

## Presentation of the Essl Social Prize 2011

### Speech by Martin Essl

Ladies and gentlemen,

Dear prize winners, esteemed guests, dear friends!

Today is the 26th of March, 2011.

Thus, the year is not even three months old and already it will go down in world history with two epochal events:

- first, the political and social transformations in North Africa and the Arab countries, and the war in Libya, whose outcome we still do not know;
- second, one of the most devastating earthquakes since anyone can remember and the tsunami following it in Japan. It is precisely two weeks ago that the first images and news of this natural catastrophe reached us, showing us how weak we are before the power of creation. As if that suffering were not enough, on top of it there is a smouldering risk of a tremendous nuclear catastrophe. We do not know what the situation is like there, and we can do nothing about it other than sympathise with the people affected.

In my greeting I spoke of joy and celebration – now we have asked ourselves whether this is permissible in light of these events. And we have concluded that the Essl Social Prize has its place, especially here and at this time. A time in which the catastrophes and crises are never-ending and becoming dominant in our attitude toward life.

The Essl Social Prize is directed at the people who do not look away in the event of such catastrophes and crisis situations, but play an active role in putting things right in the world again a little for those suffering. It is not always events on the scale of the earthquake in Japan and its consequences, but often quiet catastrophes that occur slowly and every day. But in both cases the consequences for the people affected are the same – physical and emotional suffering.

Can you still remember the images of the famine in Ethiopia that went around the world in the middle of the eighties? I had a similar feeling of oppression then as I have had in the last two weeks.

Karlheinz Böhm was already active in Ethiopia at that time. He confronted the difficult local situation and, step by step, together with the people in Ethiopia, implemented models and projects to fight hunger and poverty. He did not get discouraged, and today he and his wife and the organisation “Menschen für Menschen” can look back at enormous achievements and progress.

They have created a prospect for the future for more than 4.5 m people in a region that takes up two thirds of Austria. Isn't it incredible what can result from the initiative of a single person?

Almaz and Karlheinz Böhm do not see their work as complete, rather they intend to improve the situation for local people further with new and innovative projects. It is for this very reason that we have decided to award them the Essl Social Prize 2011.

This year the prize is already being awarded for the fourth time and in interviews and conversations I am still asked “Why do you do this?”

If I compare this to my activity as a businessman, in the last twelve years that I have been the CEO of bauMax, I have not been asked about the “why” of my business commitment a single time.

Social commitment is obviously unusual in our society and this is why the reasons behind it are questioned more. Based on my Christian conviction and my sense of social responsibility, I cannot really understand this.

As you know, I grew up in an entrepreneurial family strongly anchored in the Christian faith and Protestant ethics. Entrepreneurship and social responsibility are inseparably linked because my parents were always a living example of this for us. I learned to think in these parameters already as a child.

When today, in addition to my professional activity, I also advocate for social concerns, this is basically the logical continuation of that which my parents began. Through their example they taught me and therefore also my wife and our children to conceive of economic success, personal abilities and one’s own well-being as a duty for service to society.

They also showed us that wealth is not to be understood in the passive sense as material prosperity, but that wealth calls upon you to actively shape life in family, business and society.

Today we know that the upbringing and conviction they provided us along the way are a privilege that cannot be appreciated enough. For that I can only say thank you.

As a second source of motivation, I would like to mention our rooting in the Christian faith. My wife and I are professed Christians because we view the commandment of charity as the essential foundation of human coexistence. Spirituality and the personal relationship to God have been an important part of our lives for many years. They help us relativise our experiences and desires and to turn responsible living into a standard. This brings us right back to the occasion of this evening.

Ladies and gentlemen,  
with the Essl Social Prize we pursue several aims:

First, we want to honour social entrepreneurs and shift the attention away from us to them and their social concerns. Compared to the so-called superstars of this world, they do an incredible thing, for the most part in silence and away from the camera. If the motto "only bad news is good news" is true, people and organisations that do good in the truest sense of the word are afforded too little space in the media.

I am against the good in our society being seen as boring and thus ignored. With the Essl Social Prize we want to make every effort to spread the good news from the social sphere and to identify positive examples.

At the same time, with the prize money we aim to fund social innovations and thus to help as many people as possible.

Why do we place the focus here on social innovations? In 1960 physician Peter Madawar drew a truly compelling comparison regarding innovations:

“The human mind treats a new idea the same way the human immune system treats a strange protein: it rejects it.”

An astonishing statement, if we consider our entire welfare is based on the principle of innovation. The process of rejection only seems to last until someone is able to personally profit from the new idea. Entrepreneurial interests and the pursuit of profit thus enable innovations to be introduced in the area of technology and business, despite the fact that they are associated with considerable capital expense and risk to success. In the social sphere, however, the picture is different.

