

Second chances

Nobody believed AfB founder and CEO Paul Cvilak could make a profit employing disabled people to refurbish IT hardware. Today, the company is not only making a profit, it's raking in awards for its sustainable concept.

words Rhea Wessel_ photography Oliver Tjaden



Paul Cvilak, CEO and founder of AfB

knew that his idea was a win-win situation for large firms and his budding enterprise alike. He just needed funding to expand. Companies were already donating their old IT hardware in exchange for the service of having their data deleted securely. Cvilak would turn around and refurbish the hardware and then sell it online and in shops.

Founded in 2004, AfB (which is an abbreviation of "Work for People with Disabilities" in German) is now considered a model for other social enterprises. At the beginning, Cvilak approached the project from a purely business perspective, giving little thought to the concept of a social enterprise. But when he called the local employment office looking for employees, he was told that several people with disabilities were looking for jobs. Cvilak said he'd see if there was a fit, and sure enough, the four people he hired to get the company off the ground all had disabilities.

Having had little contact with people with disabilities before, Cvilak quickly realized that many people labeled with a disability lacked good job opportunities, despite their talent and work ethic.

"It quickly became my dream to build an IT company that was competitive on the market, but also pursued social goals at the same time," said Cvilak. "We were the first social enterprise in the IT sector in Europe."

The AfB model

Cvilak's hunch was right. Many companies were more than willing to give their old IT hardware to AfB so data could be deleted through a secure

200,000
Number of appliances AfB processes each year

20%-25%
Rate at which the business is growing each year



Desktop computer cases are stacked on rollers at the AfB warehouse near Karlsruhe.

"We were the first social enterprise in the IT sector in Europe."

procedure recognized by the International Organization for Standardization. The companies donating their hardware benefit from keeping their IT waste out of landfills, and they support a social enterprise that is self-sustaining – both things that stakeholders like to hear about.

Starting with a staff of just four in 2004, AfB has since grown to 200 employees and processes more than 200,000 appliances each year. About half of the employees have a mental or physical disability.

"At hiring time, we don't focus on what type of disability the candidate has," Cvilak explains. "We look at the jobs

we have available. We need people in the warehouse with different skills than in the front office. Sometimes the person's disability is not so obvious. For us, the main point is that the person does a good job."

Cvilak, 56, recites the history and ethos of the business as he tours the AfB warehouse near Karlsruhe. He is dressed sharply in suit and tie, wearing silver-rimmed glasses. It's a bright sunny day in southern Germany, and people on the shop floor are visibly in a good mood.

High racks are stacked floor to ceiling with hard drives, monitors and laptops, and computers seem to be oozing out of the shelves. A wire container keeps hundreds of used keyboards from spilling on to the floor. Behind Cvilak, a man in a wheelchair works on reassembling a laptop.

After a tour of the warehouse and nearby retail shop, visitors get a better sense of the large scale of the work that AfB does. According to Cvilak, sales were US\$9.6m (for IT hardware and services) in 2012 and are growing by 20%-25% per year. So the concept is proving popular. ▶

Rapid growth

- 2004 AfB is founded in Ettlingen.
- 2007 Three new branches are opened in Stuttgart, Nuremberg and Cologne.
- 2008 A fifth branch opens in Hanover and AfB takes over not-for-profit business Comtrade GmbH.
- 2009 New branches open in Unna and Essen, bringing the total number of branches to eight.
- 2010 The first branch outside Germany opens in Vienna.
- 2011 AfB introduces a three-year vocational training course for employees.
- 2012 AfB receives hardware from Spain and Italy for the first time and opens its 10th branch in Berlin.



AfB employs a workforce of more than 200, half of whom have a mental or physical disability.

“Though we have a socially responsible focus, we do not have to worry about funding like charities do.”

named as a finalist for the EY Germany Entrepreneur Of The Year Award in 2013. Since 2012, AfB has received hardware from Spain and Italy and opened its 10th branch in Berlin. Modest about his success, Cvilak has been keen to give back to those who have helped build the company from the start: his workers.

In 2011, AfB introduced a three-year vocational training course for its employees, awarding them with a recognized qualification as a specialist in practical IT systems. Training is carried out in three of the company's 11 branches, and Cvilak hopes to expand the initiative throughout Germany.

The company has also partnered with other German social enterprises, Mobiles Lernen gemeinnützige and Social Lease, to launch Initiative 500 – a not-for-profit limited company with the aim of creating 500 jobs for the disabled in the IT industry.

