



PURPOSE

P L A Y B O O K

Putting Purpose into Practice with Shared Value



Edited by

Georgina Eckert

Senior Program Manager, Shared Value Initiative

Bobbi Silten

Managing Director, Shared Value Initiative



About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through customized consulting services, innovative thought leadership, and support for learning communities, we help foundations, businesses, nonprofits, and governments around the world accelerate progress by reimagining social change. To learn more, please visit www.fsg.org.



About the Shared Value Initiative

The Shared Value Initiative is a global community of leaders who find business opportunities in societal challenges. The Initiative connects practitioners in search of the most effective ways to implement shared value. Operated by FSG, the Initiative shapes this emerging field through peer-to-peer exchange, market intelligence, strategy and implementation support, and shared value advocacy. Learn more and join the community at www.sharedvalue.org.

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PREFACE

Companies are falling in love with the idea of purpose. And what's not to love? Done well, a corporate purpose is energizing, inspiring, and creates a shared reason for being.

But is simply declaring a purpose beyond profits enough? We think not.

At FSG, we've been working with purpose-led companies for two decades, and nine years ago we helped bring shared value—a business discipline where companies use their core business to drive societal change and enhance their competitiveness—to the world. We launched the Shared Value Initiative shortly thereafter. More recently, our Purpose Team has been hard at work developing new frameworks and tools to help leaders and organizations clarify purpose through a strategic lens and activate it for greater relevance and impact to society and business.

What you have in your hands or on your screen is **the *Purpose Playbook*, a guide that will help put your company's purpose into practice through shared value** and be an aid as you take the journey. We didn't write this Playbook for any specific industry or type of company, so it's not a recipe book, but a tool that starts with a big picture view and then takes you into the mechanics of bringing purpose to life through shared value, which we believe is the most powerful practice to deliver on the potential of corporate purpose. We include action steps, suggestions, and examples that will help you, the practitioner, navigate your way as you pioneer change in your company, your business ecosystem, and for society.

As we put out the 1.0 version of the *Purpose Playbook*, we feel fortunate that more than 20 corporate shared value practitioners have contributed to its development and refinement, and appreciate their thoughtful push back, suggestions, and edits. We also recognize that the *Purpose Playbook* will continue to benefit from user input and we welcome your feedback at comments@purposeplaybook.org so that we can improve this tool for the next version.

We are excited about the promise of a corporate purpose beyond profits and we hope this Playbook helps you and your company put that purpose into practice.

— *The Purpose Team*

Nikhil Bumb	<i>Associate Director, FSG</i>
Georgie Eckert	<i>Senior Program Manager, Shared Value Initiative</i>
Greg Hills	<i>Co-CEO, FSG</i>
Mark Kramer	<i>Co-Founder and Managing Director, FSG</i>
Adeeb Mahmud	<i>Managing Director, FSG</i>
Marc Pfitzer	<i>Managing Director, FSG</i>
Bobbi Silten	<i>Managing Director, Shared Value Initiative</i>
Dane Smith	<i>Managing Director, FSG</i>

A PURPOSE BEYOND PROFITS

Should companies have a purpose beyond profits? If your answer is “yes,” this *Purpose Playbook* is for you.

As the expectations of companies continue to evolve, companies will need to evolve with those expectations. As evidence of these shifting demands, in August 2019, the U.S. Business Roundtable put forth a new **Statement on the Purpose of a Corporation**,¹ which expressed a “fundamental commitment to all of our stakeholders,” not just shareholders. These global companies pledge to be led by a newfound purpose. Now, they’ll need to put that purpose into action.

The *Purpose Playbook* is here to help companies better understand what it means to have a purpose-led organization, what makes a purpose worth having, and how to deliver on the promise of that purpose by focusing on a business discipline called **shared value**.² Shared value seeks to enhance the competitiveness of a company while simultaneously improving societal and economic conditions by leveraging a company’s core business. While there are other ways for companies to be purpose-driven, we believe shared value is the most powerful engine to drive toward your organization’s purpose potential.

Let’s begin by taking a look at why purpose matters.



Without a sense of purpose, no company, either public or private, can achieve its full potential.

Larry Fink
Chairman & CEO
BlackRock

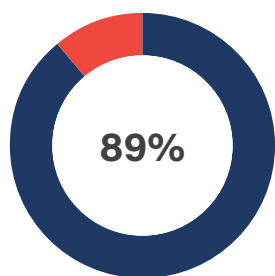
THE RISE OF PURPOSE

There is a popular conversation taking place today that companies should have a purpose beyond profits, and it is coming from a variety of places. Consumers are a third more likely to buy products or services from a purpose-driven company and 50% more likely to switch brands from one they typically buy.³ Employees are looking for greater meaning from work. This is especially true among younger, next generation leaders, with 70% of millennials stating that a company's commitment to the community and social impact initiatives will influence their decision of where to work.⁴

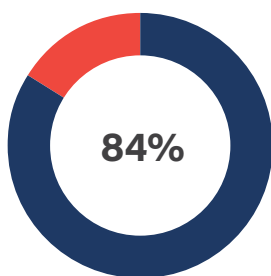
By 2025, millennials are projected to occupy 75% of the global workforce, making it imperative for employers to be mindful of this desire if they want to attract and retain the best talent. Investors are also making their voices heard, including Larry Fink, Chairman and CEO of BlackRock, the world's largest investment management firm with \$7.4 trillion of assets under management, weighing in most adamantly. His 2018 annual Letter to CEOs states that companies need to have a purpose that not only delivers on profits but makes a "positive contribution to society" or they risk losing BlackRock's support. He goes on to say, "Without a sense of purpose, no company, public or private, can achieve its full potential."

With purpose beyond profits being demanded of corporations from all corners, it is not a surprise that business leaders are taking note. In a 2015 global survey by *Harvard Business Review* Analytic Services commissioned by EY⁵ of 474 executives, there was strong agreement that purpose matters. The study defined purpose as "an aspirational reason for being which inspires and provides a call to action for an organization and its partners and stakeholders and provides benefit to local and global society."

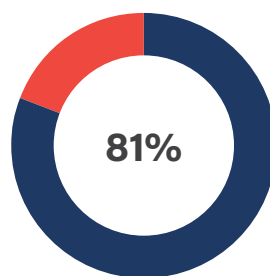
A few highlights from the HBR Analytic Services/EY survey make the point clear:



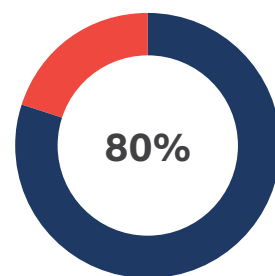
believe that an organization with shared purpose will have employee satisfaction



believe their business transformation efforts will have greater success if integrated with purpose

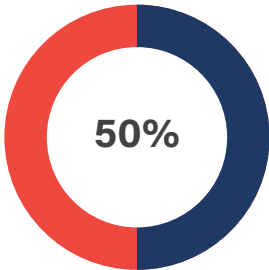


believe that purpose-driven firms deliver higher-quality products/services

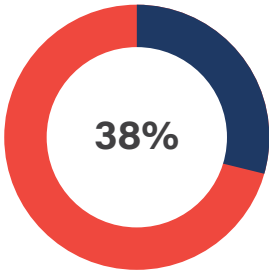


believe that an organization with shared purpose will have greater customer loyalty

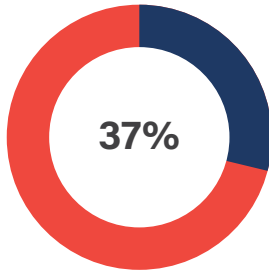
Despite the clear belief in the value of purpose, these same executives are also challenged with embedding purpose in their organizations and bringing it to life in strategy, operations, and people.



agreed that their organization's strategy is reflective of their sense of purpose



agreed that their staff has a clear understanding of organizational purpose and commitment to core values/beliefs



agreed that their business model and operations are well-aligned with our purpose

There is clearly a need and desire for the adoption of a corporate purpose beyond profits; however, there is a disconnect when you examine the degree to which corporate executives believe purpose is actually being integrated into the way business is done. This Playbook illuminates the path to taking purpose from an idea to a plan of action through shared value by leveraging your core business to address material and meaningful societal issues.

PURPOSE PLAYBOOK AT-A-GLANCE

- Define a corporate purpose that integrates an unmet societal need, leverages your company's assets to create positive change, and strengthens your company's competitive position.
- Put your company's purpose into action with the *Purpose Playbook* to drive greater distinction and competitiveness while creating more sustainable societal and business conditions.
- Integrate purpose into strategy, operations, and people practices through shared value.
- Recognize the role that your company culture plays in the achievement of your purpose and shared value goals.
- Accelerate shared value performance and purpose achievement by implementing nine key practices.

STRATEGY	OPERATIONS	PEOPLE
1. Opportunities Identification	4. Innovating for Scale	7. Organizational Design
2. Sources of Distinction	5. New Models of Cooperation	8. Talent Acquisition & Development
3. Strategies, Goals & Resources	6. Measurement & Reporting	9. Engagement & Communications

BEING A PURPOSE-LED COMPANY

“The companies that perform best over time build a social purpose into their operations that is as important as their economic purpose,”⁶ according to Harvard Business School Professor Rosabeth Moss Kanter. Being a purpose-led company requires a deep commitment and continuous work as social norms, consumer and employee expectations, government policies, and other external factors continue to evolve in our global society. Being a purpose-driven leader requires patience and a long-term view of the promise that your company’s purpose represents.

