy' it is to create these businesses. During those sections I felt he could of expanded a bit more on to how EXACTLY financially he made these ideas into reality. For instance his discussion about partnering with Veolia Water was fascinating because he clearly describes the problem they were trying to solve, how they went about it, what they learned and how they are continuing to strive to solve these world issues. At other times, for me, he's a bit too simplistic and idealistic. But overall the book has some revolutionary concepts on for profit businesses and how to revolutionize capitalism to end World Poverty. One can dream, and I guess that is what Yunus does successfully. I'm interested in checking out his other book "Banker to the Poor."

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## Laura says

I was really excited when I found the audiobook of this title on the shelf at Half-Price Books. I had an 8 hour drive coming up, and now instead of spending the time scanning for radio stations, I could listen to a book by the awesomely awesome Muhammad Yunus.

I was psyched.

Unfortunately, the book turned out to be quite disappointing. I was expecting something a LOT more

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rigorous from an economist. (Edit: I almost said, "from a guy who won the Nobel Prize in Economics," but then I looked it up and it turns out he actually won the Nobel PEACE Prize. Which makes a lot more sense now.) The book is just a lot of fluff. And not just fluff, but crazy utopian fluff that ignores even the most basic economics.

Apparently, capitalism is great, but its one flaw is that it treats people as if they are single-mindedly greedy and ignores their compassionate tendencies. Wait, that's a flaw? I thought that was, you know, the entire underlying principle of capitalism. "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest" and all that. But so it is, according to Yunus. And he has the solution: reform capitalism to include compassionate motivations. This also makes no sense. Capitalism is a theory that seeks to explain the behavior of people and businesses...you can't "reform" the theory of capitalism any more than you can reform the theory of gravity. It either accurately predicts outcomes, or it doesn't.

In any case, Yunus's main idea is to develop organizations that function just as profit-maximizing businesses, only they seek to address societal ills and invest all "profit" into further expanding the service. For example, he discusses an initiative between his Grameen Bank and Veolia Water which is working to sell clean drinking water to a Bangladeshi village in such a way that its revenues balance all its costs. Any surplus they make will first pay back the initial investment (with no interest or profit); then the rest will be used to begin cleaning the drinking water the next village over, and so on.

It's an awesome idea, and one day I actually hope to work on something like that, but the book does nothing back up the theory. What entices people to invest in social business? Answer: the compassion motivation in people is just as strong as the money-making motivation, if only they had a way to express it. (Yeah, right.) What will allow people to invest in social business in the most effective way, without any price signals? Answer: traders on the floor of the social business stock market will make their best judgments, and the aggregate of their guesses will be an accurate representation of which social businesses are doing the most good. But it's forbidden to make money on a social business, so all of these traders are just spending their entire lives researching the social indicators of social businesses in every different imaginable field, analyzing numbers of people served with clean water to numbers of people served with proper nutrition and comparing them to determine which is more "valuable" just so they can make money to...invest in more social businesses. Oh, and we will live in a utopia where your social status will depend on how "effective" your social businesses are, and government welfare programs will no longer exist because nothing bad will ever happen to anyone.

I am...baffled. And disappointed. There's an interesting middle part where he talks about the examples of social businesses he has started through Grameen, and those are worth reading to hear about the challenges they faced and overcame. I just wish there was more to back this up as a truly viable method of poverty reduction other than wishful thinking. I am sure the social businesses that do exist are awesome, and I'm sure people will start more, and in general, I am fully behind the concept. I just don't see it as the earth-shattering game-changer he wants it to be without a much more solid foundation.

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## Wade Brooks says

Yunus is the master of the BHOG (Big Harry Audacious Goal) and I've got to say he's done a lot, from winning the Nobel Peace Prize for the development of microcredit to growing Grameen Bank - lending over 9 billion in credit to the poor since its inception. If this book was written by anyone besides Yunus I would have dismissed it as a pipe dream but he's making it happen. The long term goal: Eradicate poverty, all of it, forever.

## Lino's Version says

Deals with some of the most pressing issues facing society today: how do we serve the people in a way that is affordable for the people.

Social business can remove government from much of its ineffective middle man role.

My notes:

Building Social Business

Muhammad Yunus

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Xi: They'll be job givers, not job seekers.

Xii: Poverty is not created by poor people. It is created the systems we have built, the institutions we have designed, and the concepts we have formulated...

Xiii: That poverty is created not by poor people but by their circumstances tells us something else important – something about the potential of human beings themselves.

When you plant the best seed from the tallest tree in a tiny flowerpot, you get a replica of the tallest tree, only inches tall.

Xv: In the present interpretation of capitalism, human beings engaged in business are portrayed as one-dimensional being whose only mission is to maximize profit.

No doubt humans are selfish beings, but they are selfless beings, too.

Xvii: Because the company is dedicated entirely to the social cause, the whole idea of making personal profit is removed from the business.

IN the USA alone the annual revenues of non-profit organizations in one recent year amounted to over \$1.1 trillion!

Xxi: But the investment decision made by a social business is not based on the potential profit. It is based on the social cause. If that cause happens to be creating employment, it will go ahead if it is satisfied that the business can sustain itself.

Xxiv: The world of social business will benefit not only the poor but all of humanity.

Chapter 1: Why Social Business

Page 1: A social business is outside the profit-seeking world. Its goal is to solve a social problem by using business methods, including the creation and sale of products or services.

