

# Sense & Sustainability



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# STRIKING THE SWEET SPOT....

**Reflections on a Shared Value Approach  
to Risk Mitigation and Sustainability  
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# What's the Risk?



# 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

**ENORMOUS**



# 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 re-  
imagining the  
corporation to  
include the  
creation of shared  
value



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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

1

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

### Redefining Productivity in Value Chains

2

- 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

### Creating an Enabling Local Environment

3

- 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
- } emergent alliance of the willing
- elevate non-shareholder interests
  - e.g., community’s air, water, land resources

# 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**



**Here & Now**

# 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 [www.honeycareafrica.com](http://www.honeycareafrica.com)
- ◆ MSABI – runner up – “True Life Water Point programme ([www.msabi.org](http://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](http://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](http://www.fsg.org/publications/creating-shared-value)