There is no magic formula to becoming a purpose-led company, but most organizations that are grounded in a purpose that includes social and environmental benefits, in addition to profit, have policies, programs, and practices to support their efforts toward their purpose potential. These are a portfolio of values and societal engagement activities, including among others, sustainability, CSR, philanthropy, government relations, and community engagement. We believe one of the most powerful practices for purpose-led companies is **shared value**, and we advocate that it should be the dominant element in a purpose-led portfolio to drive the most significant impact to society. See Portfolio of Practices for a Purpose-Led Companies on the next page.

Shared value is a concept described by Professor Michael E. Porter of Harvard Business School and Mark Kramer, Co-founder and a Managing Director of FSG, in their 2011 seminal *Harvard Business Review* article, *Creating Shared Value*. They define shared value as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared



Shared value creation focuses on identifying and expanding the connections between societal and economic progress.

Michael E. Porter

Professor
Harvard Business School

Mark Kramer

Co-founder and Managing Director
FSG

value creation focuses on identifying and expanding the connections between societal and economic progress.”

We believe shared value is the most powerful practice companies can leverage to fulfill their purpose aspirations because it uses the core business to drive societal change. It can also be one of the most authentic because it relies on core business practices and know-how. Whether it is addressing protracted social issues, such as access to medicines, employment opportunities for self-determination, or improved agricultural techniques, or if it is targeting environmental opportunities, such as new uses for recycled plastics, zero deforestation practices, or renewable energy sources, shared value practices offer companies new ways to innovate, compete, and create a business environment that is sustainable. It also allows them to do so at scale while it significantly addresses social and environmental challenges. While the roles of government and civil society are critical in addressing societal issues, their resources are dwarfed when compared to those of the private sector. If private sector resources can be more effectively leveraged to simultaneously improve societal and business needs, the impact on our social and environmental challenges and opportunities could be significant and positively change the lives of many people on this planet.

PORTFOLIO OF PRACTICES FOR A PURPOSE-LED COMPANY



DECLARING A PURPOSE THAT MATTERS

To increase the impact of purpose and to realize its potential, let's examine what makes a purpose worthwhile.

We define purpose as a company's reason for being that simultaneously helps solve a societal problem and creates significant financial value for the company. In order to truly be purpose-led, a company's purpose must address an unmet societal need or needs (it cannot be a generic purpose or one that solely focuses on satisfying customer needs) and be integrated into strategy, operations, and people-related efforts. It should also create measurable value for the company and society.

We believe a company's purpose is most effective when it is significant, authentic, profitable, and serious. Unfortunately, there are many examples of companies that have declared a purpose, but they are little more than words for an employee poster or marketing campaign. To design one that is effective and will make a substantive difference to your business and society, here is some guidance to help craft a purpose worth having:

PURPOSE SHOULD BE

- > Significant
- > Authentic
- > Profitable
- > Serious

Be significant: Have a purpose that makes a meaningful contribution to an unmet social or environmental need such as those articulated by the United Nations Sustainable Development Goals (SDGs).⁷

Be authentic: A purpose needs to be reflected in the company's culture, have roots in its history, and be seen across the company's operations. A company with an authentic purpose should not have any "purpose-negative" strategies that contradict its stated purpose.



We define purpose as a company's reason for being that simultaneously helps solve a societal problem and creates significant financial value for the company.

FSG & Shared Value Initiative

Be profitable: When a purpose leads to meaningful profit, companies have clear incentives to deeply understand the drivers of social and environmental problems, make big investments in solving them, partner with other organizations, and maximize the scale of their effort.

Be serious: Purpose-led companies hold senior leaders accountable for achieving their purpose and reflect it in performance goals and ideally remuneration.

Purpose is powerful for creating shared meaning for a company. For additional perspective, see this [**blog post**](#)⁸ on a corporate purpose worth having.

Culture and Shared Value

Shared value comes alive in a corporate culture that is unique to your company. To be most effective at driving your shared value efforts, understand if your company culture enables or disables your practice and what you can shift to help accelerate your shared value performance.

For example, does your culture have a short-term orientation which may not have the patience for shared value efforts that may not show returns this quarter or this year? Does your culture work in silos and are leaders turf-oriented, which may hamper the collaborative nature of shared value? Does your culture put a high value on solving problems on your own so working with external partners in your business ecosystem may be challenging?

Understanding your culture is the first step toward getting it to work for your shared value efforts and fuel success. To learn more about corporate culture, this *Harvard Business Review* article called [**The Leader's Guide to Corporate Culture**](#)⁹ is an excellent resource.

PUTTING PURPOSE INTO PRACTICE THROUGH SHARED VALUE

By now we hope you are convinced that shared value plays a crucial role in putting purpose into practice and fulfilling the potential of your purpose for positive impact on business and society.

As with purpose, shared value is unique to each company, geography, industry, and impact area. It also comes alive in a culture that is equally unique to your company.

We have identified nine foundational shared value practices that are common across companies that can help accelerate a company's shared value performance. These practices fall into three areas—strategy, operations, and people—and represent the key practices that will lead to greater shared value impact. Combined with purpose and culture, they collectively represent the five elements of the *Purpose Playbook*. We'll review these elements first before we move on to the nine practices.

At the end of each section, there will be exercises that encourage you to apply what you've just learned and begin to map out the work in front of your company. These exercises can be done alone or as a team effort. While the exercises don't represent every activity your company may need to do to create shared value, we believe they will assist in deepening your understanding of the concepts and help demystify the process.

If you'd like to access the Workbook exercises as a separate file, use this link:
www.sharedvalue.org/purposeplaybookworkbook

Purpose and Shared Value

- > More companies are declaring a purpose.

- > But purpose without integration into business strategy, operations, and talent practices is not authentic and will have limited impact.

- > Shared value is the most powerful way to deliver on the promise of a company's purpose.

- > Shared value helps address unmet societal needs while it simultaneously creates value for business.

- > Shared value operates at three levels:
 1. Reconceiving needs, products, and customers
 2. Redefining productivity in the value chain
 3. Improving the local business environment/ecosystem

PURPOSE EXERCISE

Since purpose is at the beginning and center of the Playbook framework, let's get started by exploring what makes a meaningful purpose and what it means to your company.

OUR COMPANY PURPOSE IS:

[Example Answer: To save people money so they can live better]

IF WE FULFILL OUR PURPOSE THE WORLD WILL:

[Example Answer: Be more equitable, sustainable, and healthier]

How does your company use shared value to deliver on your purpose (use one or more approaches):

1. RECONCEIVING NEEDS, PRODUCTS, & CUSTOMERS

[Example Answer: Creating inclusive financial products to reach base of the pyramid customers]

2. REDEFINING PRODUCTIVITY IN THE VALUE CHAIN

[Example Answer: Investing in developing and supporting frontline workers]

3. IMPROVING THE LOCAL SOCIETAL ECOSYSTEM

[Example Answer: Working with raw material providers in their local community to improve yields]

OUR COMPANY PURPOSE SHOWS UP IN OUR:

- CULTURE
- STRATEGY
- OPERATIONS
- PEOPLE MANAGEMENT & DEVELOPMENT
- OTHER

A PURPOSE WORTH HAVING SHOULD:

Be significant:

Have a purpose that makes a meaningful contribution to an unmet social or environmental need.

Be authentic:

A purpose needs to be reflected in the company's culture, have roots in its history, and be seen in operations, and there should not be any "purpose-negative" strategies that contradict its stated purpose.

Be profitable:

When a purpose leads to meaningful profit, there is a clear incentive to deeply understand the drivers of societal problems, make big investments in solving them, partner with other organizations, and maximize scale.

Be serious:

Purpose-led companies hold senior leaders accountable for achieving their purpose and reflect it in performance goals and ideally remuneration.

According to **The Leader's Guide to Corporate Culture**, a company's culture can help or hinder its purpose and shared value aspirations.

For more on culture and shared value check out this **blog**.

Explore your company's culture to better understand its potential impact.

PICK 4-7 WORDS THAT DESCRIBE YOUR COMPANY CULTURE

[Example Answer: Competitive, collaborative]

DO YOU THINK YOUR CULTURE HELPS OR GETS IN THE WAY OF ACHIEVING YOUR PURPOSE POTENTIAL? HOW DOES YOUR CULTURE SUPPORT YOUR SHARED VALUE ASPIRATIONS?

WHAT'S THE ONE THING YOU WISH YOU COULD CHANGE ABOUT YOUR CULTURE THAT WOULD ENABLE YOUR PURPOSE AND SHARED VALUE?

