Sense & Sustainability

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STRIKING THE SWEET SPOT....

Reflections on a Shared Value Approach to Risk Mitigation and Sustainability
September 30, 2015

What's the Risk?

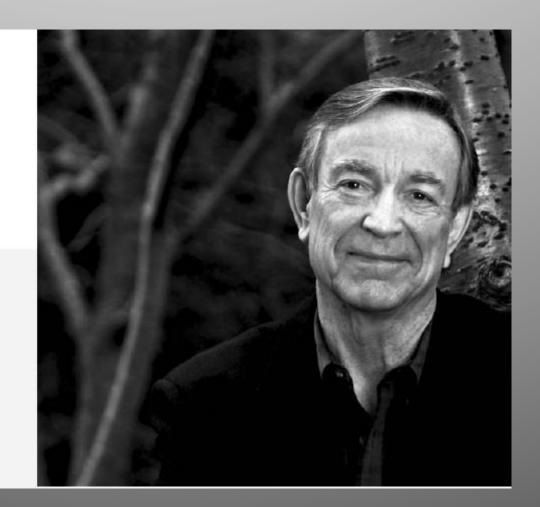


Jantzi Research Inc.

What's the Risk?

"Death is one thing. An end to birth is something else" (Ray Anderson)

(Paul Hawken refers to "the death of birth" in *The Ecology of Commerce*, 1994)



Ray Anderson (1934–2011) Founder & Chairman Interface Inc.

"Once we began to put sustainability into the product lenses, the integration became much more obvious... and real."

Ray Anderson

The sweet spot...

Ray Anderson "knew you couldn't just be a saint—you had to have a superior product."

Millennium Development Goals

Millennium Declaration

- at UN Millennium Summit, Sept. 2000
- adopted by 189 nations
- response to world's main development challenges

MDGs

- 8 goals to be achieved by 2015
- drawn from the actions and targets of the Millennium Declaration

The Millennium Declaration:

FREEDOM FROM WANT: development

FREEDOM FROM FEAR: security

SUSTAINING OUR FUTURE: environment

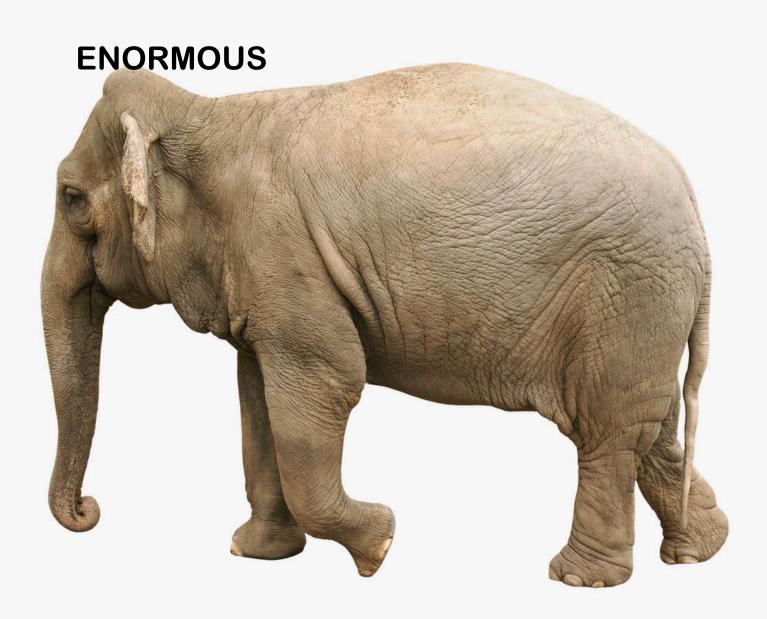
- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a Global Partnership for Development

NEED

Despite the progress that has been made on some of the Millennium Development Goals -- now re-named and expanded to 29

Sustainability Development Goals

we know that the need remains



Sustainable Excellence

 It's about defining your future rather than defending your past

- "The truly sustainable enterprise operates for its own financial benefit, for the benefit of the environment and for the benefit of society...
- FOREVER." (Bob Willard)

The new language:

CREATING SHARED VALUE

CSR is: a way of reimagining the corporation to include the creation of shared value

January/February 2011



HBR REPRINT R11 01C

SHARED VALUE means reconnecting company success with social progress

NOT ON THE MARGIN of what companies do, but at the Centre

TWIN GOALS: MEET SOCIETY'S NEEDS AND BUILD A PROFITABLE ENTERPRISE

3 ways to create shared value

- Reconceiving products and markets
- Redefining productivity through the value chain
- Building supporting industry clusters at the company's locations

Reconceiving products and markets

Basic question: is our product good for our customers? Does it do harm?

Next question: how can our product BENEFIT our customers and other stakeholders?

