

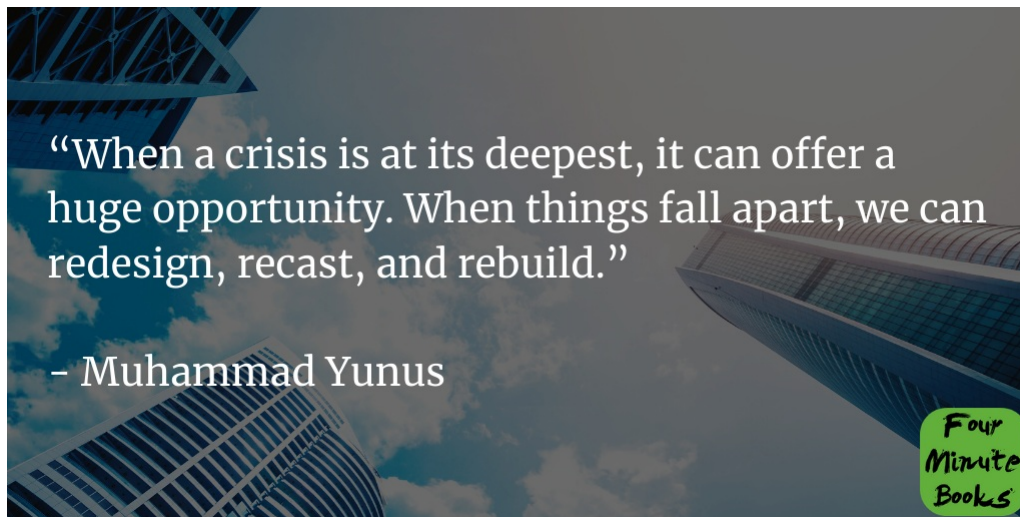
Building Social Business Summary

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1-Sentence-Summary: *Building Social Business* will teach you how to change the world for the better by starting a company that does good for mankind, giving you all the answers about how they work and how to begin one of your own.

Read in: 4 minutes

Favorite quote from the author:



Are you an entrepreneur that also wants to do good in the world, rather than just get rich? Many people might say that you should start a non-profit or NGO. But what if you don't want to run on donations? What if you want to have a business that is profitable on its own *and* helps those in need?

The answer is a social business, which aims to help solve social, environmental, or economic problems all while being self-sustaining. Sound too good to be true? Professor of economics Muhammad Yunis founded the extremely successful Grameen Bank in Bangladesh that gives small loans to the poor.

In his book, *Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs*, Yunis guides us on how we too can run a business that gives back to the community. He shares his new vision for capitalism that will change the world by benefiting everyone instead of just a few.

Here are 3 valuable lessons I took away from this book:

1. Owning a social business isn't about gaining tons of wealth, it's about solving social issues.

2. Start your social business by finding a problem you think you can fix in society and construct a sound business plan.
3. Capitalism is good, but it's not the end-all because it has left many people very poor while others are very wealthy.

Get ready to change the world for the better, because you're about to learn how to do it!

Lesson 1: Social Business is more about solving problems of today than becoming rich.

The biggest distinction between a social business and a normal one is that it isn't about getting as rich as possible. Normally, a company will pay investors as it becomes very profitable. **But instead, a social business will pay back investors only what they put in and the rest of the extra profit goes back into the company, helping it reach its social goal.**

Yunis makes sure to separate it from some other types of business, like non-profits and NGOs. While they do a lot of good in the world, neither are self-sustaining because non-profits need grants and NGOs run by philanthropic donation. The goal of social business is to still provide a valuable product or service that will make a profit, but give that profit to a cause instead of investors.

Yunis classifies them into two types. In type I, a company makes a profit and does not hand dividends back to investors on a regular basis. Type II is also like a typical for-profit company, but instead of being owned by executives, it is owned by poor people. Doing this allows the profits of the company to go toward achieving the goal of helping poverty.

An example of this is Grameen Bank of Bangladesh. It is run by the poor people and helps them by providing a job, and it helps the poor in the community also by allowing them to take out loans and start their own small businesses that they wouldn't be able to before.

Lesson 2: To start your own social business, find a problem in society and make a good business plan.

What most people will tell you to do when you start a business is to find a problem and seek to fix it with your product or service. Your social business should do the same, but it should be looking to solve a social issue in the world today.

You can ask yourself about what is needed in your community or what bothers you most about the world today. Then ask yourself if the skills and talents you have can help solve this problem.

Yunis says start simply. You may have many things in the world you want to fix but pick one that you have the best shot at helping in, based on your experience.

Once you have an idea, it's time to get investors. Come up with a reasonable and detailed plan for the next five years of the company, including plans for normal ups and downs.

Your budget should show revenue that covers all costs and a rainy day. **The bottom line is that your company should be modeled after your average successful for-profit company because you want it to be self-sustaining.**

Lesson 3: Capitalism the way we have it is incomplete because it leaves people behind.

After the emergence of new capitalism following World War II, people were much better off financially.

But improvement has not been evenly spread across the world. In Europe and North America, millions saw a significant improvement in their quality of life and wealth. Unfortunately, more people were left behind and impoverished.

To address the gap in wealth, the United Nations came up with the Millennium Development Goals, which had a goal to end world poverty. There have been great improvements from this, but the numbers of those in poverty around the world are just too high.

This is where social businesses are so essential. They don't discard the importance of capitalism and try to replace it. They simply provide room to improve upon it and fill in the gaps.

Yunis encourages us to see the great untapped potential at the bottom of the pyramid. If we can help those stuck at the bottom, the world will become a better place for everyone.

Building Social Business Review

What an exciting prospect! I love the principles that *Building Social Business* teaches and I'm excited about the idea of creating my own someday. I firmly believe that the true way to happiness in life is first securing your own well-being, and then focusing on uplifting others, just like this book teaches how to do.

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Who would I recommend the Building Social Business summary to?

The 56-year-old CEO of a for-profit company that feels unfulfilled and wants to find ways to make a bigger impact for good in the world, the 37-year-old politician that is looking for ways they can help businesses make a positive difference, and anyone that wants to make the world a better place.