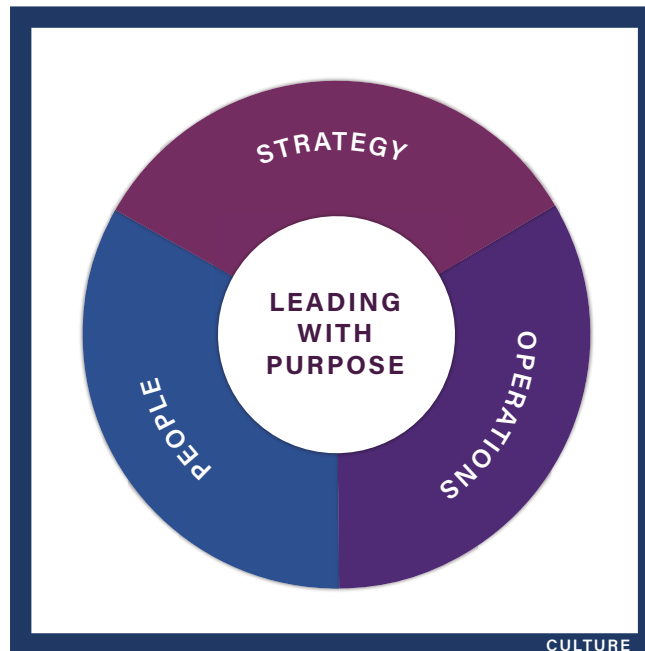
[Example Answer: Be more long-term oriented]



Culture is the tacit social order of an organization: It shapes attitudes and behaviors ... Cultural norms define what is encouraged, discouraged, accepted, or rejected within a group. When properly aligned with personal values, drives, and needs, culture can unleash tremendous amounts of energy toward a shared purpose ...

The Leader's Guide to Corporate Culture (Groysberg, Lee, Price, and Cheng)

FIVE ELEMENTS OF THE PURPOSE PLAYBOOK



1. LEADING WITH PURPOSE

A company's reason for being that simultaneously helps solve a societal problem and creates significant financial value for the company. Leads with a purpose that is significant, authentic, profitable, and serious.

2. CULTURE

The implied social order of an organization that influences attitudes, behaviors, and what is valued. Purpose-led organizations have ambition to solve business and societal issues together; they embrace innovation, risk-taking, and collaboration.

3. STRATEGY

Shared value practitioners find sources of differentiation by addressing unmet societal needs and create a more sustainable business environment. They are guided by company purpose and bring that purpose alive with shared value at one, two, or all three levels.

4. OPERATIONS

Shared value practitioners strongly link company activities, methods, and approaches to external conditions that reflect unmet social needs and impediments to business success. They are guided by a mindset and a culture that embrace the belief that business and society can mutually benefit from common activities.

5. PEOPLE

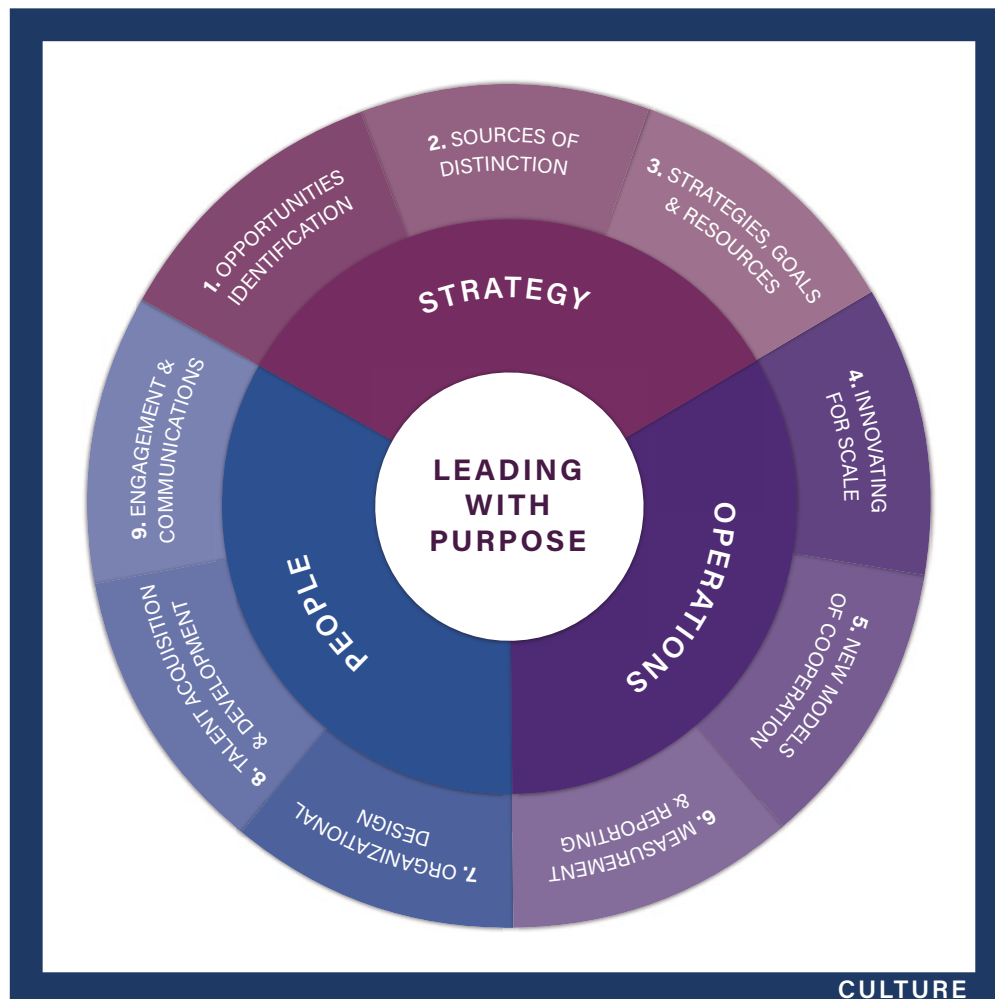
Shared value practitioners are purpose-led, and a company's people practices are key to enabling and empowering this talent to reimagine the way business is done. Purpose-led companies attract, retain, and develop talent through meaningful work and a reason for being beyond profits, and they create a culture that embraces creativity, co-creation, learning from mistakes, vulnerability, and challenging the status quo.

NINE PRACTICES OF THE PURPOSE PLAYBOOK

In this section we'll get into the details of putting purpose into practice with shared value. We have identified nine key practices that represent the most important ways to activate shared value efforts, and we provide descriptions of what good looks like for each practice. We also provide actions that can help your company move toward the ideal and offer links to helpful examples from shared value companies as well as research, articles, and other resources.

As you leverage this Playbook think of it as a guide rather than a recipe book. You may need to make adjustments or skip an action based on your unique situation. Seek to understand each behavior and action to see how it applies to your shared value efforts.

Whether you are a beginner or a seasoned shared value practitioner, we hope these practices will help you on your journey and increase your company's positive impact on society and your business.



NINE PRACTICES - AN OVERVIEW

The nine practices of the *Purpose Playbook* nest under Strategy, Operations, and People. Below you will find a description of each practice area (element) and the three practices that sit under each.

STRATEGY

Shared value practitioners **find sources of differentiation by addressing unmet societal needs and create a more sustainable business environment.** They are guided by company purpose and bring that purpose alive with shared value.

1. Opportunities Identification

Identify and prioritize social and environmental opportunities, including unmet societal needs, to create positive business impact.

2. Sources of Distinction

Select opportunities that help create distinction from the competition by linking societal impacts to business value creation; make that link fundamental to the business model.

3. Strategies, Goals & Resources

Develop strategies, set priorities and goals, and allocate resources in line with purpose aspirations; identify ways to mitigate negative tension points created by current practices and establish a strong governance process to ensure integrity and progress of shared value efforts.

OPERATIONS

Shared value practitioners strongly **link company activities, methods, and approaches to external conditions that reflect unmet social needs and impediments to business success.** They are guided by a mindset and a culture that embrace the belief that business and society can mutually benefit from common activities.

4. Innovating for Scale

Embrace an open innovation process that seeks to understand problems from the perspective of those affected by them and derives solutions through collaboration; pilot ideas that can be replicated and scale ideas that work.

5. New Models of Cooperation

Bring together players, resources, and systems needed to deliver shared value in new and unexpected ways; ground approach in the belief that true partnerships and new collaborations are imperative for the success of shared value.

6. Measurement & Reporting

Determine business and societal outcomes of shared value efforts, understanding their links and any reinforcing effects; analyze outcomes to inform future strategies and operations, including decisions to scale.

PEOPLE

Shared value practitioners are purpose-led, and **a company's people practices are key to enabling and empowering this talent to reimagine the way business is done.** Purpose-led companies attract, retain and develop talent through meaningful work and a reason for being beyond profits, and create a culture that embraces creativity, co-creation, learning from mistakes, vulnerability, and challenging the status quo.

7. Organizational Design

Create structures, roles, relationships, and processes that encourage and enable collaboration and co-creation across functions, sectors, and when appropriate, with competitors, civil society, government, and other relevant actors to better enable shared value.

8. Talent Acquisition & Development

Seek purpose-led talent and attract, retain, and develop this talent; develop and support a shared value mindset across all talent.

9. Engagement & Communications

Engage people internally and externally through purpose and a commitment to shared value; seek to deepen and sustain this commitment through information, inspiration, and relevant stories.

STRATEGY

Key Practice Area No.1

Shared value practitioners **find sources of differentiation by addressing unmet societal needs and create a more sustainable business environment.** They are guided by company purpose and bring that purpose alive with shared value.

There are three practices in the Strategy arena:

1. Opportunities Identification
2. Sources of Distinction
3. Strategies, Goals & Resources

For each practice, we identify what good looks like, suggestions for how to progress on your shared value journey, and examples from companies to bring the practice to life.

1. Opportunities Identification

Identify and prioritize social and environmental opportunities, including unmet societal needs, to create positive business impact.

