

# **The State of Shared Value in Australia and New Zealand in 2019**

Forward-thinking institutions are taking on a more purpose-driven role—using shared value to address social issues that intersect with their businesses to deliver both a positive social impact and profit.



Research for *The State of Shared Value in Australia and New Zealand in 2019* was commissioned by Shared Value Project and conducted by A.T. Kearney.

## **About Shared Value Project**

Established in 2014, Shared Value Project is the peak body advancing the adoption of shared value by businesses in Australia and Asia Pacific. Shared Value Project builds the capacity of its members and supports a community of practice through education, networking, thought leadership, and collaboration to expand the practice of shared value.

The Shared Value Project raises awareness and understanding of shared value as a means for societal and economic progress, one that enables companies to transform the way they do business to prosper and thrive with society.

The “Project” in Shared Value Project (SVP) reflects SVP’s aspiration that shared value becomes business as usual—that ultimately there will be no need for the Shared Value Project. In the meantime, the organization helps businesses adopt and apply shared value to solve social issues profitably.

For more information, visit [www.sharedvalue.org.au](http://www.sharedvalue.org.au) or email [info@sharedvalue.org.au](mailto:info@sharedvalue.org.au).

Follow us on Twitter: [@sharedvalueaust](https://twitter.com/sharedvalueaust)

## **About A.T. Kearney**

A.T. Kearney is a leading global management consulting firm with offices in more than 40 countries. Since 1926, we have been trusted advisors to the world’s foremost organisations. We work with more than three-quarters of the Fortune Global 500 as well as with the most influential governmental and non-profit organisations. We work in all major industries providing expertise on cost transformation, mergers and acquisitions, digital transformation, procurement, operations and performance transformation, strategy and top-line transformation, analytics, leadership, change and organisation, and business policy.

A.T. Kearney is a partner-owned firm with a distinctive, collegial culture that transcends organisational and geographic boundaries—and it shows. Regardless of location or rank, our consultants are down to earth and approachable and have a shared passion for doing innovative client work that provides clear benefits to the organisations we work with in both the short and long term. To learn more about A.T. Kearney, please visit [www.atkearney.com](http://www.atkearney.com).

# Introduction

“The world needs your leadership. As divisions continue to deepen, companies must demonstrate their commitment to the countries, regions, and communities where they operate, particularly on issues central to the world’s future prosperity. Companies cannot solve every issue of public importance, but there are many—from retirement to infrastructure to preparing workers for the jobs of the future—that cannot be solved without corporate leadership.”

—Larry Fink, CEO of BlackRock in his 2019 letter to CEOs<sup>1</sup>

Globally and across Australia and New Zealand, we are faced with significant social and community challenges that governments alone cannot resolve.

Although corporations can play a role, the public doesn’t trust that they will, according to the 2019 and 2018 Edelman Trust Barometers. Further, the unresolved and ongoing dialogue about what and who business is for—shareholders or a larger set of stakeholders—highlights the struggle businesses face in trying to play a broader, more purpose-driven role.

Against this backdrop, shared value, a business strategy introduced in 2011 by Michael Porter and Mark Kramer, proposes a way to create success by unlocking the value trapped in and by social and community problems. In today’s environment, where simply delivering quarter-over-quarter shareholder returns falls far short of community expectations, social needs, and business sustainability, forward-thinking business leaders are focusing on creating shared value.

Building on *The State of Shared Value in Australia 2015 Report* authored by Social Ventures Australia and the Shared Value Project, this report looks at the current trends and makes the case that **there has never been a better time for companies to understand and embrace shared value as a business strategy for success and sustainability in Australia and New Zealand.**

Based on a survey of 40 executives from 34 companies along with in-depth C-suite interviews, we offer a set of practical insights about what it takes to move up the shared value maturity curve. We have also translated these insights into a pragmatic set of actions for companies to capitalise on the concept of shared value while also addressing the challenges that their customers and their communities are facing.

We hope this report provides an inspirational yet practical impetus to businesses across Australia and New Zealand to explore shared value as a core element of their business strategies. Shared value—distinct from corporate social responsibility, which typically sits alongside business strategy seeking to do good or avoid doing harm with limited direct return—aims to solve social issues while also creating profits. In this way, shared value is helping to future-proof our economy, and our world.

---

<sup>1</sup> “Larry Fink’s Letter to CEOs.” BlackRock. January 17, 2019. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>.

# Why Shared Value, and Why Now?

Shared value is not another buzzword, nor is it a new label for corporate social responsibility. It's about more than doing no wrong or avoiding doing harm. Shared value is a distinctive approach that “enhances the competitiveness of the company while simultaneously advancing the economic and social conditions in the communities in which it operates.”<sup>2</sup>

The idea is that there is a direct relationship between a company's success and the health of the related stakeholder communities, including customers, suppliers, employees, and shareholders. Michael Porter and Mark Kramer, who introduced the concept of shared value almost a decade ago, describe the focus as “identifying and expanding the connections between societal and economic progress.” The corollary is that a company that manages the conditions of the community well will be rewarded with improved competitiveness and success.<sup>3</sup>

Prevailing trends in Australia and New Zealand are highlighting the need for businesses to play a larger role in solving a variety of social problems in a way that also benefits the business so that the effort is sustainable and scalable. Amidst these trends, the urgency with which Australian and New Zealand companies need to adopt shared value is higher now than ever before.

**Globally, there is a growing expectation that businesses will create social value in addition to shareholder value.** The attractiveness of businesses is becoming more inextricably linked to the social benefits they create. Customers overwhelmingly prefer buying products linked to social causes.<sup>4</sup> In fact, 87 percent of Americans are more likely to purchase from companies that advocate for issues they care about, while 76 percent are likely to refuse to buy from companies that support issues that go against their beliefs.<sup>5</sup> In Australia, about 80 percent of shoppers are more likely to purchase products that, all else equal, support someone in need over those without a charitable connection.<sup>6</sup> The results are similar for New Zealand, where 83 percent say they would stop buying a product if they heard about the company behaving irresponsibly or unethically, and 72 percent say it is important to work for a company that is socially and environmentally responsible.<sup>7</sup>

In our survey, 75 percent of respondents believe Australians and New Zealanders are looking for more businesses to invest in shared value and socially focused initiatives “to some extent or to a large extent.”

Millennials are extremely socially conscious, with more than 70 percent of the group willing to take a pay cut to work for a socially responsible company.<sup>8</sup> Fast becoming the world's most important generation for consumer spending growth, talent pools, and economic prospects, millennials view the purpose of business as creating social and economic value rather than simply making profits.

Capital markets are just beginning to take the same view. In 2018, BlackRock CEO Larry Fink called on all companies to explain how their businesses make “a positive contribution to society” beyond their financial performance, arguing that “to prosper over time ... companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.” In 2019, he reiterated the sentiment with greater urgency:

<sup>2</sup> Michael E. Porter and Mark R. Kramer, “Creating Shared Value,” *Harvard Business Review*, January–February 2011

<sup>3</sup> Excerpt from chapter three of A.T. Kearney's book, *Australia 2034: Luckier By Design* (LID Publishing 2015)

<sup>4</sup> “How Companies, Governments, and Nonprofits Can Create Social Change Together,” *Harvard Business Review*, 31 May 2018

<sup>5</sup> “Is a Social Cause A Necessity for a Brand?” *Forbes*, 25 May 2018

<sup>6</sup> “Australian Shoppers Prefer Ethical and Fairtrade Products: Study,” *Smart Company*, 30 May 2014

<sup>7</sup> “More Kiwis Willing to Pay More for Ethical Shopping,” *Stuff Limited*, 10 January 2017

<sup>8</sup> *Millennial Employee Engagement Study*, Cone Communications, 2016

“Unnerved by fundamental economic changes and the failure of government to provide lasting solutions, society is increasingly looking to companies, both public and private, to address pressing social and economic issues.” Our survey reflects a similar sentiment with 85 percent of respondents saying there is a growing demand among stakeholders to invest in shared value and socially focused initiatives to some extent or to a large extent.

