



NatWest

ACCOUNTING FOR SUSTAINABILITY

ICAEW

# 2012 WINNER CASE STUDY

## LESSONS IN DRIVING BUSINESS SUSTAINABILITY

### CREATING AN EXPLOSION OF GOOD WORKS FROM OLD BANGERS

Revolutionary 'donate your car for scrap' scheme that recycles the scrap proceeds to the donor's charity of choice.

#### THE BUSINESS

Giveacar is a not-for-profit social enterprise that disposes of unwanted cars through scrap or auction and donates the proceeds of the disposal to charity. It has already raised close to £1m for charitable causes. Giveacar demonstrates a highly innovative and flexible business model that turns waste into value for social purposes and helps the environment in the process. With an excellent understanding of the market and its place in it, Giveacar has managed to work successfully across two very different industries. Trading for just two years, Giveacar's strategy is already being replicated by the competition.

#### THE IDEA

The idea came to Tom Chance, the founder of the business, while he was in his last year at university. He had paid part of his way through university by buying, doing up and selling second-hand cars. When he was at the point of disposing of a car, thinking of the recycling option and helping a charity by so doing, the idea came to him. Disposing of a car was time-consuming. Charities recycled almost everything, but not cars. He did some research and discovered that in the US not-for-profits existed to do this. The idea of Giveacar was born.

#### THE INNOVATION

The business could have been started as an ordinary company, carrying out the scrap work for profit and then donating a portion to charity. The problem would be crossing the divide between two very different industries – scrap and charity. If the business had been profit-making it would probably have lost charity support and also have been in direct competition with other car scrappage schemes. The sustainability and charity arguments were more appealing and won out. Giveacar collects the car from the donor's home for free, sells it at auction or disposes of it at an authorised



centre, and donates the profit to a charity of the car owner's choice. Using this model gave the company its unique place in the UK. 'It has been sustainable from the start', says Giveacar Manager, Alex Harvey. The company takes a straight administration fee of 25% and the rest goes to charity. 'It is

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such a simple concept', says Harvey. 'For every £10, Giveacar takes £2.50 and the charity gets £7.50. That's where the magic lies'.

#### FINANCE FUNCTION LEADERSHIP

The finance function had to steer a careful path between the scrap industry and the charitable sector. Trust and brand image were major concerns. At the outset, convincing charities that the scheme was not a scam was almost as hard a job as convincing salvage collectors to waive any collection fees. By emphasising the not-for-profit nature of the business, it was able to gain support from both of them. This means, for example, that no one worries that the cars are not collected by specialist vehicles. At the outset, the administration fee was set at 20%, but soon moved to 25% to provide stability. This provides the company with a sustainable model to work from. 'We know we can keep it

running without any help from anybody else', says Harvey. 'The challenge in being sustainable is making it grow'. The simplicity of the model is what helps. The company approaches councils and local charities and bids for contracts. It has also been born at a fortuitous time. Charities are having a tougher time in the recession and so a new idea, like Giveacar, has appealed as a new and cost-free way of producing donations. Efforts to ensure a high prominence on internet search engines to bring the charity to the notice of people wanting to scrap unwanted vehicles have paid off.



### POSITIVE LONG-TERM IMPACT

Giveacar was established in 2010 and has already raised close to £1m. The scheme has had a significant impact on the charities it benefits. The social impact has been particularly appreciated by smaller charities for which the average donation of £100 can make a huge difference. The donations that have come through the scheme previously didn't exist.

All the ideas for future growth are being driven by environmental issues. A scheme that will enable donors to have trees planted in UK cities is being planned. Donors could subsequently visit 'their' trees.

The company cites government figures which show that across the previous decade more than a million cars were abandoned across the UK. Apart from the obvious downside of this general degradation, the figures show that harmful pollutants leaked from these cars into the earth and into the waste and sewage systems. The Giveacar scheme aims to reduce this social scourge by effectively providing a free removal service.

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The scheme has directly helped causes relating to children, animals, medical research and care, development aid and cultural projects.

### LESSONS FROM THE CASE STUDY

'We are a good example for those small organisations that might feel the Finance for the Future Awards are only for larger organisations', says Harvey. 'The discussions and assessment visits which came as part of the Awards process were very helpful. We got a lot out of it'.

With a business model that was new to most people encountering the charity, Giveacar found that the most

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effective way of bringing people onside was simply to spend more face time with them, talking it through, and by delivering results. Charities started to see donations flood in and salvage partners saw more vehicles coming through their yards.