What Good Looks Like	How to Progress
<p>Systematically assesses what societal challenges create risk, cost, and opportunity for the business</p>	<ul style="list-style-type: none"> ▪ Use tools such as materiality, ERM (enterprise risk management) and/or ESG assessments to inventory opportunities and risks for the business through a societal lens. ▪ Regularly review market research (e.g., consumer surveys, innovation periodicals, trend reports) to consider strategic company links to social and environmental problems. ▪ Research the SDGs (Sustainable Development Goals) to identify high-priority societal needs. ▪ Explore external resources such as the SASB (Sustainability Accounting Standards Board) to help guide assessments. ▪ Seek to identify growth opportunities, not just risk mitigation priorities.
<p>Reviews all business strategy imperatives to identify intersections with social and environmental problems</p>	<ul style="list-style-type: none"> ▪ Look at your company’s business priorities (e.g., increase market share, enter new markets) and then carefully examine how they may be achieved by helping to solve societal problems. ▪ Identify the resources, networks, and market access that may be required to achieve these priorities. ▪ Identify potential social and environmental needs that could present opportunities or barriers to better achieving your business outcomes.
<p>Deepens expertise to understand relevant societal challenges and links to business drivers</p>	<ul style="list-style-type: none"> ▪ Identify and engage internal stakeholders at all levels to stay informed of evolving business needs. ▪ Identify and engage external stakeholders including civil society, government (including regulators), experts, critics, voice of the consumer, and other relevant partners to understand evolving societal challenges. ▪ Develop tools and practices, and seek information resources to aid in staying abreast of the shifting environment in which your company operates.

PRACTICE IN ACTION:

Opportunities Identification

Nestlé conducts a thorough materiality analysis to identify shared value activities. The process helps to uncover the economic, social, and environmental issues that matter most to the business and to Nestlé's stakeholders. Creating shared value—the belief that the company can only be successful in the long term by creating value both for shareholders and for society—is fundamental to how Nestlé does business. The company focuses its work on three interconnected impact areas: the individuals and families who place their trust in Nestlé's products and brands, the communities where it operates, and the planet.

Discovery, a global insurer founded in South Africa, saw the prevalence of lifestyle-related illnesses in South Africa as an opportunity to create shared value. Its business model—Vitality—underpins insurance and financial services, creating shared value by combining behavioral economics and clinical science to encourage and reward members for exercising more, eating healthier, managing stress, and looking after and improving their health. Healthy behavior change has led to a more productive society and financial benefits like lower insurance premiums, while broadening Discovery's market share, margins and consumer base across all of its financial services adjacencies.

Abbott saw a shared value opportunity in helping dairy farmers in India, where Abbott's nutrition business needed high-quality milk, but farmers often did not have access to needed training and resources to grow their farms and incomes. Abbott's India dairy initiative provided infrastructure and training to 1,500 smallholder farmers, increasing milk

quality and thus farmer incomes, while building transferable skills. This also helped Abbott gain high-quality, cost-efficient ingredients to manufacture its nutrition products locally and build a sustainable supply chain.

PayPal is leveraging its technology and scale to democratize financial services and improve the financial health of billions of people globally. As the world becomes cashless and as mobile phones proliferate, PayPal saw an opportunity to create new technologies alongside an ecosystem of partners that offer affordable, convenient, secure and easier-to-use financial services to a new market of underbanked and underserved consumers.

RESOURCES FOR FURTHER LEARNING

- **Nestlé's Approach: Creating Shared Value:**
<https://www.nestle.com/csv/what-is-csv>
- **Nestlé's Creating Shared Value Strategy Case Study,** *Harvard Business School:*
<https://hbsp.harvard.edu/product/716422-PDF-ENG>
- **Discovery Limited Shared Value Case Study,** *Harvard Business School:*
<https://hbsp.harvard.edu/product/715423-PDF-ENG>
- **Abbott: Stronger Together in Dairy:**
<https://www.abbott.com/responsibility/social-impact/shared-impact/india-dairy.html>
- **PayPal: The Business Case for Racial Equity, 2017 Shared Value Leadership Summit:**
https://www.youtube.com/watch?v=6jQZLQAIFLM&feature=emb_title

OPPORTUNITIES IDENTIFICATION EXERCISE

[RELATED PRACTICES: 2 + 5]

Start from an outside perspective and assess the societal factors that are meaningful to your business for innovation, growth, business continuity, new markets, and medium- to long-term success, and are important for society to address.

Priority Challenges and Opportunities to be Addressed

HOW:

List the sources that help your company stay abreast of societal factors that impact your business (e.g., market research, community engagement, your foundation, NGO partners, conferences, materiality assessment, innovation gatherings).

WHAT:

Identify the societal challenges and opportunities that can impact business success (e.g., global trends, major risks, unmet needs).

2. Sources of Distinction

Select opportunities that help create distinction from the competition by linking societal impacts to business value creation; make that link fundamental to the business model.

What Good Looks Like	How to Progress
<p>Identifies opportunities that best leverage unique company assets and address unmet societal needs that matter to the business</p>	<ul style="list-style-type: none"> ▪ From the list of prioritized opportunities (see Opportunities Identification), identify areas where your company can have differentiation and a competitive advantage by addressing a societal issue with your company assets (e.g., dependable raw material supply chain, committed employees from untapped employment pools). ▪ Determine whether your company needs to develop or acquire new assets to address prioritized opportunities. ▪ Select opportunities that create the best combination of societal benefit and business value (i.e., economic plus other benefits such as innovation, talent pipeline, new markets).
<p>Determines the positive, neutral, and negative impacts of current business practices in the opportunity areas selected</p>	<ul style="list-style-type: none"> ▪ Examine how current business activities intersect with the opportunity area(s) selected. ▪ Objectively assess current policies, practices, programs, activities, and culture for alignment with the opportunities and determine whether the impact is positive, neutral, or negative on stated company purpose and shared value goals.
<p>Reveals implications of positive, neutral, and negative impacts and is clear on what the company will and will not do going forward</p>	<ul style="list-style-type: none"> ▪ Determine which positive company policies, practices, programs, activities, and cultural attributes to amplify to accelerate shared value. ▪ Determine how to eliminate, reduce and/or re-engineer negative company policies, practices, programs, activities, and cultural attributes to be consistent with your stated company purpose and help accelerate shared value.

PRACTICE IN ACTION:

Sources of Distinction

Enel, a global utility based in Italy, is shifting its entire €76-billion business model towards renewable energy and retiring its coal-fired power plants. The commitment to shared value and to supply affordable, clean energy even in the most isolated markets has made Enel more sustainable, efficient and profitable and the world's leading private renewables operator.

Inditex, a global fashion retailer including brands Zara and Massimo Dutti, recognized the massive environmental damage the clothing industry generates. In a break from competitors, the company committed to building an eco-friendly supply chain with zero waste through investments in new recycling technologies, organic and sustainable materials, and renewable energy. Inditex is consistently recognized as one of the most sustainable retail companies in the world as a result.

National Australia Bank recognizes that the financial health of its customers is integral to its success. Accordingly, NAB redesigned its hardship offering, NAB Assist, to provide specialist support to individuals who are struggling to repay loans and mortgages without assistance and/or those at risk of default, eviction, and cycles of bad debt—which have the potential to impact them and their families for many years, and also pose a risk to the bank's economic performance. In this way, enhancing the welfare of its customers offers a shared long-term benefit: 97% of those helped by NAB Assist are back on track with payments after 90 days, which saves NAB upwards of \$90m per year.

IBM is using blockchain technology to bring distinct solutions to shared value challenges, including a safer food supply. IBM Food Trust is built on blockchain and creates a digital record of supply chain data that traces food from the moment it is picked to the moment it is sold in stores. The technology ensures food safety and freshness, secure transactions across the ecosystem, and reduced waste by making it easier to evaluate food history in real time all while contributing to the company's bottom line.

RESOURCES FOR FURTHER LEARNING

- **Enel: The Future of Energy Shared Value Case Study**, Harvard Business School
<https://hbsp.harvard.edu/product/718414-PDF-ENG>
- **Enel: Redefining the Value Chain**, SVI Case Study
<https://www.sharedvalue.org/resources/enel-redefining-value-chain>
- **Inditex: Closing the Loop**
<https://www.inditex.com/our-commitment-to-the-environment/closing-the-loop>
- **National Australia Bank: Looking Out for the Customer Shared Value Case Study**, Harvard Business School
<https://hbsp.harvard.edu/product/719417-PDF-ENG>
- **IBM Food Trust**
<https://www.ibm.com/blockchain/solutions/food-trust>

SOURCES OF DISTINCTION EXERCISE

[RELATED PRACTICES: 1 + 4]

Taking Stock of Products & Services

Using the list of issues that impact your business the most, take stock of the following for your products/services and their potential for societal impact:

WHERE DOES YOUR COMPANY HAVE PRODUCTS/SERVICES THAT HAVE A POSITIVE IMPACT?

[Example Answer: Low fee services for low income customers]

WHERE DOES YOUR COMPANY HAVE PRODUCTS/SERVICES THAT HAVE A POSITIVE IMPACT BUT CAN GO FURTHER?

[Example Answer: Expand low fee services in select markets that benefit low income customers]

WHERE COULD YOUR COMPANY DEVELOP ITS CAPABILITIES FOR MORE IMPACT FOR SOCIETY AND BUSINESS?

[Example Answer: To expand to more markets that need them, we would like to improve margins]

WHERE SHOULD YOUR COMPANY REENGINEER OR PHASE OUT PRODUCTS/SERVICES THAT HAVE NEGATIVE SOCIETAL IMPACT?