One report found that responsible investments constituted 56 percent of all assets professionally managed in Australia in 2017 with the market for impact investment quadrupling to \$5.8 billion (from \$1.2 billion in 2015).<sup>9</sup> Funds that adopt core responsible investment strategies deliver higher returns than the average large-cap Australian share funds over three, five, and 10 years.<sup>10</sup> In New Zealand, total responsible investment assets under management rose to \$183.4 billion in 2017 (up 40 percent from 2016), and core responsible investment share funds outperformed the relevant benchmarks across all time periods.<sup>11</sup> Although the shared value concept is more advanced in Australia, shareholders in both countries are becoming more concerned with what companies are doing to generate social value while maximising their financial returns.

Further, apart from expectations from the outside, companies have volunteered to be held accountable to deliver more than profits by signing up to contribute to the United Nations’ Sustainable Development Goals. In many parts of the world, such as India and Africa, these goals have provided a strong foundation for shared value innovation.

**Governments and not-for-profit organisations (NFPs) are increasingly resource constrained and cannot solve all social problems on their own.** With the breadth and depth of social issues in Australia, these problems are bigger than any single entity can address on their own. Indeed, like many countries where the government is the sole arbiter and remediator of social issues, it is not sustainable for businesses to directly cause or exacerbate these issues.

Federal and local governments are facing budget constraints amidst growing demand for social services. After a decade of quantitative easing and aggressive monetary policy that refuelled global economic growth, interest rates are expected to rise globally to combat inflation. Australia’s total foreign debt of about \$1 trillion (about 60 percent of GDP) highlights its significant exposure to rising global interest rates.<sup>12</sup> Higher interest rates would not only increase government outflows but also place significant pressure on Australian and New Zealand households, which have a total credit-to-GDP ratio of 122 and 92 percent respectively.<sup>13</sup> In an environment of stagnant wage growth, declining property prices, and tightening credit, household consumption could decline in the short to medium term if interest rates rise. This environment would not only exasperate social issues but also impact government budgets and their ability to fund social programs.

Australia’s ageing population and the required expenditures will place significant strain on federal and local government resources. Federal government spending on health and aged care is expected to grow from 28 percent of the total government budget in 2009–2010 to 46 percent in 2049–2050, with state and territory spending expected to increase from 26 percent of aggregate budget to 41 percent over the same period.<sup>14</sup> Government spending in the aged care sector is expected to grow by around 6 percent per year to 2020–2021, when it is expected to reach about \$22.3 billion.<sup>15</sup> More than 40 percent of Australian aged care providers are

<sup>9</sup> “Benchmarking Impact: Australian Impact Investment Activity and Performance Report 2018,” Responsible Investment Association Australasia, July 2018

<sup>10</sup> *Responsible Investment Benchmark Report: 2017 Australia*, Responsible Investment Association Australasia

<sup>11</sup> *Responsible Investment Benchmark Report: 2018 New Zealand*, Responsible Investment Association Australasia

<sup>12</sup> “Australia’s Foreign Debt Time Bomb,” *MacroBusiness*, 7 February 2018

<sup>13</sup> *Responsible Investment Benchmark Report: 2018 Australia*; Trading Economics, 2018

<sup>14</sup> “Long-Term Funding of Health and Ageing: The Rising Pressure on Commonwealth and State Budgets,” Business Council of Australia, May 2013

<sup>15</sup> “Struggling Aged Care Sector Needs Urgent Government Support,” *Aged Care Guide*, 2018

loss-making, and many more are struggling to remain financially viable. New Zealand's ageing population prompted a warning that government spending pressures are likely to increase significantly over the next 40 years as a result of slower revenue growth and rising healthcare costs. If New Zealand's historical spending patterns continue, government net debt will increase from 25 percent of GDP in 2016 to more than 200 percent by 2060.<sup>16</sup>

The latest Australian Council of Social Service (ACOSS) survey of the community services sector reveals that 80 percent of frontline agencies are unable to meet demand with the resources they have.<sup>17</sup> These organisations are also struggling to measure their impact because of a lack of funds, capabilities, and available data, with 90 percent citing the lack of funding and resources as the most significant barrier to measuring outcomes.<sup>18</sup> This will make it harder to improve quality whilst reducing the cost of services, which in turn impedes their ability to demonstrate impact as the government takes a priority investment approach to welfare.<sup>19</sup> New Zealand's community sector is facing similar pressures, with 42 percent of surveyed community organisations worried about their financial viability and about half using their cash reserves to survive.<sup>20</sup>

80 percent of frontline agencies are unable to meet demand with the resources they have.

Despite growing demand for services, Australian government support for NFPs has declined over the past five to seven years and is unlikely to be a sustainable source of funding.<sup>21</sup> Australian NFP Good2Give's CEO Lisa Grinham says, "Government spending will shrink in the face of Australia's demographic shift over the next decade, and demand for charity services will increase. It's no secret that we need to do more with less."<sup>22</sup> There are more than 600,000 not-for-profits in Australia and more than 110,000 in New Zealand, many of which compete for funding instead of finding ways to work together to create social value.<sup>23</sup> The *2015 Not-for-Profit Finance & Governance Insights* report found that 63 percent of large NFPs rely on government funding, and 85 percent of all NFPs find it difficult to find consistent and regular income. New Zealand NFPs have similar funding pressures, with the 2016 Grant Thornton *The State of the Not-for-Profit Sector* report showing that 51 percent of New Zealand and Australian participants believe financing their organisations' activities is a significant concern.<sup>24</sup>

In an environment in which government funding for NFPs is decreasing while demand for services is increasing, there is a push for NFPs to become more commercial in their approach to generating revenue.<sup>25</sup> According to the CommBank Not-for-Profit Insights Report, one in three

<sup>16</sup> "Treasury Gives Warning over New Zealand's Ageing Population," TVNZ, 21 November 2016

<sup>17</sup> "80% of Australia's Community Services Unable to Meet Demand," Australian Council of Social Service, 8 December 2014

<sup>18</sup> "Community Organisations Lack the Funding and Data to Measure Their Impact," theconversation.com, 7 November 2016

<sup>19</sup> Spending decisions are taken on the basis of the long-term economic, social, and budgetary impact of those programs.

<sup>20</sup> "Community Services Under Pressure," Radio NZ, 30 October 2016

<sup>21</sup> "Australian Charities are Adjusting to Lower Government Funding," IBISWorld, 16 November 2016

<sup>22</sup> "UK Charities 'Struggling to Survive': A Wake Up Call for Australia," Pro Bono Australia, 1 March 2017

<sup>23</sup> "How Many Charities Are There in NZ?" Not for Profit Resource, 2018

<sup>24</sup> "NFPs' Funding Concerns Increase," Not for Profit Resource, 27 July 2016

<sup>25</sup> "It's Time for Not for Profits to Get Creative About Finances," Pro Bono Australia, 13 February 2017

NFPs planned to establish a social enterprise over the next 12 months, and 22 percent of NFPs are already operating social enterprises to combat the changing funding landscape affecting the sector.<sup>26</sup>