As an example, let's take an innovation we are all familiar with, the mobile phone:

It took less than twenty years for it to spread into the most remote regions of the world. In the Washa Catchment, the region in Ethiopia in which the winning project for 2011 is being implemented, there is no water, no electricity, no roads, scarcely any healthcare, and just a couple of schools. But the first mobile phone masts are already present and mobile telephoning will soon be possible there. Now this raises the question: “Why are mobile phone masts being built before water pipes?” Apparently because more money can be made in the short term with mobile phone masts than water

pipes. But for the population in Ethiopia water pipes are a more important innovation than mobile telephoning at the moment, and one with which exciting social projects could also be realised.

If water pipes are less attractive for investors than mobile phone masts, to what extent is this even more true for innovations related to marginal groups of the population – such as people in poverty or people with disabilities?

The social entrepreneurs of this world show us that there are countless exciting and valuable approaches to solutions in these areas, but seldom are these social ideas financed through profit-oriented companies. In their basic understanding, investors and lenders are compelled to orient themselves toward monetary chances for success, leaving just two financing options for the social sphere: public subsidies and private donations.

Innovative models are left to the wayside. Why? Because the risk to success is high and social organisations have to account for their use of the funds to both the state and private donors

How is a policymaker supposed to justify himself to taxpayers when he invests the public funds entrusted to him in projects that are still susceptible to error because of too little experience and then still fail to bring the anticipated effect?

How would you, ladies and gentlemen, react when an organisation reports to you that the money you donated flowed into a project that was unfortunately still unsuccessful?

I would like to draw a comparison from economic reality: the most successful entrepreneurs in this world stand out by continually reinventing themselves.

Steven Jobs of Apple was convinced of his idea of being able to reinvent the mobile phone market. He failed twice until on the third try he landed a global success with the iPhone.

Or another example. We have all long been used to and accept the fact that the first models of a technical innovation exhibit problems in their infancy. To put it quite colloquially, we say the computer is still “buggy”.

But what I’m illustrating here so simply has profound effects on our society, which finds itself in a divisive situation. On the one hand, our lives are shaped by permanent changes and innovations; on the other hand, the social system seems unable to keep pace with this process, because old models and institutions are becoming entrenched due to the lack of progress.

I’m talking about a block in reform, which unfortunately renders the saying from John Maynard Keynes true: “The difficulty lies not in the new ideas, but in escaping the old ones”.

Social innovations help preserve the glue of society. They afford civil society a leading role in dealing with social issues and they create better living conditions for many people.

The Essl Social Prize and the activities of the Essl Foundation are applied in this very environment. We want to help unblock the reform mentioned and to

get it flowing again, and for this reason the prize money is used for a social innovation.

With this year's winning project it's the link between a solar energy concept and the development of a new region in Ethiopia.

More than 10,000 people will profit from it. My daughter Isabella and I travelled the region together with Almaz Böhm and we were deeply disturbed by the harsh conditions in which the people there live. On our journey back we were so humbled. I learned to appreciate Almaz and Karlheinz Böhm's commitment all the more.

With the transfer of management of "Menschen für Menschen" to Almaz Böhm three years ago, the organisation will also find continuity in the future, which is very rare among social enterprises. As the representative of a family-run enterprise which thinks in generations, I find a special quality in this agenda for the future that bears testimony to sustained development. For me the Böhm family is a good example that tradition and innovation are not mutually exclusive in the social sphere either, but perfectly complement one another to the advantage of many.

For the conclusion of my speech, it is especially important to me to thank all of the people who have supported my family and I in our commitment. These are, first, our friends and business partners; many of them are here among you today. For me it is always a delight to exchange ideas with you in discussions and to receive groundbreaking suggestions.

In particular, I would like to thank all of our employees, at bauMax, at Schömer and at the Essl Foundation. In addition to the economic challenges, they all carry our social commitment out into the world every day, be it by supporting of our activity on behalf of people with disabilities in the scope of the bauMax Humanity Programme or through numerous private initiatives they take in the spirit of our philosophy. We all gain in inner strength and develop socially as a result.

Finally, my profound thanks go to the members of the nomination committee, which formed today. Today we reorganised the procedure for the selection and presentation of the prize and I am particularly pleased that we were able to obtain another four internationally recognised social experts, in addition to the four previous prize winners. These are Prof. Clemens Sedmak with professorships for poverty research in London and Salzburg, Prof. Thomas Druyen with a professorship for research on wealth in Vienna, and the chairman of European venture philanthropy, Serge Raicher, and chief executive des European Foundation Center, Gerry Salole.

Last but not least, I extend my thanks to all of the previous prize winners. Together with this year's winner, they are the one and only reason why we are here today. Without their inner resolve to embark uncompromisingly on a rigorous and long journey and to take action where many no longer see a way, there would be no Essl Social Prize. If visually I were to compare it with a vessel, the prize winners are the precious contents without which the vessel would become meaningless:

Father Georg Sporschill, Tiborne Szekerez, Bill Drayton, Almaz and Karlheinz Böhm

Thank you

