

## Sustainability and Shared Value

### AGENDA:

- Social and environmental issues
- Sustainability and the Triple Bottom Line
- Creating Shared Value

# iClicker: Sustainability in the news



## Retailers Find 80,000 Safety Hazards at Bangladesh Factories

Agence France-Presse

Oct 14, 2014

THE WALL STREET JOURNAL. | BUSINESS

LOG IN | S



ASIAN BUSINESS NEWS

### Inspections Highlight Flaws at Bangladesh Garment Factories

Inspectors Say All of the 1,100 Factories Checked Had Safety Issues

## From a social responsibility perspective:

- A. Apparel retailers are 100% responsible for the actions of their contracted manufacturers.
- B. Manufacturers are independent businesses, so their performance is irrelevant to retailers.
- C. There is too much pressure on low costs, so this industry will always be unsafe/unhealthy for workers.
- D. Worker health and safety can only be ensured if retailers do their own manufacturing (vs. outsourcing).

# iClicker 2: Sustainability in the news



## B.C.'s Supreme Court dismisses Water Act challenge to fracking operations

**DENE MOORE**

Vancouver — The Canadian Press

Published Thursday, Oct. 16 2014, 4:16 PM EDT

Last updated Friday, Oct. 17 2014, 12:20 PM EDT

To resolve this issue, everyone needs to realize that...

- A. Oil & gas companies are inherently irresponsible and should be held accountable for environmental impacts.
- B. Oil & gas companies are just satisfying customer demand. It's consumers' problem, not the companies' problem.
- C. It's a competitive issue. If Canada doesn't develop this technology, other countries will capture the revenue opportunity.
- D. This is more a social issue than an environmental issue.
- E. Friedman is right. A company's only social responsibility is to maximize profits in a lawful way.

# Social and Environmental Issues

- What are the **top 3** social and environmental issues today?
- How do they affect business and managers (positively or negatively)?

## Discuss and post in PulsePress

- Issue X affects businesses positively because it provides opportunity Y – provide example
- Issue B affects businesses negatively because it causes problem A – provide example

# A continuum of business types

+ Social impact

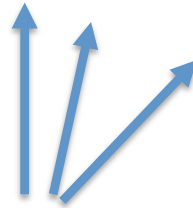
NGOs  
Charities  
Non-profits

Social Enterprises

Traditional corporation

+ Profit motive

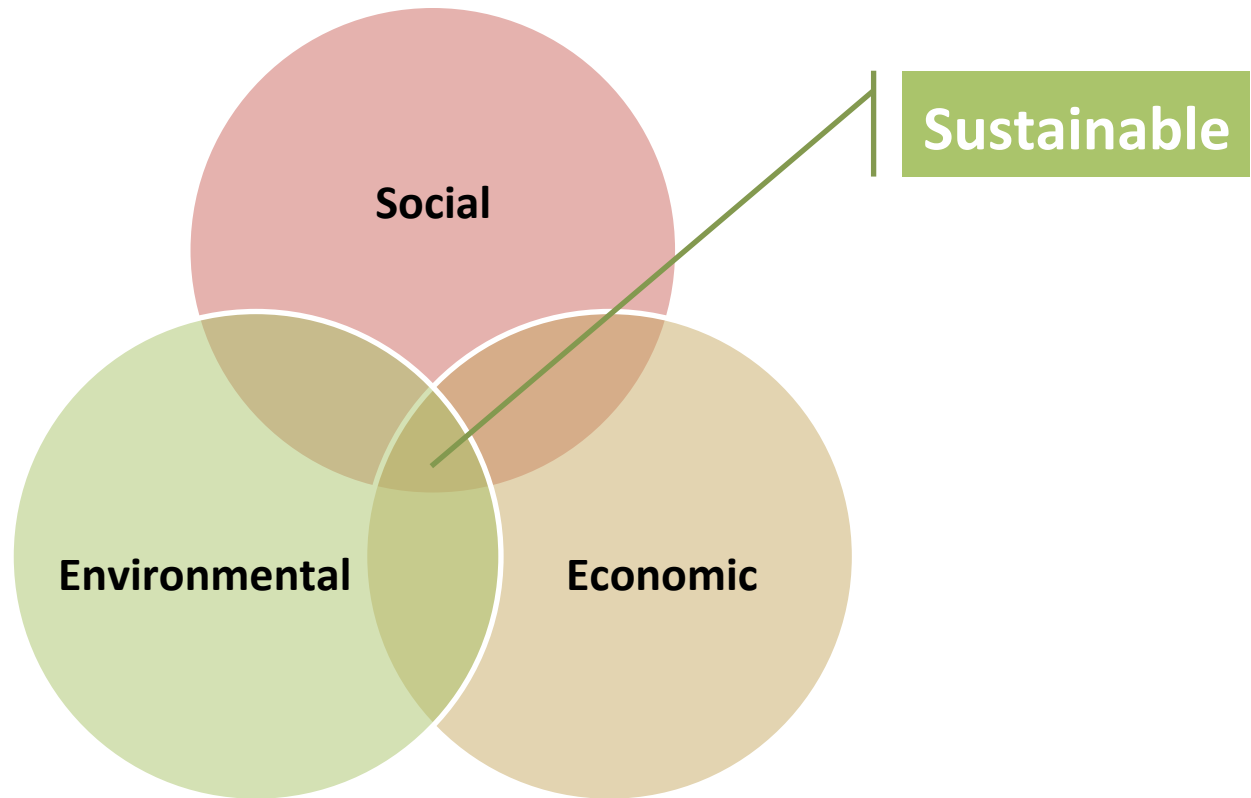
(some)



# **What is Sustainability?**

Sustainability is about more than just  
the environment...