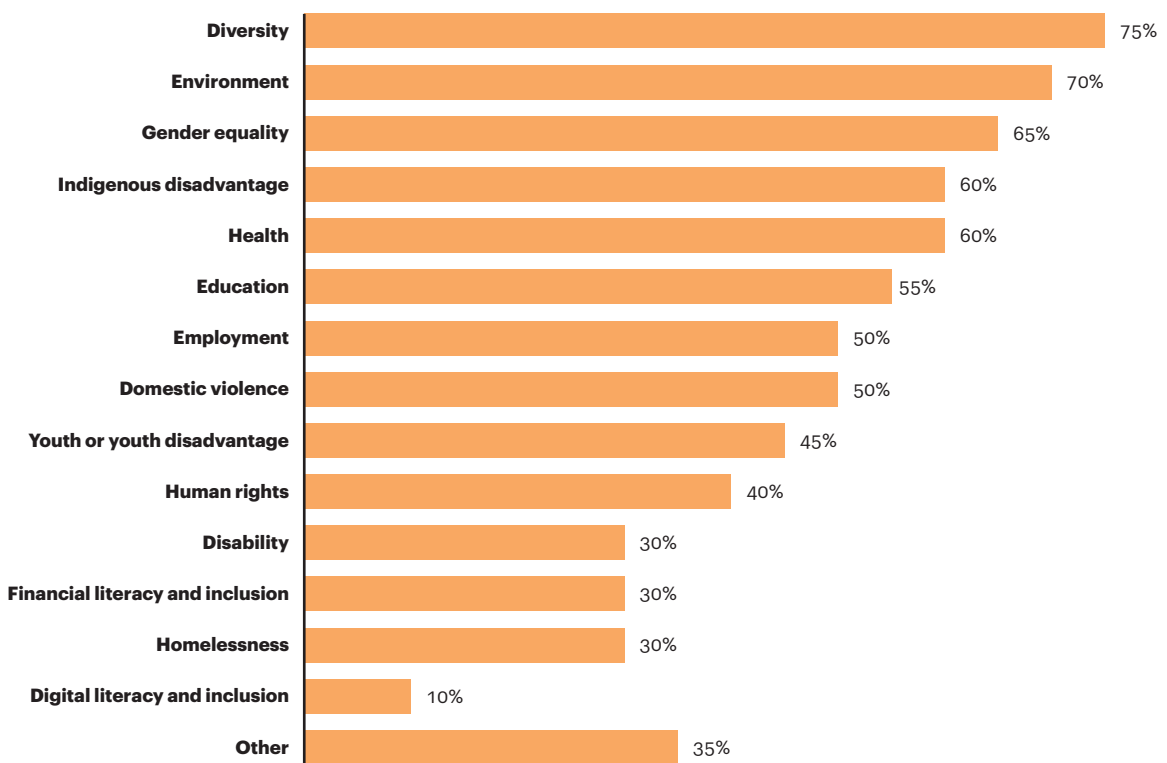
As an emerging vehicle to match cross-sectoral capital flows with socially conscious investments, impact investing has gained global traction. Impact investing takes a scaled and collaborative approach to solving pervasive social problems—linking the social impact and the financial return by unlocking private capital and directing it into robust financial instruments with measured returns. Sixteen countries, including Australia, are members of the Global Steering Group for Impact Investing, which focuses on growing impact investing to become at least 10 percent of assets under management around the world. The *Super Fund Responsible Investment Report 2018* by Responsible Investment Association Australasia shows there is clear demand for socially conscious wholesale investment channels: 81 percent of super funds have a commitment to responsible investment.

In an environment where social organisations face greater demand and complexity with less funding from the government, a shared value approach to solving social issues will be a cornerstone to sustainable service provision. And there is no shortage of social issues that require corporate attention. Our survey highlights a broad range of issues that companies are taking up (see figure 1).

Figure 1  
**Australian and New Zealand firms focus on a variety of social issues**

**Social issues being addressed**

(% of respondents)



Source: A.T. Kearney analysis

<sup>26</sup>“NFPs Turning to Social Enterprise to Overcome Funding Challenges,” Pro Bono Australia, 27 March 2018

**Australian businesses need to look for new ways to achieve greater sustainability and growth.** Porter and Kramer write the following: “Facing growing competition and shorter-term performance pressures from shareholders, managers resorted to waves of restructuring, personnel reductions, and relocation to lower-cost regions, while leveraging balance sheets to return capital to investors. The results were often commoditisation, price competition, little true innovation, slow organic growth, and no clear competitive advantage.”

On a range of measures, Australian and New Zealand businesses fall far behind the rest of the developed world in delivering innovation and business growth. Australia and New Zealand ranked 20 and 22 respectively in the 2018 Global Innovation Index. They also ranked 28 and 26 respectively in business sophistication and 38 and 37 respectively in knowledge and technology output.

Our survey reveals that while there are multiple objectives behind shared value and social initiatives, the expected benefits tend to focus on the impact on profits and growth as well as employee attraction and engagement (see figure 2).

Innovation performance metrics compiled by Industry Super Australia show that Australia ranks last in creating fast-growing businesses. In addition, the metrics show the following:

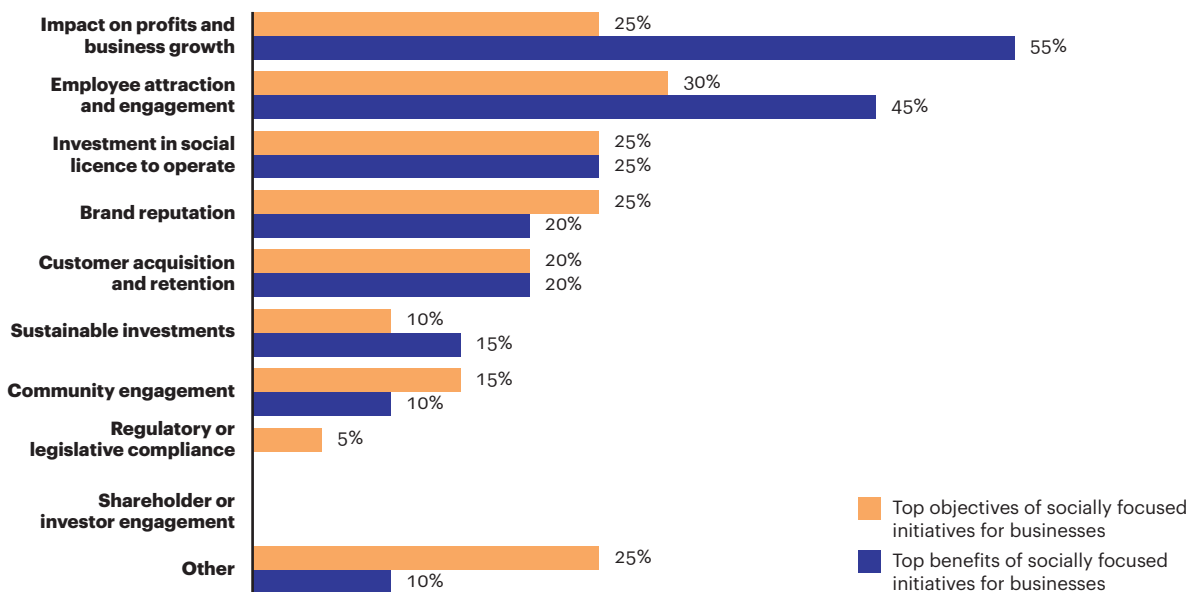
- Only 9 percent of Australian firms introduce products that are truly new to the market, compared with the top five countries, where the proportion is 21 percent.
- Australian businesses employ close to a third as many researchers as the top five countries.
- Australia is achieving multifactor productivity change (growth from knowledge creation) at less than a third of the rate of the top five countries.<sup>27</sup>

Figure 2

**The goal of corporate social initiatives tends to focus on financial and human resources**

**Objectives of and benefits from socially focused initiatives**

(% of respondents)



Source: A.T. Kearney analysis

<sup>27</sup>“We Need to Significantly Lift Our Game’: Australia Is Not the Innovation Nation We Like to Think It Is,” *The Sydney Morning Herald*, 10 February 2017



Given that a business and its role in society are intertwined, it stands to reason that by taking a broader view of the ecosystem and the stakeholders they serve, Australian and New Zealand businesses will gain a competitive advantage with greater access to a wider range of opportunities.

**Public trust in business and government is waning, but interestingly, CEOs remain trusted change drivers.** Amid lingering political uncertainty over a range of public policies from energy supply to banking regulation, Australians' trust in governments and businesses has declined, and New Zealand's trust in these institutions remains low, according to the 2018 Edelman Trust Barometer. The global survey reveals that trust in Australian government, business, media, and nongovernment organisations has declined for the second consecutive year, with all four institutions classified as distrusted for the first time since 2013. Australia is one of only two nations to register consecutive declines across all four types of institutions.<sup>28</sup>

The survey also reveals that Australians' trust in government declined from 37 to 35 percent, and trust in business has declined from 48 to 45 percent since 2017. In New Zealand, despite trust in government increasing since 2017, half of all New Zealanders distrust the government, and trust in business remained flat at 47 percent.<sup>29</sup> In addition, 56 percent of Australians believe government is the most broken institution, despite the level of trust in governments across all countries surveyed rising 2 percent since 2017.

In 2019, the Australian public is expecting businesses to show leadership in solving social issues while also increasing profits. The belief in business as a change agent is stronger than ever with 73 percent saying a company can both increase profits and serve the community, up 9 points from the previous year. While overall trust in Australia remains below the global average, the public is looking for leadership from CEOs with 79 percent saying they should take the lead on change rather than waiting for the government to impose it, up 14 points from the previous year.<sup>30</sup>

Declining trust in business has been compounded by the February 2019 report from the Australian Royal Commission into Misconduct in the Banking, Superannuation, and Financial Services Industry, which revealed compliance breaches, lax lending practices, and misconduct across the financial sector. Short-termism within the sector has resulted in the tightening of lending standards, which could have a significant impact on consumption levels for highly leveraged households and financial distress for others.