Redefining productivity through the value chain

- Ethical sourcing
- Energy use and logistics
- New approaches to utilization of water, raw materials, packaging, recycling and reuse.
- procurement practices that enable economic growth in developing regions
- Employee productivity: positive benefits of a living wage, safety, wellness, training and opportunities for advancement

Building supporting industry clusters

 Grass roots shared projects: education, wellness, procurement, environmental initiatives

LEVELS OF SHARED VALUE CREATION FOR EXTRACTIVES COMPANIES

Reconceiving Products and Markets

→ Build local markets for intermediate products created by extractive activity (e.g., drinking or irrigation water, electricity)

Redefining Productivity in Value Chains

2

Creating an Enabling Local Environment

3

- → Improve local workforce capabilities
- → Strengthen suppliers in the value chain
- → Increase local disaster and emergency preparedness, response, and rehabilitation capabilities
- → Improve utilization of water, energy, and other resources used in operations

- → Develop the local cluster supporting the extractives sectors
- → Invest in shared infrastructure and logistics networks
- → Partner with other local clusters and government in building community infrastructure
- → Play an active role in broad-based economic and community development
- → Improve local and national governance capacity

Redefining Corporate Purpose

- * "The purpose of the corporation is to harness private interests in service to the public interest." (White, "Redefining Corporate Purpose, 28)
 - "...challenges to the prevailing view that corporate purpose is, first and foremost, about shareholder enrichment." (29)
- corporations
- civil society organizations
- governments
 - elevate non-shareholder interests
 - e.g., community's air, water, land resources

emergent alliance of the willing

Who Are the Stakeholders?

Finding that SWEET SPOT involves genuine consultation with:

- Customers
- Employees
- Shareholders
- Regulators
- Professional Associations
- Media

- NGOs and Not for Profits
- Activists and advocates
- Communities
- Elected officials
- The public



Start where the system is

- Know your business drivers
- Where is the risk?
- Where is the need?
- What are you ALREADY DOING?
- Are there gaps?
- CHOOSE YOUR BATTLES: Pick a promising starting point

SOCIAL INTRAPRENEUR

- n. 1. Someone who works inside major corporations or organizations to develop and promote practical solutions to social or environmental challenges where progress is currently stalled by market failures.
- 2. someone who applies the principles of social entrepreneurship inside a major organization.
- 3. one characterized by an "insider-outsider" approach

HYBRID INDIVIDUALS

- -- Social Intrapreneurs add value to both society and the bottom line
- -- they are creating and delivering new business models
- --they are adept at fighting and surviving cynicism, caution and the status quo in large corporations
- -- social intrapreneurs are more ambitious for social change than for personal wealth and advancement
- --they are willing and able to take risks

Could you be the next NESTLE CSV prize winner?

- Awarded every second year
- Aim: to reward best examples of CREATING SHARED VALUE initiatives worldwide

CRITERIA: MUST BE INNOVATIVE

APPLY
ENVIRONMENTALLY
SUSTAINABLE
PRACTICES

DEMONSTRATED
RESULTS ON A SMALL
SCALE AND CAN BE
VIABLY SCALED-UP TO
HELP IMPROVE LIVES

WINNERS IN 2014

- ♦ HONEY CARE AFRICA (HCA) "Sweeter South Sudan" program, helps farmers generate extra income from honey production <u>www.honeycareafrica.com</u>
- MSABI runner up "True Life Water Point programme (www.msabi.org)
- SANERGY runner up "Sustainable Sanitation" http://saner.gy

Partner for success

- Don't be a "Lone Ranger"
- Identify key stakeholders: internal and external
- Set priorities in consultation with relevant individuals and groups
- Get to the grassroots

Resilience is key

- Stay in touch with broader agenda while advancing your immediate goal
- Don't get discouraged if your project takes longer than you thought it would
- Be both passionate and practical

Expect opposition

- Sustainability is about long term viability rather than short term success
- Change takes time and patience
- Colleagues may see CSR/Sustainability as just another "trend" or "flavour of the month"
- People are busy. Different ways of doing things take time and energy.
- Build a coalition of the willing

Its about Innovation

- CSR practitioners can be social INTRAPRENEURS willing to "take risks" in order to avert risks
- New products
- New partners
- Pilot projects

And don't forget to COMMUNICATE

 Manage the normal anxiety associated with pilot projects by communicating widely and frequently

 Encourage new program partners to become your communication allies

Let others tell your story

Measure Everything

- Environmental initiatives
- Volunteer initiatives
- Employee training
- EHS initiatives
- Community investment and engagement
- Employee satisfaction (recruitment and retention)
- Customer satisfaction

Resources

- www.hbr.org
- HBR Reprints R1101C and R1309H: "Creating Shared Value" (Kramer & Porter) Jan/Feb 2011 and "Innovating for Shared Value" (Marc Pfitzer, Valerie Bockstette, and Mike Stamp) Sept. 2013.

The Social Intrapreneur: A Field Guide for Corporate Changemakers

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Shared Value Initiative:

www.fsg.org/publications/creating-shared-value