

Social Good Rating Agency

An agency that rates all businesses with a Social Good rating score to encourage companies to do the right thing.

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Description

Companies do whatever meets their bottomline. They are often faced with the conundrum of which their decisions are made to profit the company but wholistic considerations are never met. A Social Good Rating Agency operates similar to a credit rating agency like Equifax or TransUnion but measures Social Good impact for all public companies.

Problem

Companies are frequently faced with the need to satisfy their investors and investors are concerned with the Return On Investment. There is a lack of social responsibility in this model. It's not reasonable to expect every investor to understand all the implications of every decision by companies they have invested in as they may not be clear. In many cases, there is no way for an investor to know if their investment is providing a social good for society or could be a detriment to the greater good of society.

Solution

The Social Good Rating agency establishes and maintains a list of all the possible rankings along with the respective weights for each. Utilizing these metrics and leverage actuarial sciences to provide a Social Good Rating system for all publicly traded companies. There is a overall score and sub scores based on each category. The score is another datapoint that investors could use to make their investments responsibly.

User or Customer Base

Many people want to do the right thing. The Social Good Rating system could be utilized by investors, governments, competitors, etc.

Competition

Some countries such as Singapore are experimenting with Social Good Stock Exchanges but the first step to getting to the exchange level would be to establish a Rating System that would be unbiased and publicly acceptable which is currently not available from our research.

Unique Value Proposition

There are currently no examples of this in practice so it comes as an advantage to develop the rating systems that are unbiased and transparent. Once accepted, they will serve as basis for standardization.

Channels

Once the rating system is designed and implemented it could be put on Offering Statements for future raises. Funds could use the scores as a baselines for the social good their funds invest in and so on.

Cost Structure

The upfront costs of designing and implementing the rating system would be quite high, however over time the cost would be reduced as the data points could be adjusted based on effectiveness. The evaluation of each public company on these set standards could be done through AI to lower potential costs and then verified by a human.

Revenue

Ideally the social good rating agency would a not for profit which would reduce their tax liabilities and could be potentially funded by grants to ensure that there are no biases that could come into play from for-profit revenue generating entities.

Success Metrics

The first success metric is to determine what categories of Social Good would be tracked and weighing them respectively. Running the data through some existing companies to see how well it fairs.