Despite this declining trust in institutions, there is a resurgence in CEOs' credibility, which recorded a 50 and 46 percent improvement for Australia and New Zealand respectively. Credibility of boards of directors also rose 42 and 40 percent in Australia and New Zealand respectively.

The above trends demonstrate both the demand and the opportunity for companies to adopt shared value at the heart of their purpose, strategy, and execution. However, like any mindset and capability shift, embracing shared value is a journey, and businesses will need to reflect on not only where they are on the shared value creation journey but also how they will move ahead in the future.

A company's maturity to deliver shared value can be measured by analysing how it manifests within the company's strategy and business portfolio and its capabilities, operating model, and

---

<sup>28</sup>"Australians Trust CEOs to Tackle Social Issues," Shared Value Project, 7 February 2018

<sup>29</sup>*The Battle for Truth: the 2018 Edelman Trust Barometer*, 21 January 2018

<sup>30</sup>"2019 Edelman Trust Barometer Executive Summary," Edelman. January 20, 2019. <https://www.edelman.com/trust-barometer>

culture (see figure 3). In this report, we return to this maturity curve several times as it represents the journey that Australian and New Zealand businesses are on—with many taking bold steps but most still at the beginning of the process.

“Businesses have the chance to lead. ... But if they are to do so, they need to take an affirmative role.”

—CEO Interviewee

Figure 3  
**The shared value creation journey encompasses three phases**

	Activation	Integration	Maturity
Strategy, portfolio, and business integration	The company is open to <b>exploring shared value</b> , but a company vision has not yet been defined.	A shared value vision and priorities are <b>defined and adopted</b> .	Shared value is embedded into the company's <b>competitive positioning, driving company purpose</b> .
	<b>One or two initiatives are under way</b> and are beginning to demonstrate business and social outcomes.	There is <b>greater diversity of initiatives</b> across issues, brands, and regions.	<b>Multiple high-profile initiatives</b> demonstrate significant returns.
	There is <b>little business integration</b> ; select individuals participate in shared value.	There is <b>early integration</b> of shared value into internal processes.	There is <b>full integration</b> of shared value into business functions and planning processes.
	<b>Some business and social outcomes</b> are tracked.	<b>Regular and integrated processes</b> measure shared value at an initiative level.	Regular and integrated processes measure shared value at <b>initiative and company-wide levels</b> .
Clear roles, skills, and knowledge	Resources are primarily concentrated in <b>one department or function</b> .	<b>There is greater engagement across the company</b> ; leaders see shared value as a priority and invest in it.	<b>Structures, support, and incentives</b> are in place to innovate, collaborate, and implement shared value solutions.
	Associates have a <b>general understanding</b> of shared value.	Associates <b>understand shared value and know their role</b> as it relates to shared value.	Associates are <b>shared value ambassadors</b> .
	There is <b>little integration of talent</b> .	Early integration of shared value exists in <b>recruiting and HR processes</b> .	There is full integration of shared value into recruiting, HR, and <b>performance reviews</b> .
Company values and partnerships	There is <b>targeted</b> use of external partners.	Engagement of partners <b>generates ideas and executes strategies</b> .	There is extensive participation in <b>multi-sector alliances and nontraditional partnerships</b> .
	Shared value experimentation is a <b>one-off</b> event and is not embedded in company culture.	Shared value experimentations are more accepted and embedded in <b>some business units</b> .	Shared value experimentation is <b>embedded in company culture</b> .
	Some long-term commitment to shared value exists but only in <b>pockets of the organisation</b> .	There is a long-term commitment to shared value across the <b>majority of business units</b> .	There is a long-term commitment to shared value across the company; the company is <b>externally recognised as a shared value leader</b> .

Source: FSG

# Advice from the C-Suite: 10 Insights on Advancing Shared Value

There appears to be a gradual trend towards adopting shared value as a pragmatic way to incorporate a social focus into a corporate strategy. Our survey hints at this trend when compared with the ratios seen in 2015 (see figure 4).

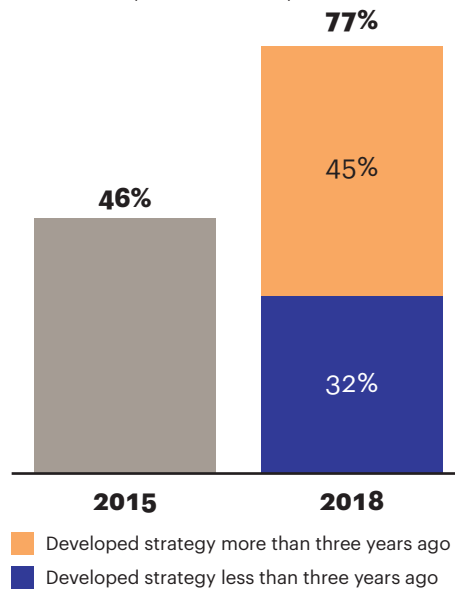
However, for shared value to succeed and mature, C-suite and board-level support and sponsorship are essential. As part of our study, we interviewed a selection of Australian and New Zealand business leaders to find out what advice they have for organisations that are considering investing in shared value. We are grateful to these leaders for their time and candid conversations.

The result is a pragmatic body of guidance with high relevance for companies looking to advance their shared value maturity. Through this process, we came away more convinced than ever that a sustained conversation within and across boardrooms in Australia and New Zealand can be a powerful force in driving the social and business outcomes that shared value promises. Based on insights from organisations at various stages of the shared value creation journey, we have distilled 10 important steps to becoming a stronger shared value performer (see figure 5).

Figure 4

## More companies are leaning towards a shared value strategy

Companies pursuing a shared value strategy  
(% of companies surveyed)



Source: A.T. Kearney analysis

Figure 5

## 10 actions can solidify a shared value approach

- 1 Differentiate between shared value and corporate social responsibility.
- 2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.
- 3 Identify business opportunities inspired by the organisational purpose.
- 4 Use purpose as a touchstone for corporate decision-making.
- 5 Explicitly align investments to purpose and opportunities.
- 6 Recognise the need to adjust mindsets and create a language that works.
- 7 Measure the impact in terms of the organisation's bottom line.
- 8 Illustrate success to inspire more successes.
- 9 Partner intensively and expansively.
- 10 Work closely with the board.

Source: A.T. Kearney analysis

**1. Differentiate between shared value and corporate social responsibility.** While many companies focus on doing no harm (such as banks not investing in industries that cause pollution and food manufacturers reducing the sugar content in their foods) and doing good through charities, volunteering, and workplace giving (such as matching donations and freeing up employees' time for volunteering), shared value complements these efforts and creates real and tangible business value by looking at social problems as business opportunities. Without this distinction, companies may be tempted to prematurely tick the box and not challenge themselves to consider, embrace, and succeed through shared value. As major stakeholders of financial inclusion in Australia, some banks have used compelling organisational purposes to shift from corporate social responsibility to a shared value approach. National Australia Bank's approach is to solve customer hardship via its NAB Assist function—a successful example of how working with customers and social partners to address root causes of hardship can have significant customer and economic benefits. In addition, Heritage Bank's community branch model uses a joint venture approach to provide access to banking services in regional communities, improving financial inclusion alongside an expanded customer base.

“Championing sociability and helping people live well has inspired and shaped innovations and propositions into the market such as our focus on creating experiences and product innovations that help people live better.”

—Stuart Irvine, CEO, Lion

**2. Define a bold purpose that inspires and gives an organisation permission to embrace shared value.** Good examples of compelling purpose statements came through our interviews, including “making your world a safer place,” “backing the bold that move Australia forward,” and “championing sociability and helping people to live well.” It is also interesting to note that many of the government-linked or mutual-based organisations we interviewed were better able to articulate their social and commercial purpose (for example, Australia Post, icare, and Heritage Bank). For them, doing business is anchored in shared value. Purpose seems to be the key to give an organisation permission to embrace shared value. By shifting the focus from the company (self), which is typically the focus of vision, to the customer, community, or employee (other), which is the focus of purpose, an organisation can powerfully start its frame of relevance and open up a breadth of opportunities to purpose.