[Example Answer: Stop marketing services that rely on low customer sophistication and can result in financial default]

HOW IS THE COMPETITION ACTING IN A WAY THAT MAY EITHER INCREASE OR DECREASE YOUR SHARED VALUE OPPORTUNITY?

[Example Answer: Closing most branches in low income communities]

SOURCES OF DISTINCTION EXERCISE

[RELATED PRACTICES: 1 + 4]

Taking Stock of Operations

Using the list of issues that impact your business the most, take stock of the following for your operations and their potential for societal impact for the near- and long-term:

WHERE DOES YOUR COMPANY HAVE OPERATIONS THAT HAVE A POSITIVE IMPACT?

[Example Answer: A pilot program to reskill displaced workers for technical jobs]

WHERE DOES YOUR COMPANY HAVE OPERATIONS THAT HAVE A POSITIVE IMPACT BUT CAN GO FURTHER?

[Example Answer: Move from pilot to additional markets through program replication]

WHERE COULD YOUR COMPANY DEVELOP ITS CAPABILITIES FOR MORE IMPACT FOR SOCIETY AND BUSINESS?

[Example Answer: Understand how reskilling program can scale and impact more functions in the value chain]

WHERE SHOULD YOUR COMPANY REENGINEER OR PHASE OUT PRACTICES THAT HAVE NEGATIVE SOCIETAL IMPACT?

[Example Answer: Move away from dynamic scheduling to benefit hourly workers and improve productivity]

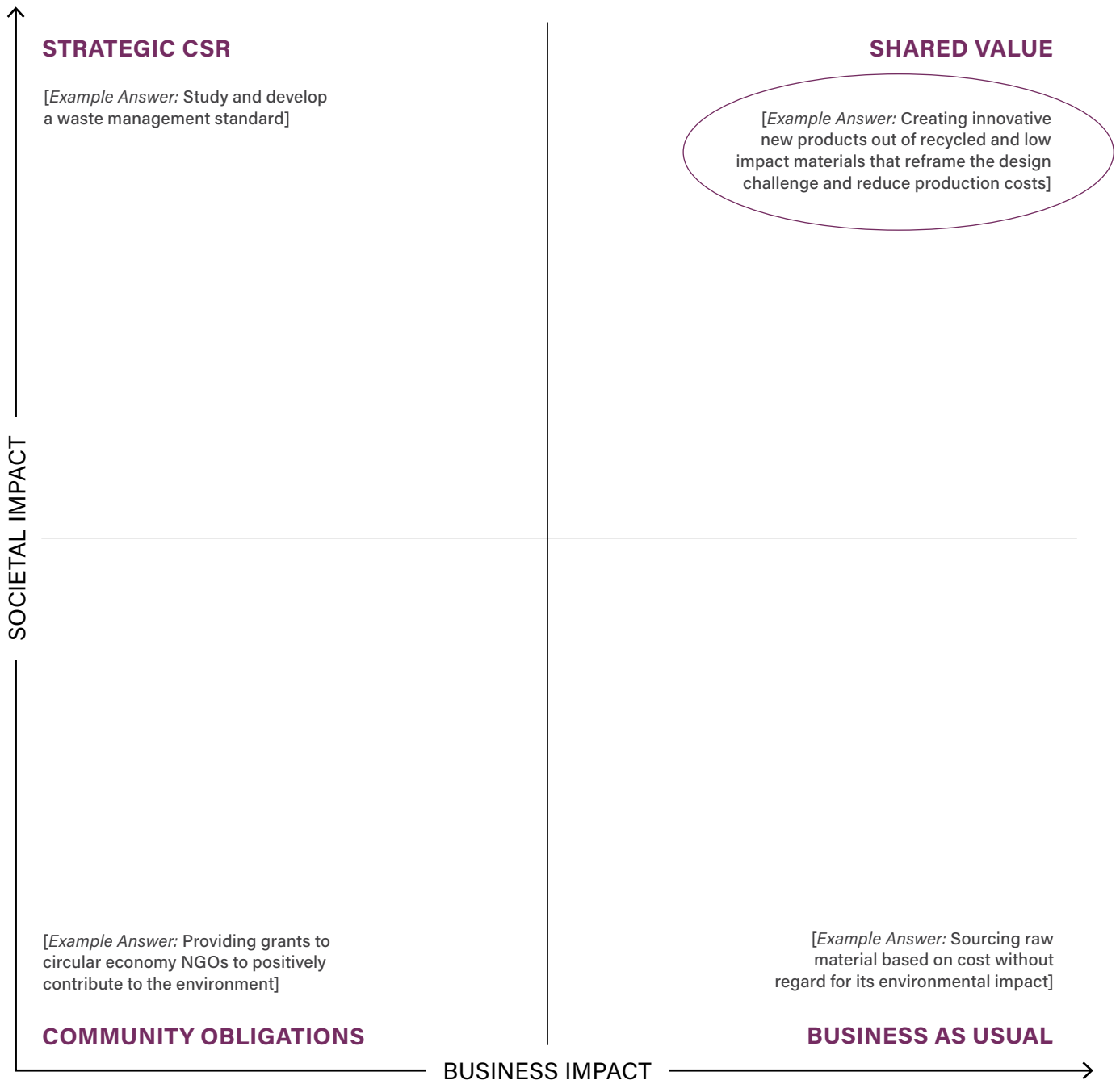
HOW IS THE COMPETITION ACTING IN A WAY THAT MAY EITHER INCREASE OR DECREASE YOUR SHARED VALUE OPPORTUNITY?

[Example Answer: Outsourcing new technical jobs and laying off workers who do not have the needed skills]

SOURCES OF DISTINCTION EXERCISE

[RELATED PRACTICES: 1 + 4]

Plot the unmet societal needs that matter most to your business and the potential for business impact if addressed. Circle the opportunities that would create distinction.



3. Strategies, Goals & Resources

Develop strategies, set priorities and goals, and allocate resources in line with purpose aspirations; identify ways to mitigate negative tension points created by current practices and establish a strong governance process to ensure integrity and progress of shared value efforts.

What Good Looks Like	How to Progress
<p>Builds strategies to create shared value opportunities through various business approaches</p>	<ul style="list-style-type: none"> ▪ Explore three levels of shared value and determine the best starting point for your company. <ol style="list-style-type: none"> 1. Reconceiving products and markets 2. Redefining productivity in the value chain 3. Enabling local/ecosystem development ▪ Whether shared value is declared as an enterprise-wide practice or it is a functional effort, it is best to start with efforts that rely on areas of strength for your company and where competencies are more developed. ▪ As a company builds its shared value skills it can expand to adjacent areas and seek to scale its efforts to more functions, divisions, and/or geographies. ▪ Ensure shared value plan aligns with broader company strategies and ideally, the business model.
<p>Develops a multi-year plan that outlines the shared value journey with key milestones including annual priorities and goals</p>	<ul style="list-style-type: none"> ▪ After determining the scope and approach of your shared value effort, develop a plan that looks out at least 3 to 5 years. ▪ Identify key goals and milestones over the 3- to 5-year period for the business and society (See Innovating for Scale for additional information on developing pilots for scale). ▪ Develop strategic priorities that will drive toward your goals and help the organization transition and/or sunset legacy efforts, if needed. ▪ See Measurement & Reporting for more details on metrics and measuring performance.

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3. Strategies, Goals & Resources (Continued)

What Good Looks Like	How to Progress
<p>Allocates necessary resources to drive shared value efforts and achieve established milestones and goals</p>	<ul style="list-style-type: none"> ▪ Develop a resource plan for achieving your shared value goals, including financial, human, and physical resources. ▪ Identify how these resources will be funded and supported through resource reallocation and/or new investments. ▪ Determine the ROI (return on investment) required for the resource reallocation and/or investments to continue. ▪ A best practice for shared value resource allocation is to plan different business outcomes prior to implementation to identify responsive actions in advance of any potential downturn in the business. Since shared value efforts tend to be medium- to long-term investments, this type of planning is highly beneficial and protects prior investments made in building a shared value practice.
<p>Develops plans to address policies, practices, programs, and culture that are inconsistent with shared value goals and purpose aspirations</p>	<ul style="list-style-type: none"> ▪ As part of your strategic plan, include actions that will methodically address policies and activities that are inconsistent with the company's stated purpose and shared value intentions (e.g., long-term plan to stop selling cigarettes if your purpose is focused on improving health). ▪ Reinforce plans that accelerate your shared value efforts and discourage those that don't (see People section for more information).

PRACTICE IN ACTION:

Strategies, Goals & Resources

CVS Health stopped selling tobacco products in 2014 and has never sold vaping devices in an effort to align the health care company's strategy and resources with its purpose: help people on their path to better health. Exiting tobacco, which represented \$2 billion in potential sales for CVS, resulted in a material decrease in cigarette smoking—the leading preventable cause of death and disease in the U.S.—in markets where CVS had at least 15% of the market share, and improved the company's strategic positioning.

CEMEX, a global building materials company, is working to tackle climate change through an ambitious long-term plan that includes climate-smart urban projects, sustainable buildings, and climate-resilient infrastructures. A cross-functional internal team is helping meet goals, such as reducing net CO₂ emissions 35% by 2030 and delivering net-zero CO₂ concrete by 2050, using company assets. For instance, CEMEX has begun using alternative fuels derived from waste in cement production, which creates material cost savings for CEMEX while reducing CO₂ emissions and diverting waste from landfills.