# Sustainability as the Triple Bottom Line\*



“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” UNEP, 1987

\*ca. 1994

# The CSO – Chief Sustainability Officer

- Compliance
  - Efficiency
  - Innovation
- 
- What does it mean for the CSO to innovate?
  - Why might it be difficult?
  - What advice would you give CSOs?



# 10 ways to-day's purpose driven brands can bring their values to life

- What did you think of this article?
- Which approaches did you think had more merit and why?

# CSR → CSV

- Value: doing good
- Citizenship, philanthropy, sustainability
- Discretionary or in response to external pressure
- Separate from profit maximization
- Agenda is determined by external reporting and personal preferences
- Impact limited by corporate footprint and CSR budget

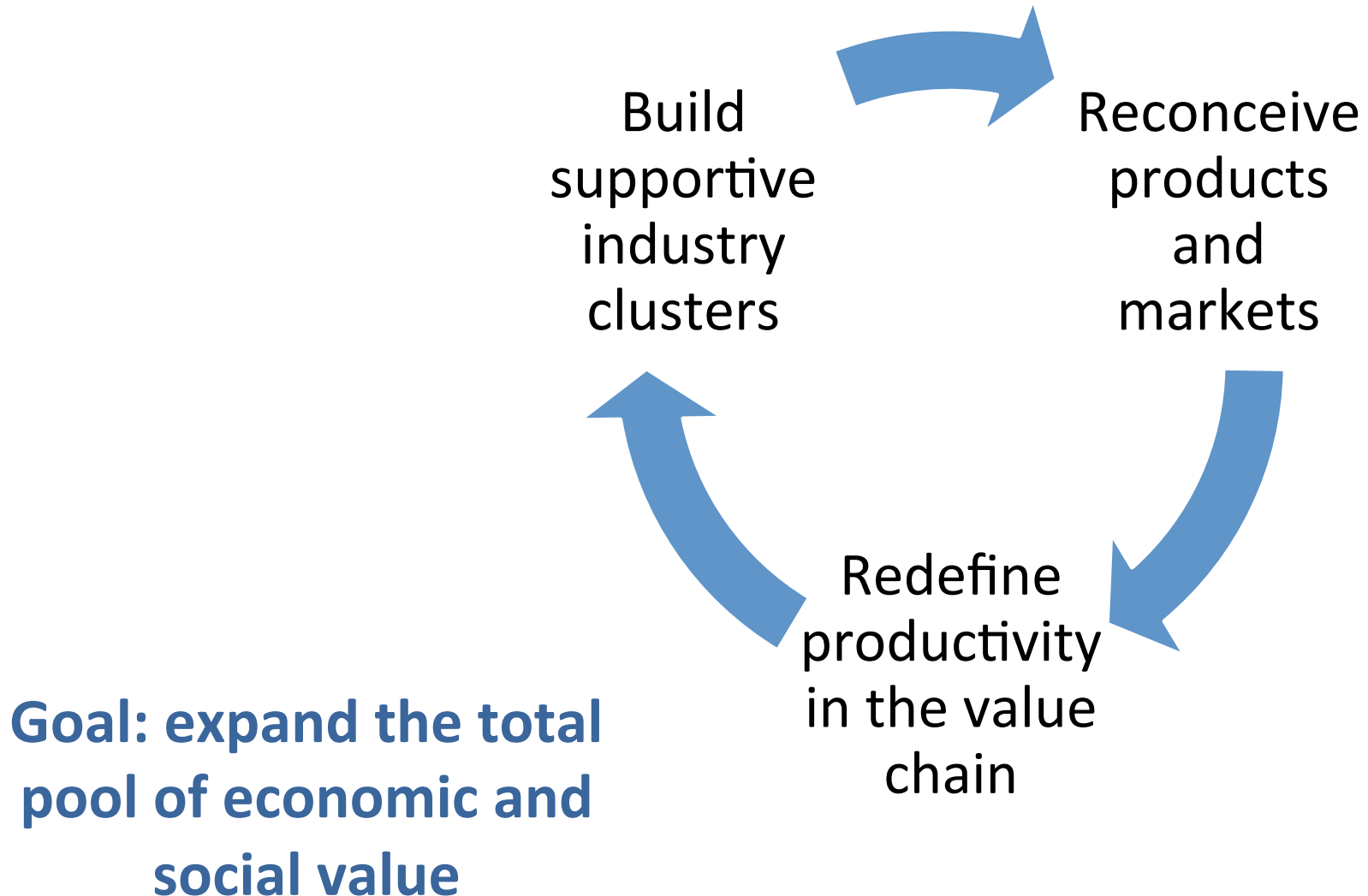
**Example:** Fair trade purchasing

- Value: economic and societal benefits relative to cost
- Joint company and community value creation
- Integral to competing
- Integral to profit maximization
- Agenda is company specific and internally generated
- Realigns the entire company budget

**Example:** Transforming procurement to increase quality and yield

**In both cases, compliance with laws and ethical standards and reducing harm from corporate activities are assumed.**

# Creating Shared Value



# Exercise: CSV at Tesla

- Apply Kramer & Porter's recommendations for creating shared value to Tesla's business
  1. Reconceive products and markets
  2. Redefine productivity in the value chain
  3. Build supportive industry clusters
- What are the challenges in implementing your suggested activities synergistically?

# Course Linkages

- Obvious:
  - Class 3 – Ethics
  - Class 8 – Value propositions and brand positioning
  - Class 14 – Innovation and entrepreneurship
  - Class 15
  - Class 20 – Social enterprise applied
- Also think about connections with B-model canvas, accounting, operations, finance, marketing, information technology, human resources, performance management...

# Reflections: What did I learn today?

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# Next Steps

- Class 16: Finance 2 prep
- Group Assignment 2
- Keep blogging