**3. Identify business opportunities inspired by the organisational purpose.** Various organisations have systematically identified areas of opportunity linked to their purpose. 7-Eleven focuses on migrants, food, youth, and community in pursuing its purpose to “turn the ordinary into extraordinary.” Identifying opportunities and a framework to think about shared value across the organisation can enable and empower managers to use this as a lens to approach their strategic and operational business challenges. Such empowerment allowed Campbell Soup to be the first company in Australia to introduce the Health Star Rating to its products. When identifying opportunities, it is important to look up and down the value chain and across stakeholder groups.

**4. Use purpose as a touchstone for corporate decision-making.** ANZ Bank shared that most of its key decisions reflect the company's purpose "to shape a world where people and communities thrive." Using the purpose statement to validate and shape key business decisions embeds shared value thinking into the organisation's DNA. Australia Post's community service obligation forms the basis of corporate strategy definition as strategic planning places the combined social and business purposes as the key objective. By linking decision-making to purpose, an organisation can breathe life into its purpose, making it much more than a phrase. By challenging executives to reflect continuously on the choices they make, vis à vis purpose, it triggers ideas and opportunities for shared value creation.

"Getting over the mindset that one should not make a profit by doing something good is a necessary step to continue progress."

—Angus McKay, CEO, 7-Eleven

- 5. Explicitly align investments to purpose and opportunities.** Organisations continue to invest heavily in innovation, supply chain optimisation, and digital. These investments can be aligned to and leveraged for shared value creation. Australia and New Zealand Banking Group (ANZ), for example, measures the percent of its investment budget that is aligned to its purpose and is in the process of leveraging its new agile ways of working to unleash the organisation's creative energy on shared value challenges. And icare's process simplification efforts aimed to both reduce costs and deliver benefits to customers when they needed them most. The more a company believes in shared value by genuinely unlocking value, the more it is likely to direct investments in that direction.
- 6. Recognise the need to adjust mindsets and create a language that works.** Some interviewees stated the surprising truth that it feels uncomfortable to make money by doing good. However, this is exactly what shared value encourages. Some NFPs balk at the opportunity to partner with businesses for mutual benefit as they see this as businesses simply trying to cover up their missteps with positive associations. Recognising these mindset barriers and addressing them head on will be essential. Many interviewees recognised the importance of empowering middle management to lead the charge on identifying and delivering shared value alongside conducting business as usual.
- 7. Measure the impact in terms of the organisation's bottom line.** While every interviewee recognised that measuring the direct impact of shared value initiatives is challenging, they also said it is essential to bringing shareholders and investors on board. Just like the Net Promoter Score (NPS) is a proxy for the value of customer advocacy, a simple measure that links shared value efforts with broader measures of organisational health (such as customer, employee, and brand) is a useful ingredient in building momentum around shared value. The inability to measure the impact of shared value in these terms is one of the key barriers to sustainable investment. With shared value embedded into broader organisational and operational strategies, Medibank, for example, uses the same factors to measure the success of its shared value initiatives (commercial, customer, and employee outcomes).

**8. Illustrate success to inspire more successes.** Although every organisation we interviewed had achieved some wins in shared value, many surprisingly did not call this out explicitly. While labels themselves may not be important, they can inspire others to think and work in similar ways and create a sense of conviction that shared value thinking can be a large part of the solution for organisations looking for profitability, sustainable growth, and positive social impact. At early stages on the journey regular “audits” of initiatives and innovations are needed within companies to identify and celebrate. Shared-value-type initiatives can encourage and inspire further exploration of shared value thinking.

“Board-level discussion is critical to continuing to evolve the shared value discussion. Medibank is having an active conversation at the board level about whether the notion of social licence to operate is changing.”

—**Kylie Bishop, Group Executive People and Culture, Medibank, and Karen Oldaker, GM Wellbeing and Community**

**9. Partner intensively and expansively.** The role of government and industry associations in accelerating shared value thinking and efforts was clearly stated in the interviews. In addition, collaborating with business-to-business partners such as suppliers and distributors is core to shared value thinking, and partnering with start-ups to drive innovation is seen as a powerful approach. For example, 7-Eleven cultivates meaningful relationships with suppliers and franchisees to create economic success through reciprocal partnerships and profit-sharing arrangements.

Shared value focuses on “others” and hence is by definition inclusive with partnership as its cornerstone. Like any capability, partner management is one that needs to be nurtured in companies leading to unlock shared value.

**10. Work closely with the board.** Boards have a longer tenure than many C-suite executives. Given the mid- to long-term nature of shared value, efforts that have the board not only supporting but advocating for shared value are seen as central. Furthermore, with many markets’ relatively small talent pool of board members, board awareness can have a multiplier effect across organisations. Like executive teams, boards have very different levels of awareness about shared value: the why, the what, and the how. Expanding board engagement is a strong catalyst to prompt organisations to be bold.

“Shared value measurements embedded in a single benefits framework rather than a stand-alone dashboard are essential for real traction to occur.”

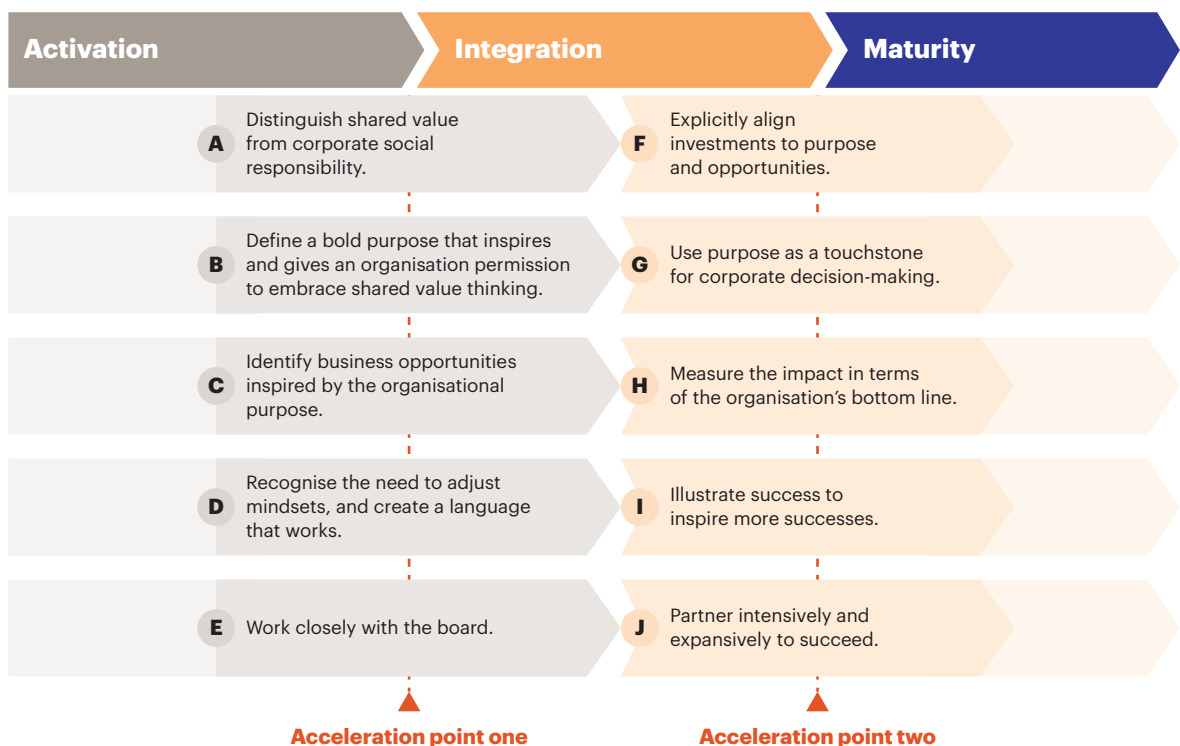
—**Chris Blake, Former Executive General Manager Group Services at Australia Post**

# From Ambition to Acceleration: What Business Can Do to Move Up in Shared Value Maturity

Our study reveals that organisations have a great deal of ambition to move up the shared value maturity curve. Translating this into concrete actions requires a pragmatic approach in which actions can be prioritised based on where each organisation is on the shared value maturity continuum.