Anglo American built a shared value strategy to address the global HIV/AIDS and TB epidemics, which affect all of the multinational mining company's operations. The company dedicated and mobilized resources to put together the first large-scale program to test and treat HIV/AIDS in South Africa, which includes offering free anti-retrovirals to employees and their dependents. The long-term effort and commitment of resources protects Anglo

American's workforce and reduces absenteeism, which in turn drives stronger workforce productivity for the company. Anglo American is working with an ecosystem of players to end the epidemic and make the fight against HIV/AIDS a global imperative.

RESOURCES FOR FURTHER LEARNING

- **The Ecosystem of Shared Value**, *Harvard Business Review*:
<https://hbr.org/2016/10/the-ecosystem-of-shared-value>
- **The Social Ecosystem Dilemma— And How to Fix It**, *FSG*:
<https://www.fsg.org/publications/social-ecosystem-dilemma>
- **CVS Health: Redefining the Value Proposition Shared Value Case Study**, *Harvard Business School*:
<https://store.hbr.org/product/cvs-health-redefining-the-value-proposition/717436>
- **CEMEX Climate Action**:
<https://www.cemex.com/sustainability/climate-action>
- **Anglo American HIV/AIDS**:
<https://www.angloamerican.com/sustainability/safety-and-health/hiv-aids>
- **Business as Usual Will Not Save the Planet**, *Harvard Business Review*:
<https://hbr.org/2019/06/business-as-usual-will-not-save-the-planet>

STRATEGIES, GOALS & RESOURCES EXERCISE

[RELATED PRACTICES: 6 + 7]

Shared value success depends on clear priorities, targeted outcomes and the appropriate allocation of resources (human, physical, and financial assets).

List your top strategic shared value priorities (no more than 5)

PRIORITY

[Example Answer: Pilot and evaluate health access clinics]

TARGETED OUTCOMES (Include Financials, Social Progress, etc.)

[Example Answer: 500 users/month; 80+% only have health access via clinic; run rate margin 40+%; health and mortality data; decision to replicate and scale]

CHECKLIST

- Understanding of current efforts/assets that support each priority strategy
- Clear priorities and goals set, including target ROI
- Metrics and measurement established
- Financial resources allocated
- Human resources assigned
- Physical assets allocated
- Needed policy changes identified
- Enabling practices and programs established
- Culture check to ensure it will enable shared value success
- OTHER _____

OPERATIONS

Key Practice Area No.2

Shared value practitioners strongly **link company activities, methods, and approaches to external conditions that reflect unmet social needs and impediments to business success**. They are guided by a mindset and a culture that embrace the belief that business and society can mutually benefit from common activities.

There are three practices in the Operations arena:

4. Innovating for Scale
5. New Models of Cooperation
6. Measurement & Reporting

For each practice, we identify what good looks like, suggestions for how to progress on your shared value journey, and examples from companies to bring the practice to life.

4. Innovating for Scale

Embrace an open innovation process that seeks to understand problems from the perspective of those affected by them and derives solutions through collaboration; pilot ideas that can be replicated and scale ideas that work.

What Good Looks Like	How to Progress
<p>Uses insights from Opportunities Identification assessment and from collaborators to inform shared value innovation goals</p>	<ul style="list-style-type: none"> ▪ Start with an outside-in mindset by understanding the innovation problem/opportunity via the perspective of those affected by the problem/opportunity (e.g., supply chain workers, underserved communities). ▪ Gather and integrate input from your external stakeholder network and internal cross-functional working group. ▪ Continue to be in regular conversation with your external and internal networks to identify emerging trends and shifts in your areas of interest.
<p>Incorporates shared value strategies into the company's innovation pipeline and overall business strategy</p>	<ul style="list-style-type: none"> ▪ Define how shared value efforts are in service to overall business objectives, including how addressing unmet societal needs impacts the business; work to avoid quick judgments, especially if societal issues are still being understood in your company. ▪ Integrate the shared value challenge into your company's overall innovation pipeline in an effort to unlock new solutions. ▪ Mainstream the concept of open innovation in your company, have a clear innovation pipeline process (that can include an external pipeline), and embrace an innovation mindset that learns from failure as much as success. ▪ Take the long view in creating value for the business, as shared value takes time to yield outcomes.

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4. Innovating for Scale (Continued)

What Good Looks Like	How to Progress
<p>Creates space for prototyping, testing, improving, and scaling shared value innovations</p>	<ul style="list-style-type: none"> ▪ Develop a design vision for your innovation with your internal and external network. ▪ Ensure you have an adequate budget to design, pilot, assess, and roll out your innovation. (See Strategies, Goals & Resources.) ▪ Determine whether your shared value innovation pipeline initially will be developed independently of the company's established innovation process or integrated into it. ▪ Prototype your shared value innovation with your co-creators. ▪ Develop business and social/environmental success metrics for testing your innovation and determine how they will be measured and if you need any baseline metrics before you start testing. ▪ Pilot your innovation with replication and scale in mind; avoid over-resourcing your pilot if those resources cannot be scaled or made more feasible through scale. ▪ Assess your pilot against your success criteria to determine if the innovation will move forward; make improvements where needed. ▪ Build and execute your expansion plan and adopt a continuous improvement mindset; if possible, continue to evaluate the impact of your efforts to ensure you are replicating the results, not just the activities.
<p>Innovates beyond technology and R&D to change the broader systems relevant for the shared value innovation to scale (e.g., strengthening value chains, addressing policies, changing consumer behavior, internal behavior and assumptions)</p>	<ul style="list-style-type: none"> ▪ Seek to understand your company's direct role in changing the system, including the modification or elimination of behaviors that hold the system in place (e.g., transactional rather than strategic relationships with suppliers, high reliance on contract labor, business decisions independent of people implications). ▪ Initiate and ideally take a leadership role in bringing about systems change; offer important know how, relevant resources, experience, and networks.

PRACTICE IN ACTION:

Innovating for Scale

Abbott is pioneering a model in partnership with the Rwandan Ministry of Health and the Society for Family Health–Rwanda that expands vital primary care and diagnostics to rural communities in Rwanda. As part of the program, Abbott developed prenatal rapid tests designed for resource-limited settings and funded the construction of second-generation health posts. Abbott is overseeing a pilot to evaluate improvements in care, the health system, the financial sustainability of the model, and the ability to drive future operational scale-up. By proving the effectiveness of this pioneering approach, the company aims to demonstrate the value of replicating the health post model to bring accessible, affordable and high-quality health services across Rwanda and in other countries around the world.

Novo Nordisk became the first pharmaceutical company to use 100% renewable power in January 2020 as part of the company's global environmental strategy Circular For Zero and RE100, a global collaborative of businesses committed to this shared goal. Novo Nordisk researched and tested solar, wind, and water power technologies, expanded successful installations across its eight production countries, and within five years operated entirely on renewable sources. The company is scaling the strategy further, working to bring renewable power to all 80 affiliate countries and five R&D countries by 2030.

Enel, an Italian utility, recognized that innovating to solve global problems sustainably can't be done alone. The company created the Open Innovability—Innovation + Sustainability—platform to crowdsource ideas and has since collaborated on thousands of the most innovative solutions to transforming the energy sector, scaling them within regions and across new markets.

RESOURCES FOR FURTHER LEARNING

- **[Innovating for Shared Value](https://hbr.org/2013/09/innovating-for-shared-value)**, *Harvard Business Review*: <https://hbr.org/2013/09/innovating-for-shared-value>
- **[The Ecosystem of Shared Value](https://hbr.org/2016/10/the-ecosystem-of-shared-value)**, *Harvard Business Review*: <https://hbr.org/2016/10/the-ecosystem-of-shared-value>
- **[Enel's Open Innovability](https://openinnovability.enel.com/)**: <https://openinnovability.enel.com/>
- **[Shared Value for Health in Rwanda, Abbott](https://www.abbott.com/corpnewsroom/healthy-communities/shared-value-for-health-in-rwanda.html)**: <https://www.abbott.com/corpnewsroom/healthy-communities/shared-value-for-health-in-rwanda.html>

INNOVATING FOR SCALE EXERCISE

[RELATED PRACTICES: 2 + 5]

Innovation begins with an outside-in mindset that seeks a clear understanding of the innovation challenge by engaging those who experience the problem or can benefit from the innovation.

WHAT CHALLENGE ARE YOU TRYING TO SOLVE OR OPPORTUNITY ARE YOU TRYING TO CAPTURE WITH SHARED VALUE?

WHAT WOULD IT LOOK LIKE IF YOU ARE SUCCESSFUL WITH YOUR INNOVATION PILOT? WHAT OBSTACLES MIGHT YOU CONFRONT?

WHAT ARE YOUR PLANS FOR SCALING THE PILOT? IS IT REPLICABLE? COULD YOU SCALE YOUR PILOT 10x? 100x? OR MORE?

ARE THERE SUFFICIENT RESOURCES FOR CONTINUED INNOVATION AND MEDIUM- TO LONGER-TERM BUSINESS PLANS FOR EXPANSION?

WHO WILL YOU PARTNER WITH TO EVOLVE YOUR INNOVATION AND SCALE YOUR EFFORTS?

Who are you talking to to define your innovation challenge or opportunity?