Meanwhile, AfB isn't losing time on its plans to expand across Europe. Already in France, Austria and Switzerland, the company recently received an offer to set up in Spain as well. "I don't think any other nonprofit social enterprise is expanding across Europe right now," Cvilak says.

AfB is also expanding its portfolio of services, establishing remote IT training and support for users that will be performed by disabled people within the same country (as opposed to offshore). Seniors and others who struggle with operating their computers and mobile phones can call in and receive basic instruction without worrying about receiving a huge bill.

Cvilak says: "We're completely employee-owned, and we run our business like any other. Though we have a socially responsible focus, we do not have to worry about funding like charities do. It really feels like we're a family-owned company – even though we're not."

One thing is clear – Cvilak has created a unique, sustainable business that champions both ecological and social values; furthermore, it continues to grow. ■



► Opportunity in adversity

In the early years of the company, receiving little funding from banks, Cvilak invested his own money. He hit a low point when a couple of large firms said they wanted to be paid for the hardware they donated.

"I began to think the business model might not work after all," he says.

Then AfB faced complications with the German officials who work on behalf of disabled people. They were unaccustomed to a private enterprise being the operator of a nonprofit organization for the benefit of disabled people. In their experience, that job was to be done by welfare or community organizations. Officials were worried about what would happen if AfB's business failed.

For Cvilak, living through such moments and dealing with insecurities, both inside and outside the company, were part of the process of getting established.

"For me, the lesson was that you've got to believe in your own ideas and not be intimidated by the doubt that others show," he says. "You've got to proceed using the principles of business and stick to your vision. It takes a while."

Indeed, in time and through Cvilak's persistence, a number of high-profile, international businesses from various industries gradually signed up as partners when they were able to see that AfB allowed them to execute

part of their corporate social responsibility more easily.

Once word of AfB's services began to spread, the company grew at an incredible rate. By the end of 2007, AfB had opened an additional four branches. By 2009, the number of branches had doubled, and in 2010, the first branch outside Germany opened in Vienna, Austria.

Contributing to this rapid growth and success was the growing emphasis on corporate social responsibility and green IT. Luckily for AfB, the company had strong credentials in both categories and enjoyed press coverage and attention for the work it was already doing.

It culminated in AfB winning the German Sustainability Award in 2012 in the mid-sized category and Cvilak being

Viewpoint

Sustaining that competitive edge

Juan Costa Climent, Global Leader Climate Change and Sustainability Services, EY



As sustainability, environmental, social and governance (ESG) regulations become regular fixtures on governments' agendas globally, they have become crucial considerations for businesses – not just in terms of compliance, but also for reputation and stakeholder management. Ensuring coverage of these aspects in your company's

growth strategy can provide that all-important competitive advantage, facilitating further fast growth.

In the preliminary results of a new EY survey of institutional investors, compliance and competitive advantage were identified as the top two reasons for companies to undertake sustainability measures. Nine out of 10 investors even said a company's non-financial performance was pivotal in their investment decision-making at least once in the past year. This shows that investors are taking a lot more notice of environmental, social and corporate governance indicators, bolstering the trend toward integrated reporting linking all non-financial and financial data.

Companies that are yet to implement sustainability measures or reporting need to do so, and quickly, or risk losing stakeholder confidence. As more legislation is passed globally, the ethical and sustainable responsibilities of a company grow broader. For example, US legislation requires businesses to detail the source of used minerals in order to guarantee that conflict minerals are not in their supply chain. More recently, the EU Commission joined the debate on this issue, illustrating a widening trend and the necessity to plan for new regulation. Of the 250 top private companies, as listed in the AlwaysOn Global 250, 95% issue sustainability reports.

It's not only for stakeholders and institutions that the reporting and planning of sustainability is important. Perhaps the biggest ESG advocates are the next generation of business minds entering the workforce, who understand the value of sustainability measures. Indeed, 30% of executive respondents to a 2013 EY survey, *Value of sustainability reporting*, found an increase in employee loyalty as a result of issuing sustainability reports. This same survey also found that the benefits of reporting could also improve access to capital, increase efficiency and reduce waste.

To compete in a more transparent business world, companies would benefit from heeding the results of such studies. ESG measures, once considered a compliance headache, are now of increasing importance to any company's growth strategy, providing opportunities for businesses to attract investors and employees while bolstering their reputations and brands.

More information

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