In concluding this report, we bring to life the essential steps companies can take and the two major acceleration points in practicing shared value (see figure 6). Organisations across New Zealand and Australia can work through this pragmatic set of actions to build on their efforts and move towards solving social issues profitably. We hope this inspires leaders to take the next steps forward.

Figure 6  
**10 steps to becoming a top performer in creating shared value**



Source: A.T. Kearney analysis

## Acceleration point one: activation to integration

**A. Distinguish shared value from corporate social responsibility.** Take an inventory of initiatives, and group them into doing no harm or doing less harm, contributing to good with no explicit or direct expectation of returns, and creating business value by doing good. The last category represents the organisation's core shared value initiatives and over time should represent the lion's share of investment and impact.

- B. Define a bold purpose that inspires and gives an organisation permission to embrace shared value thinking.** Does the organisation have a purpose statement? If not, invest in one. If yes, revisit it to make sure it goes beyond the organisation's own success and gives permission to create value for a broader group of stakeholders.
- C. Identify business opportunities inspired by the organisational purpose.** Conduct a discovery workshop that uses techniques such as design thinking to discover pain points and opportunities across the value chain and stakeholder groups. Distil down to two to three major opportunity areas that will be the organisation's shared value focus.
- D. Recognise the need to adjust mindsets, and create a language that works.** Conduct an executive alignment exercise to understand the level of alignment with shared value and uncover mindset and belief concerns that inhibit shared value thinking.
- E. Work closely with the board.** Conduct a board session on shared value, and consider offering training in shared value for board members and C-suite executives.

## Acceleration point two: integration to maturity

- F. Explicitly align investments to purpose and opportunities.** Conduct an audit of investments, and determine if they are with purpose, neutral, or against purpose. Discuss as a leadership team how the mix can move in the shorter term and consistently over time. Consider reviewing existing investments through the shared value lens and the opportunity for societal impact and profit.
- G. Use purpose as a touchstone for corporate decision-making.** Include the purpose statement in every for-decision paper to remind the organisation to constantly work towards that purpose, which if defined well is consistent with its own success.

Despite the progress that has been made, businesses have a long way to go in terms of their maturity in shared value thinking.

- H. Measure the impact in terms of the organisation's bottom line.** Begin to complement measurement of investments with measurement of returns even if one uses placeholders or proxy to begin with. Include in business case templates, and conduct training on how to measure the shared value impact for middle management.
- I. Illustrate success to inspire more successes.** Leverage employee and investor platforms to communicate the success and commercial impact of shared value initiatives. Consider internal recognition and opportunities to reflect and celebrate within the company.
- J. Partner intensively and expansively to succeed.** Identify two to three stakeholder groups that can help with purpose, and share your purpose and the identified opportunities to explore potential ways to collaborate.



# An Invitation to Action

Shared value is a pragmatic and powerful approach for businesses to align their obligations to shareholders with their commitment to other stakeholders, including customers, employees, and communities. By identifying social issues that intersect with their business and seeing them as opportunities to create both business and social value, shared value presents a means to achieve this.

Despite the progress that has been made, businesses have a way to go in terms of their maturity in shared value thinking and doing. The experiences and lessons of select Australian and New Zealand companies in pushing up the curve are a valuable source of insights for all businesses in these markets, and indeed globally.

The 10 insights and actions distilled from our study are offered as a starting point for businesses looking to be part of the answer while continuing to deliver strong commercial success. We invite all businesses to consider where they stand and what steps they might take to move forward. We also invite businesses to consider the value they could create and act on it and, in doing so, restore people's trust in businesses as a force for good.

## Authors



**Nigel Andrade**, partner, Sydney  
nigel.andrade@atkearney.com



**Peter Munro**, partner, Sydney  
peter.munro@atkearney.com

The authors would like to thank all of the executives who participated in the interviews and the survey for this report. We would also like to thank Michael Dunstan, Stephanie Andrews, Ashwin Khotkar, James Tian, Ian St. Maurice, Jake Barker, and A.T. Kearney's marketing team members who helped develop the paper.

# Appendix

## Executive Interviews: Reflections on Shared Value and Its Adoption



**Chris Blake**

Former Executive General Manager, Group Services, Australia Post

- 1** Differentiate between shared value and corporate social responsibility.

**Australia Post does not see shared value as part of brand strategy (which focuses on mitigating negative perceptions) but rather part of corporate culture.**

- 2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**Australia Post is constituted as a B-Corp. Community service obligation (CSO) is in the constitution (delivery obligations across country at same price to all). Hence, its approach to shared value differs from other companies. CSO forms the basis for defining strategy.**

- 3** Use purpose as a touchstone for corporate decision-making.

- 4** Identify business opportunities inspired by the organisational purpose.

**There are numerous initiatives at the intersection of the UN Sustainable Development Goals and Australia Post's operations, including small business champions to help small businesses sell and grow online, both locally and internationally, and improving digital literacy or social procurement.**

- 5** Explicitly align investments to purpose and opportunities.

**Strategic planning processes: Working back from business purpose versus planning forward from the current business model results in different strategies.**

- 6** Recognise the need to adjust mindsets and create a language that works.

- 7** Measure the impact in terms of the organisation's bottom line.

- 8** Illustrate success to inspire more successes.

- 9** Partner intensively and expansively.

- 10** Work closely with the board.

**The board is appointed (not selected by the company) and on average has a very short tenure. Board members talk about corporate social responsibility and the company's role in the community rather than shared value. The driving philosophy is how costs and benefits are shared across stakeholders rather than shared value.**



**Shayne Elliott**  
CEO, ANZ

**1** Differentiate between shared value and corporate social responsibility.

**2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**Four years ago, ANZ defined and embraced its purpose to “shape a world where people and companies thrive.”**

**ANZ has a comprehensive and thoughtful approach to its overall social impact, using three lenses:**

- Who ANZ banks (for example, industries ANZ will not bank and whether clients have a transition plan on climate change)
- How ANZ behaves (for example, is the bank easy to understand?)
- What ANZ cares about (for example, financial well-being)

**3** Use purpose as a touchstone for corporate decision-making.

**Based on an internal review, the majority of executives considered purpose in their overall decision-making.**

**4** Identify business opportunities inspired by the organisational purpose.

**In New Zealand, ANZ introduced an initiative in partnership with the government to provide interest-free loans to home loan customers to help New Zealanders access insulation delivering both customer and business benefits.**

**5** Explicitly align investments to purpose and opportunities.

**ANZ’s agile capabilities were identified as able to play a big part in shared value efforts, particularly around responsible lending services and in parallel with digital innovation. ANZ also tracks project spend to ensure it is aligned with overall purpose.**

**6** Recognise the need to adjust mindsets and create a language that works.

**ANZ transformed its governance structure to support purpose. It changed the board's Governance Committee to the Ethics, Environment, Sustainability, and Governance Committee and established the executive-level Ethics and Responsible Business Committee, which is chaired by the CEO. Both take ownership of purpose and ensure ANZ is aligned.**

**7** Measure the impact in terms of the organisation's bottom line.

**ANZ is starting to incorporate measures in the way it runs the business. In other words, this is not an add-on, but rather purpose measures embedded in the core business metrics, for example by establishing a metric for the financial well-being of our customers.**

**8** Illustrate success to inspire more successes.

**9** Partner intensively and expansively.

**10** Work closely with the board.

**Efforts in shared value have been executive management driven rather than board driven, but the company aspires to do more on this.**



## David Harrington

Group Executive Strategy and Corporate Development, IAG;  
Director, Shared Value Project

1 Differentiate between shared value and corporate social responsibility.

**IAG established Australia's first corporate shared value team, initially within its corporate strategy team, to better enable IAG to deliver competitive advantage through a purpose-led strategy underpinned by the shared value approach.**

2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**"We make your world a safer place." IAG's purpose reflects the underlying belief that, through both its products and actions, it can make tomorrow safer than today for all the people who count on it.**

**Purpose is a golden thread running through IAG's internal and external communications, with its approach to shared value innovation implicit throughout. IAG profiles this work as part of the strategic narrative of its business for its customers, employees, partners, communities, and shareholders. The company is also proud of the role it plays in championing shared value through its founding membership of the Shared Value Project.**