Seven principles of social business

1. The business objective is to overcome poverty, or one or more problems (such as education, health, technology access and environment) that threaten people and society – not to maximize profit.
2. The company will attain financial and economic sustainability
3. Investors get back only their investment amount. No dividend is given beyond the return of the original investment.
4. When investment amount is paid back, profits stays with the company for expansion and improvement.
5. The company will be environmentally conscious
6. The workforce gets market wages with better-than-standard working conditions.
7. Do it with joy.

5: Excellent use of foundation monies to establish social businesses with the organization's sphere of interest.

7: Let's try to use our creativity to unlock the hidden potential that almost everyone has been given by God.

9: Corporate Social Responsibility has no real relation to social business

10: The Sun Shines for All – solar electricity to rural Brazilians...

12: Some people ask, why exclude the idea of combining the power of the profit principle with the goal of social benefit – or “doing well by doing good,” as it is sometimes phrased?

New type of business...

22: Social business offers an option to investors

26: Earn a social MBA degree

28: Today's world is not the same as the world in which our ancestors lived,.

We don't have plagues

We don't have slavery

We don't have monarchy

We don't have apartheid

We have women voting, free markets flourishing in once closed societies, people around the world demoing human rights....

Change does happen and that change is shaped by us.

EN: perhaps in the western world and parts elsewhere...but there is still a long way to go....

29: Social business helps the governments share their burden of responsibilities for social change with the civil society.

Chapter 2: Growing Pains: Lessons in Adaptation and Change from the Story of Grameen Danone

49: Lessons from Three Tumultuous Years

A social business must be at least as well-managed as any profit-maximizing business

EN: That means subject to growth or failure

50: Lessons learned

Be flexible yet never lose sight of your central goal.

Immerse yourself in the culture of the people you intend to serve

Use help from allies wherever you may find them

Take advantage of different opportunities in different markets

Question your own assumptions

If you are building a social business you should periodically look back at the assumptions you made – the alternatives you ruled out or the choices you felt you had to make – and consider whether they are still valid.

Chapter 3: Launching a Social Business

57: Desire to make the world a better place

60: Make it a success...so you feel good about it...

67: After all, waste is a valuable commodity. It can be converted into electricity, fertilizer, biofuel for cooking and heating, gas for powering vehicles – there are many possibilities.

68: Building a social business around people

Improving production and access to markets

Providing employment

Helping consumers

Enabling entrepreneurship

Providing stability

72: Applying technology to human needs

Increasing access to infrastructure

Adapting technology used by the wealthy to the needs of the poor

Enhancing sustainability and the environment through technological solutions

74: Testing the model

Creatively modifying an existing model

78: An alternative model: The social business owned by the poor

EN: Mutual societies

79: working with partners

Another social business

An NGO or charity

An investor

A technology partner

A production partner

A human resource partner

A distribution partner

A monitoring partner

86: Attracting talent

88: planning your social business

What product or service will I offer

How will I produce this product or service

Who are my customers

How many are there

How do they make their buying decisions

How can I find out what price they are willing to pay for the product or service I will offer?

What is my competition

What methods of marketing, distribution, advertising, selling and promoting my product or service will I use?

What are the initial capital expenses I must meet in order to launch the business?

What are the monthly expenses I can expect (rent, payroll, employee benefits, utilities, supplies, transportations and so on)?

How will my expenses change as my volume of business grows?

What revenue from sales can I realistically expect during my first month in business? My first six months?

My first year? My first three years?

Based on the figures presented above, when can I expect to reach the break-even point?

Over what time period can I expect to repay the initial capital used to launch the business?

Some additional questions include:

What is my social objective: Whom do I expect to help with my social business?

What social benefits do I intend to provide?

How will the intended beneficiaries of my business participate in planning and shaping the business?

How will the impact of my social business be measured?

What social goals do I hope to achieve in my first six months? 1 year, 3 years...

If my social business is successful, how can it be replicated or expanded?

Are there additional social benefits that can be added to the package of offerings I will create?

A journey of a thousand miles....

Chapter 4: To cure one child

Unless we prepare step by step, 'thinking big' can be a recipe for disaster.

Chapter 5: Legal and Financial Frameworks for Social Business

Creating a business plan to attract investors

Recruiting an Investor Network

Various Legal structures for Social business

For profit

Non profit

Emerging alternative structures

Chapter 6: Grameen Veolia Water: A social R&D Project for Addressing the World Water Crisis

Chapter 7: Creating a Global Infrastructure for Social Business

Many of them have come to see social business as a valuable new tool for promoting global change in a sustainable, scalable way.

Them= world of non-profits, NGOs, foundations, and charities

Page 155: The Grameen Creative Labs

159: University centres for exploring and nurturing social business

Social Investment Funds

168: The next step – a social stock market

Chapter 8: Glimpses of Tomorrow

More social businesses are on the way

174: Technology and social business

176: Digital solutions for the World's Poor

179: Other health- related social business collaborations

EN: other examples

Chapter 9: The end of Poverty

The time is here

204: A door to a New World

A world without a single person living in poverty

A world whose oceans, lakes, streams and atmosphere are free of pollution

A world where no child goes to sleep hungry

A world where no one dies a premature death from an avoidable illness

A world where wars are a thing of the past

A world where people can travel freely across borders

A world where no one is illiterate and everyone has easy access to education through the application of new miracle technology

A world where the riches of global culture are available to all