EXTERNAL:

[Example Answer: Dairy farmers in China experiencing low yields and missing production commitments]

INTERNAL:

[Example Answer: Sourcing leader who is responsible for ensuring a reliable source of dairy products]

5. New Models of Cooperation

Bring together players, resources, and systems needed to deliver shared value in new and unexpected ways; ground approach in the belief that true partnerships and new collaborations are imperative for the success of shared value.

What Good Looks Like	How to Progress
<p>Develops a collaboration strategy and adopts a collaborative mindset focused on shared value creation (not value redistribution) with partners</p>	<ul style="list-style-type: none"> ▪ Build a company mandate for shared value collaboration by demonstrating to senior management the value of partnerships. ▪ Articulate a clear collaboration strategy based on the needs of your shared value efforts; determine the relevant community of collaborators internally and externally, including board of directors, investors, and other stakeholders outside of the traditional sustainability/social impact community; consider capabilities, experience, resources, networks, geographies, etc. of each. ▪ Test your company’s understanding of the problem with potential partners and communities to ensure full context and alignment prior to implementation. ▪ If your company is bringing the most resources to the collaboration, seek to empower all stakeholders so all voices can be equally heard and good ideas found anywhere; create a culture of equals and learning in service to a shared purpose.
<p>Articulates the link between the external environment, value of partnerships, and the shared value creation potential of the company and its strategies</p>	<ul style="list-style-type: none"> ▪ Determine and communicate the role that each partner will play, why it is important, and how it contributes to delivering shared value (see People section for more details on establishing roles and responsibilities). ▪ Seek to build cross-functional (internal) and cross-organizational (external) understanding about the unique and critical contributions each player makes and encourage open dialogue and partnership. ▪ For external partners, including NGOs, government and multilateral agencies, companies, and community members, determine if capacity building is required for effective shared value creation; if needed, consider investing in this development through business or philanthropic funds. ▪ For internal partner capability, see People section.

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5. New Models of Cooperation (Continued)

What Good Looks Like	How to Progress
Engages internal and external stakeholders to evolve perspectives on collaboration and to experiment with new models of cooperation	<ul style="list-style-type: none">▪ Create a forum to discuss and improve on new models of cooperation.▪ Fuel a culture of equals and learning to encourage improvements and new ideas to be uncovered by all partners.▪ Openly discuss, embrace, and fix what is not working in a partnership.▪ Continue to build relevant networks to advance your shared value practice.▪ See Measurement & Reporting for details on developing shared measurement systems with collaborators.

PRACTICE IN ACTION:

New Models of Cooperation

Yara, a global leader in fertilizer, increased its sales and economic development in rural farming communities in Tanzania by connecting smallholder farmers with infrastructure for better access to inputs and markets. Yara helped launch a cross-sector coalition, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), of 60+ organizations including private companies, civil society groups, international aid agencies, and local government to improve crop yields, raise farmer incomes, and create hundreds of thousands of new jobs across the value chain. Work through the coalition has increased Yara's market share, growth prospects, and profitability in the region.

Walmart, the world's largest retailer, brought together a coalition to address failures and deficiencies in the U.S. recycling system. Collectively, the group of companies, banks, municipalities, and NGOs pool capital and expertise to invest in filling gaps in the recycling value chain through the Closed Loop Fund. Actions include curbside collection, materials processing and materials manufacturing. In reducing waste, cities earn millions more dollars from selling recycled materials and companies profit from the return on investment and incorporation of recovered materials into their supply chains.

BD, a leading medical technology company, formed a global team of internal leaders from the company's businesses, countries, and corporate functions to address one of the world's greatest health threats, antimicrobial resistance. Success required alignment, trust and a collaborative mindset among unit leaders accustomed to focusing on their own business priorities.

RESOURCES FOR FURTHER LEARNING

- **[The Ecosystem of Shared Value](#)**, *Harvard Business Review*:
<https://hbr.org/2016/10/the-ecosystem-of-shared-value>
- **[The Social Ecosystem Dilemma— And How to Fix It](#)**, *FSG*:
<https://www.fsg.org/publications/social-ecosystem-dilemma>
- **[Yara International: Africa Strategy Shared Value Case Study](#)**, *Harvard Business School*:
<https://hbsp.harvard.edu/product/715402-PDF-ENG>
- **[BD Solutions to Combat Anti-Microbial Resistance](#)**:
<http://amr.bd.com/>
- **[Closed Loop Infrastructure Fund](#)**:
<https://www.closedlooppartners.com/funds/project-finance/closed-loop-infrastructure-fund/>

NEW MODELS OF COOPERATION EXERCISE

[RELATED PRACTICES: 1,4,7 + 9]

In the era of creating stakeholder value, you need to reimagine collaboration, beginning with who you consider as collaborators.

List of Potential Collaborators

INTERNAL

- | | | |
|--|--|---|
| <input type="checkbox"/> Board of Directors | <input type="checkbox"/> Finance | <input type="checkbox"/> Legal |
| <input type="checkbox"/> Business Unit Leader | <input type="checkbox"/> Foundation/Community Investment | <input type="checkbox"/> Logistics & Transportation |
| <input type="checkbox"/> CEO | <input type="checkbox"/> Human Resources | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Customer Facing Functions | <input type="checkbox"/> Innovation/Design/R&D | <input type="checkbox"/> Strategy |
| <input type="checkbox"/> Customer Research | <input type="checkbox"/> IT | <input type="checkbox"/> Supply Chain |
| <input type="checkbox"/> Engineering/Technical | | <input type="checkbox"/> Sustainability |
| | | <input type="checkbox"/> Other _____ |

EXTERNAL

- | | | |
|---|---|---|
| <input type="checkbox"/> Academics | <input type="checkbox"/> Customers | <input type="checkbox"/> International Aid Organization |
| <input type="checkbox"/> Activists | <input type="checkbox"/> Foundations | <input type="checkbox"/> Investors & Analysts |
| <input type="checkbox"/> Assessment & Evaluation Partners | <input type="checkbox"/> Government | <input type="checkbox"/> Media |
| <input type="checkbox"/> Community-Based Organizations/ NGOs | <input type="checkbox"/> Implementation Partners | <input type="checkbox"/> Policy Experts |
| <input type="checkbox"/> Competitors (Pre-Competitive Engagement) | <input type="checkbox"/> Industry & Technical Experts | <input type="checkbox"/> Suppliers |
| | <input type="checkbox"/> Intermediaries | <input type="checkbox"/> Trade Organizations |
| | | <input type="checkbox"/> Other _____ |

To help build strong and effective collaborations, determine which partnerships are most critical to delivering outcomes, and of those, assess the relative strength of each partnership.

Honestly rate your INTERNAL partnerships that are important to achieving shared value:

FUNCTION

[Example Answer: Design]

HOW CRITICAL

(Scale 1-10 Low to High)

[Example Answer: 10]

STATUS OF PARTNERSHIP

(Scale 1-10 Poor to Great)

[Example Answer: 4]

Honestly rate your EXTERNAL partnerships that are important to achieving shared value:

FUNCTION

[Example Answer: Local Government]

HOW CRITICAL

(Scale 1-10 Low to High)

[Example Answer: 8]

STATUS OF PARTNERSHIP

(Scale 1-10 Poor to Great)

[Example Answer: 9]

NEW MODELS OF COOPERATION EXERCISE

[RELATED PRACTICES: 1,4,7 + 9]

One of the most challenging, yet high impact opportunities for shared value is to change local **societal ecosystems** (e.g., raw material, cultivation, labor challenges, technical education).

The Societal Ecosystem

WHERE DO YOU DEPEND ON THE SOCIETAL ECOSYSTEM CONDITIONS FOR SHARED VALUE SUCCESS?

IF THESE SOCIETAL CONDITIONS CHANGED, HOW MUCH WOULD THEY IMPACT YOUR POTENTIAL FOR CREATING SHARED VALUE?

WHERE ARE THESE SOCIETAL CONDITIONS MORE CONSTRAINING TO YOUR BUSINESS (BUSINESS UNIT, GEOGRAPHIC REGION, REGULATORY THREAT)?

Ecosystem Partners

BASED ON YOUR ECOSYSTEM OPPORTUNITIES, WHO ARE YOUR MOST IMPORTANT PARTNERS? ARE THERE UNCONVENTIONAL PARTNERS YOU SHOULD CONSIDER?

DO THEY SEE THE VALUE OF CHANGING THE ECOSYSTEM AND ARE THEY READY TO CO-INVEST AND COLLABORATE?

6. Measurement & Reporting

Determine business and societal outcomes of shared value efforts, understanding their links and any reinforcing effects; analyze outcomes to inform future strategies and operations, including decisions to scale.

What Good Looks Like	How to Progress
<p>Defines metrics from the outset and experiments with shared value measurement, linking distinctive social and environmental impact measures to revenue or cost improvements</p>	<ul style="list-style-type: none"> ▪ Review goals set in Strategies, Goals & Resources section. ▪ Establish whether shared value creation will be measured at the initiative, portfolio, division and/or enterprise level, and decide whether impact is derived from revenue (selling products/services), reduced costs (improving value chain activities), or systems initiatives that unlock both revenue and cost-saving processes. ▪ Determine how goals will be measured to provide evidence of success or need for improvement; some goals (e.g., attitudinal, community-based) may be harder to measure, so consider indicators that would help show progress toward shared value outcomes. ▪ Ideally, engage key partners in measurement (e.g., finance team, accounting team, third-party evaluator) early in the process or establish an evaluation protocol. ▪ Establish efficient data collection processes, leveraging external systems and digital platforms to collect data over time. ▪ Create incentives for employees to measure and be held accountable for shared value creation. See People section for more details. ▪ Unlock incremental shared value creation from data analytics. ▪ Develop a scorecard and establish a regular schedule for updating scorecard, reviewing updates and applying any findings through continuous improvement. ▪ Use results for ongoing shared value practice improvement and refinement.