3 Use purpose as a touchstone for corporate decision-making.

4 Identify business opportunities inspired by the organisational purpose.

**The shared value opportunities IAG is pursuing are guided by its Safer Communities framework, which focuses on creating safer, stronger, and more confident communities in the areas most aligned to its business (for example, road safety, resilience to natural perils). IAG also uses its Shared Value Assessment Tool to evaluate the extent to which individual initiatives are likely to create shared value and help it prioritise effort.**

4 Identify business opportunities inspired by the organisational purpose.

**Increasingly, IAG's role as an insurer is to help customers and communities better understand and manage their risk and, in turn, improve its business performance (for example, Get Prepared app with the Australian Red Cross).**

5 Explicitly align investments to purpose and opportunities.

6 Recognise the need to adjust mindsets and create a language that works.

**Since having "embedding shared value" as an FY15 IAG strategic priority, IAG's Safer Communities team (formerly Shared Value) has engaged continuously to raise awareness and support behaviour change.**

7 Measure the impact in terms of the organisation's bottom line.

**IAG's Safer Communities Measure quantifies community and business impact as well as employee advocacy and involvement and is a key measure within IAG's People, Performance, and Reputation Division's balanced scorecard.**

8 Illustrate success to inspire more successes.

9 Partner intensively and expansively.

**IAG collaborates at all levels and across sectors to facilitate systems change and create safer, more connected, and more resilient communities.**

10 Work closely with the board.

**IAG's board was actively involved in defining the company's purpose and recognises the important role it plays in driving a purpose-led culture.**



**Ken Henry**  
Chairman, NAB

**1** Differentiate between shared value and corporate social responsibility.

**2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**NAB's purpose is to back the bold who Australia forward. This statement inspires NAB to use its greatest strengths as a business for the best interests of the nation's future success and its business.**

**3** Use purpose as a touchstone for corporate decision-making.

**4** Identify business opportunities inspired by the organisational purpose.

**NAB introduced NAB Assist to help customers who are struggling to make their repayments and work with partner agencies to address the root causes of financial hardship. By backing its customers in this way, NAB is working to create a clearer path out of hardship, whilst ensuring greater lifetime value for its business.**

**5** Explicitly align investments to purpose and opportunities.

**Shared value is a critical tool for companies to deliver on their purpose. As a strategy, it encourages companies to confront the most important challenges facing Australian communities. For NAB, this means thinking about how it can limit global warming to less than 2 degrees by supporting a just transition to a low-carbon economy. Guided by its \$55 billion commitment to environmental financing by 2025, NAB continues to be the leading arranger of renewable energy finance, has developed a growing number of green and sustainability bonds, including issuing Australia's largest ever green bond last year, and UBank has just launched a new green Term Deposit certified by the Climate Bonds Initiative.**

**6** Recognise the need to adjust mindsets and create a language that works.

**7** Measure the impact in terms of the organisation's bottom line.

**NAB measures the impact that its shared value and social impact initiatives have across the bank in order to understand the value it is creating for its business and for society. For example, the NAB Assist initiative delivered around \$70 million in its first year through a reduction in loan defaults and operational efficiencies by helping 97 percent of customers back on track with their payments within 90 days. Being able to measure the results of programs like this allows NAB to make better decisions that create value for both its business and its customers.**

**8** Illustrate success to inspire more successes.

**9** Partner intensively and expansively.

**10** Work closely with the board.

**Shared value is not a common topic on the board agenda as compliance and regulations are taking up much of the capacity of the board. This should become a more common theme.**

**1** Differentiate between shared value and corporate social responsibility.

**2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**Shared value is central to icare's business model, but it is not easy. Customers' well-being is good for business.**

**3** Use purpose as a touchstone for corporate decision-making.

**4** Identify business opportunities inspired by the organisational purpose.

**Simplifying the claims process gives benefits to customers quicker whilst also realising claims benefits and savings. Because icare is an insurance business, partnering for prevention can offer opportunities for shared value as the customer benefits from increased well-being whilst icare profits from fewer claims.**

**5** Explicitly align investments to purpose and opportunities.

**6** Recognise the need to adjust mindsets and create a language that works.

**The company sees supporting its staff as a great way to create shared value (support employees on their life journey with icare).**

**7** Measure the impact in terms of the organisation's bottom line.

**Measurement is very difficult but possible even if icare separately measures the impact on the individual and the scheme.**

**8** Illustrate success to inspire more successes.

**The company is an official supporter of the Invictus Games to connect with long-term injured workers, road users, and their families through the event. The company co-creates research by inviting employees for a Research in Practice forum to bring fresh perspectives, new tools, and practical tips to get work teams socially connected. More support for employees, communication, and greater cohesion are expected to increase productivity and the flow of social and financial benefits.**

**9** Partner intensively and expansively.

**Rather than directly getting involved in risk minimisation, icare believes in partnering with organisations that are best suited to support this goal.**

**10** Work closely with the board.



**Stuart Irvine**  
CEO, Lion

**1** Differentiate between shared value and corporate social responsibility.

**2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**Lion's purpose is to enrich the world every day by championing sociability and helping people to live well.**

**3** Use purpose as a touchstone for corporate decision-making.

**Lion uses its purpose to inform everything it does. Purpose is something it considers when harnessing its creativity to come up with new innovations, making decisions on how to prioritise its resources and efforts, and reflecting on how it can positively impact the world.**

**4** Identify business opportunities inspired by the organisational purpose.

**Venues such as pubs, clubs, and cafés play a big role in encouraging sociability and reducing social isolation. Lion sees opportunities for creating shared value in these venues and also in the wide variety of products it makes and distributes.**

**5** Explicitly align investments to purpose and opportunities.

**Lion has a number of initiatives in place that reflect its shared value mindset, such as:**

- Developing lower-strength alcoholic products
- Partnering with food rescue organisation Yume Foods to create limited-edition beers made from ingredients that would otherwise be discarded
- Establishing The Fermentist in Christchurch, New Zealand which focuses on its responsibility sustainability initiatives
- Launching its Beers for the Bush campaign, which has raised \$1 million for drought relief.

**6** Recognise the need to adjust mindsets and create a language that works.

**There is a common misconception that doing good in society cannot by its nature be something that also makes a profit. Businesses need to overcome this mindset in order to make progress in the shared value space. Lion's efforts in this respect are around minimising harm and pivoting its language towards shared value.**

**7** Measure the impact in terms of the organisation's bottom line.

**8** Illustrate success to inspire more successes.

**9** Partner intensively and expansively.

**Lion is committed to building long-term sustainable partnerships with its dairy farmers and orange growers, which is why it has launched its 3Ps for agriculture procurement. This is based on:**

- Offering its farmers and growers competitive pricing and contract terms
- Forging genuine partnerships for the long term and articulating a clear purpose built around growing profitable volumes and sustainable returns through the supply chain
- The Dairy Pride and Orchard Pride sustainability programs have been designed to help its farmers and growers become more sustainable on farm now and in the future. The programs provide valuable and practical information to help them measure, evaluate, and improve key areas of sustainability on farm.
- Lion is a signatory to the Supplier Payment Code

**10** Work closely with the board.



**Peter Lock**  
CEO, Heritage Bank

1 Differentiate between shared value and corporate social responsibility.

2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**Heritage is a mutual bank that has a deeply rooted social purpose, which it delivers through both corporate social responsibility and shared value. Legacy is important. Management is the custodian of the bank for customers, the community, and employees. Heritage has an ongoing commitment to mutuality and adding shared value to the communities.**

3 Use purpose as a touchstone for corporate decision-making.

**Heritage's status as a mutual bank ensures that shared value is at the heart of its business model and decision-making. In particular, the board and leadership team feel a strong obligation to maintain and strengthen the legacy of Heritage for current and future generations of local communities.**

4 Identify business opportunities inspired by the organisational purpose.

5 Explicitly align investments to purpose and opportunities.

**One of the best examples of shared value is the community branch model. Heritage supplies a bank-in-a-box and staff with profits split 50/50 between the community and the bank after costs are covered. Community branches bring banking to local geographies not served by traditional banking. This is a win-win for the community and Heritage as these locations would not otherwise have been served and the returns to the bank would not otherwise have justified prioritisation for a proprietary branch investment.**

6 Recognise the need to adjust mindsets and create a language that works.

7 Measure the impact in terms of the organisation's bottom line.

8 Illustrate success to inspire more successes.

9 Partner intensively and expansively.

10 Work closely with the board.





**Angus McKay**  
CEO, 7-Eleven

**1** Differentiate between shared value and corporate social responsibility.

**Although a great place to start, corporate social responsibility is not a substitute for shared value, and there needs to be a shift in mindset within companies.**

**2** Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**7-Eleven's purpose is to turn the ordinary into the extraordinary.**

**3** Use purpose as a touchstone for corporate decision-making.

**4** Identify business opportunities inspired by the organisational purpose.

**The company's Good Cause Project partners with external companies along certain causes, such as:**

- Migration (AIMS)
- Food (Second Bite)
- Youth and mental health (ReachOut)
- Community (Footy and cricket sponsorships)

**5** Explicitly align investments to purpose and opportunities.

**All efforts around building a better society are viewed through the Good Cause Project lens, which helps focus and increase the impact of these efforts and investments.**

**6** Recognise the need to adjust mindsets and create a language that works.

**7** Measure the impact in terms of the organisation's bottom line.

**8** Illustrate success to inspire more successes.

**The company's shared value history is long. Twenty years ago, 7-Eleven partnered with a small sandwich store that hired and created jobs for people with handicaps, which illustrated shared value by having a positive impact whilst providing good products that customers bought.**

**9** Partner intensively and expansively.

**10** Work closely with the board.



## Damien Mu

Chief Executive Officer, AIA Australia and New Zealand

- 1 Differentiate between shared value and corporate social responsibility.

**AIA's CSR program incorporates charitable sponsorships and volunteering opportunities for its employees. While this is aligned with its purpose and vision, it is distinguished from shared value, which is integrated into AIA's strategy and informs business decisions.**

- 2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**At AIA Australia, the company's purpose is to make a difference in people's lives through a customer value proposition of life, health, and well-being. AIA's vision is to deliver shared value by championing Australia and New Zealand to be the healthiest and most protected nations in the world.**

- 3 Use purpose as a touchstone for corporate decision-making.

- 4 Identify business opportunities inspired by the organisational purpose.

**In addition to its AIA Vitality program, which focuses on prevention and early intervention, AIA has also invested in market-leading rehabilitation and return-to-work programs to help claimants get back to wellness and work.**

- 5 Explicitly align investments to purpose and opportunities.

**In 2017, AIA Australia partnered with not-for-profit health insurer GMHBA and financial services provider Discovery to launch a new health insurance brand, myOwn, which is bundled with AIA Vitality to encourage and reward members to engage in healthy behaviours.**

- 6 Recognise the need to adjust mindsets and create a language that works.

**AIA's purpose, vision, and operating philosophy are deeply entrenched in the company's language and woven throughout both internal and external communications. The CEO makes a point of speaking to them every time he presents to staff. AIA lives and breathes these mantras. Highlighting the importance it places on shared value, AIA has explicitly incorporated it into its vision.**

- 7 Measure the impact in terms of the organisation's bottom line.

- 8 Illustrate success to inspire more successes.

**Since AIA Vitality launched in 2014, it now has more than 100,000 members in Australia, and AIA's plans to launch the program in New Zealand this year are in full swing. To date, the program has seen more than 247,000 client health assessments completed, more than 1 million visits to partner gyms, and more than 87 billion steps taken. These healthy choices have been rewarded by more than 10,800 discounted flights claimed, and more than \$8.5 million worth of shopping rewards spent.**

- 9 Partner intensively and expansively.

- 10 Work closely with the board.

**AIA's board is 100% behind embedding a shared value mindset into the way it does business. Shared Value Project Chair Peter Yates AM is an independent non-executive director of the board.**



## Joseph Skrzynski

Co-founder and Chair of Investment Committee, CHAMP Private Equity

- 1 Differentiate between shared value and corporate social responsibility.

**Corporate social responsibility has been the core concept. CHAMP uses negative screen on investments such as gambling, tobacco, and unhealthy foods. Its approach has been focused on doing no harm more than creating shared value, but it will be considering shared value in the future.**

- 2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

- 3 Use purpose as a touchstone for corporate decision-making.

- 4 Identify business opportunities inspired by the organisational purpose.

**Efficiency through waste reduction (recycling of materials and efficient use of water and electricity) is a common theme of shared value that CHAMP explores with its investments.**

- 5 Explicitly align investments to purpose and opportunities.

- 6 Recognise the need to adjust mindsets and create a language that works.

**Encouraging employees to participate in donations, boards, and offering professional skills helps create an awareness and sensitivity to social issues.**

- 7 Measure the impact in terms of the organisation's bottom line.

- 8 Illustrate success to inspire more successes.

**Participate in supporting the Good Start acquisition by SVA is a great example.**

- 9 Partner intensively and expansively.

- 10 Work closely with the board.

**Boards have longer tenure than most executive teams, so they should lead the way in taking a shared value lens.**



## Umit Subasi

President International, Campbell Soup Company

- 1 Differentiate between shared value and corporate social responsibility.

**The Arnott's Foundation donates \$1 million per year, but this can be more coordinated as the company shifts towards a shared value focus.**

- 2 Define a bold purpose that inspires and gives an organisation permission to embrace shared value.

**At Campbell Arnott's, sustainability and transparency are integrated as part of its social and human capital strategy.**

- 3 Use purpose as a touchstone for corporate decision-making.

- 4 Identify business opportunities inspired by the organisational purpose.

**Through a focus on health, well-being, and transparency, Campbell Arnott's was early to implement the Health Star rating system to its products.**

**Arnott's launched Inside My Bikkie, a designated area on the Arnott's website that was designed as a platform for Arnott's to talk openly with consumers about the ingredients used in its biscuits. Understanding where ingredients come from helps consumers to make informed choices in relation to their diet.**

- 5 Explicitly align investments to purpose and opportunities.

**This is achieved by defining supplier strategies that also have social benefits. For example, through working with Aussie Farmers, Arnott's has established a secure soft wheat supply that is sourced 100% in Australia.**

**Through its capital investments at each of its four Australian manufacturing facilities, Arnott's is able to improve its environmental footprint through a range of sustainability initiatives.**

- 6 Recognise the need to adjust mindsets and create a language that works.

- 7 Measure the impact in terms of the organisation's bottom line.

**Arnott's measures its corporate social responsibility initiatives to understand the positive impact they have to the community. Fiscal year 2018 was a record year for The Arnott's Foundation, with \$768,000 donated to charity partners. This represented growth of 7.4 percent compared with the year prior.**

- 8 Illustrate success to inspire more successes.

- 9 Partner intensively and expansively.

**Campbell Arnott's proudly supports Foodbank, Australia's largest food relief organisation. In the 2018 financial year, through this partnership, it donated more than \$1.6 million to Foodbank Australia.**

**In 2018, farming was identified as the perfect fit as the third beneficiary of the Arnott's Foundation. Aussie Helpers was named as this NFP as the Foundation donated \$25,000 along with \$60,000 of product. Arnott's looks forward to increasing support this year.**

- 10 Work closely with the board.







A.T. Kearney is a leading global management consulting firm with offices in more than 40 countries. Since 1926, we have been trusted advisors to the world's foremost organizations. A.T. Kearney is a partner-owned firm, committed to helping clients achieve immediate impact and growing advantage on their most mission-critical issues. For more information, visit [www.atkearney.com](http://www.atkearney.com).

---

<b>Americas</b>	Atlanta Bogotá Boston Calgary Chicago	Dallas Detroit Houston Mexico City New York	San Francisco São Paulo Toronto Washington, D.C.
<b>Asia Pacific</b>	Bangalore Bangkok Beijing Brisbane Hong Kong Jakarta	Kuala Lumpur Melbourne Mumbai New Delhi Perth Seoul	Shanghai Singapore Sydney Tokyo
<b>Europe</b>	Amsterdam Berlin Brussels Bucharest Copenhagen Düsseldorf Lisbon	Ljubljana London Madrid Milan Moscow Munich Oslo	Paris Prague Rome Stockholm Vienna Warsaw Zurich
<b>Middle East and Africa</b>	Abu Dhabi Doha	Dubai Istanbul	Johannesburg Riyadh

---

For more information, permission to reprint or translate this work, and all other correspondence, please email: [insight@atkearney.com](mailto:insight@atkearney.com).