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6. Measurement & Reporting (Continued)

What Good Looks Like	How to Progress
<p>Reframes the company’s ESG (environmental, social, and governance) reporting under its purpose and shared value strategy, emphasizing opportunity over risk; integrates results into overall company reporting and investor dialogue</p>	<ul style="list-style-type: none"> ▪ Build understanding and value of shared value measurement with internal and external collaborators as well as company senior management. ▪ Identify which metrics will be internal and which will be publicly reported. ▪ Because shared value is linked to financial performance, ideally shared value practices and their metrics are integrated into financial reporting and supplemented through sustainability reporting. ▪ As a best practice, have external partners review and validate outcomes before publication; share final data. ▪ Over time, assess and report key data trends to understand the social impact on financial performance and economic consequences of the social impact. ▪ Reconsider ESG reporting to more effectively communicate distinctions between risk mitigation, standard material impacts, and distinctive shared value strategies.

PRACTICE IN ACTION:

Measurement & Reporting

Enel developed a proprietary digital management platform as a central internal resource to monitor the integration of shared value and sustainability into projects across the company's full value chain. The technology helps the company gain global visibility into local initiatives, measure project impact, share best practices, and report against key milestones to investors and other stakeholders.

Nestlé worked with external experts to create and publish one of the first methodologies that measures both the societal impact and business value created by a shared value initiative. The impact valuation, which looked at outputs of Nestlé's Global Youth Initiative including labor productivity, increased sales, talent retention, and employment, has sparked public engagement around how to best measure shared value.

Walmart publicly tracks progress made towards the company's shared value priorities—increase economic opportunity, enhance sustainability of value chains, and strengthen local community resilience—in its annual Global Responsibility Report. The CEO consistently notes the company's shared value approach in letters to shareholders and at annual shareholder meetings.

RESOURCES FOR FURTHER LEARNING

- [Measuring Shared Value: How to Unlock Value by Linking Business and Social Results](https://www.fsg.org/publications/measuring-shared-value), FSG:
<https://www.fsg.org/publications/measuring-shared-value>
- [Nestlé's Global Youth Initiative](https://www.nestle.com/csv/global-initiatives/global-youth-initiative/home):
<https://www.nestle.com/csv/global-initiatives/global-youth-initiative/home>
- [Walmart's Global Responsibility Report Archive](https://corporate.walmart.com/global-responsibility/global-responsibility-report-archive):
<https://corporate.walmart.com/global-responsibility/global-responsibility-report-archive>
- [Doug McMillon's Remarks at Walmart's 2019 Annual Shareholders' Meeting](https://corporate.walmart.com/newsroom/2019/06/05/doug-mcmillions-remarks-at-walmarts-2019-annual-shareholders-meeting):
<https://corporate.walmart.com/newsroom/2019/06/05/doug-mcmillions-remarks-at-walmarts-2019-annual-shareholders-meeting>

MEASUREMENT & REPORTING EXERCISE

[RELATED PRACTICE: 3]

Measurement is critical to understanding impact and improving efforts. Reporting is key for accountability to stakeholders—employees, customers, community, investors, government.

For shared value strategies to succeed, companies need to be clear about how solving the societal problem drives business results, and the virtuous cycle that is created.

This is a useful framework for thinking about metrics and measurement from Measuring Shared Value.

DESIRED SOCIETAL RESULTS

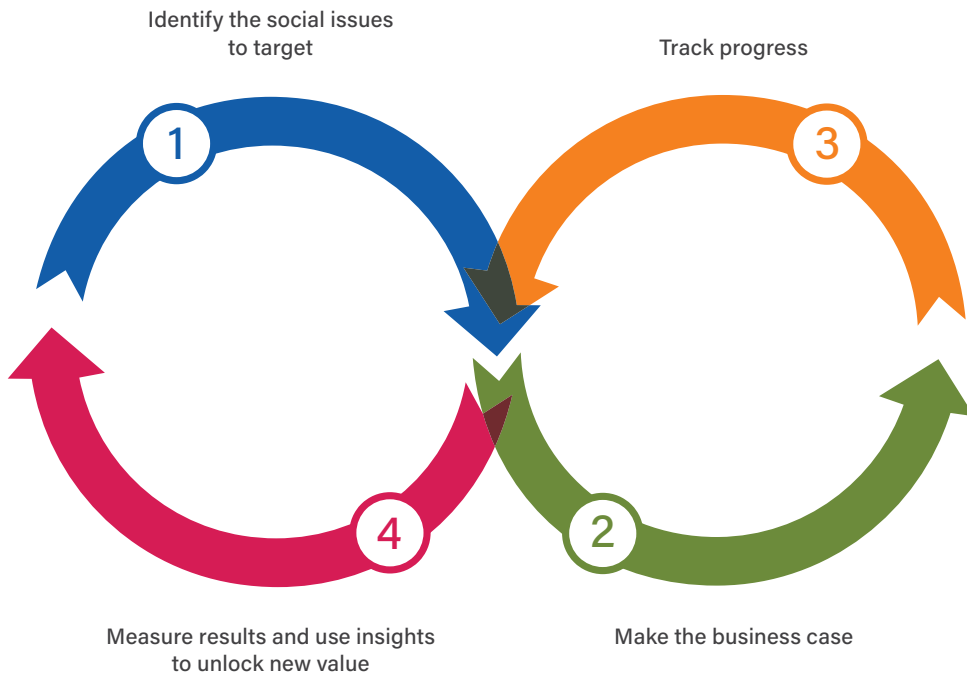
[Example Answer: Increased worker skills, income, and advancement opportunities]

DESIRED BUSINESS RESULTS

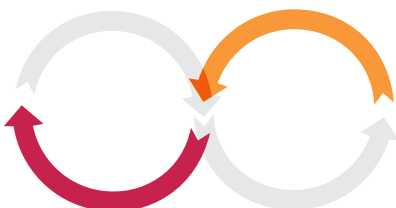
[Example Answer: Reduced absenteeism and turnover]

VIRTUOUS CYCLE CREATED

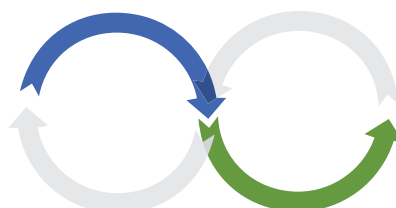
[Example Answer: Investing in worker education helps workers advance while it reduces costs and increases productivity for business]



STRATEGY



MEASUREMENT



MEASUREMENT & REPORTING EXERCISE

[RELATED PRACTICE: 3]

Ideally, metrics and measurement would be established upfront, but we know there is a learning curve for setting shared value targets. Overtime, what metrics and measurements surface as being most valuable?

What specific and measurable societal change are you looking to create with your shared value effort?

SOCIETAL METRIC

[Example Answer: Worker advancement]

HOW WILL YOU MEASURE IT?

[Example Answer: Collect data through HR people management system]

How will addressing a societal challenge show up in measurable business results?

BUSINESS METRIC

[Example Answer: Turnover]

HOW WILL YOU MEASURE IT?

[Example Answer: Collect and segment employee exit data]

PEOPLE

Key Practice Area No.3

Shared value practitioners are purpose-led, and **a company's people practices are key to enabling and empowering this talent to reimagine the way business is done**. Purpose-led companies attract, retain and develop talent through meaningful work and a reason for being beyond profits, and create a culture that embraces creativity, co-creation, learning from mistakes, vulnerability, and challenging the status quo.

There are three practices in the People arena:

7. Organizational Design
8. Talent Acquisition & Development
9. Engagement & Communications

For each practice, we identify what good looks like, suggestions for how to progress on your shared value journey, and examples from companies to bring the practice to life.

7. Organizational Design

Create structures, roles, relationships, and processes that encourage and enable collaboration and co-creation across functions, sectors, and when appropriate, with competitors, civil society, government, and other relevant actors to better enable shared value.

What Good Looks Like	How to Progress
<p>Aligns organizational structures with shared value strategy; embeds talent to support shared value activities, and integrates shared value practitioners into the core business operations and value chain; defines competencies, processes, roles, and responsibilities that facilitate collaboration</p>	<ul style="list-style-type: none"> ▪ Adopt a mindset that shared value organizations are not static and require a cross-functional approach in an effort to break silos and encourage new ways of working. ▪ Understand the buy-in needed to activate shared value by creating an influencer/stakeholder map; identify core business leaders who will help steer and advance shared value practices individually and through cross-functional collaborations. ▪ Consider the role your board, founder(s), and/or senior executives may play to provide oversight, execution, and support for shared value strategies. ▪ Review your shared value objectives and assess how your current organizational structure aligns with the activities, partnerships, etc. needed for success. ▪ Determine what competencies and processes are needed to deliver shared value strategy and plans (e.g., a deep understanding of social issues, a clear understanding of the business, ability to develop internal and external relationships, data analytics, and research capabilities). ▪ Identify where competencies and processes will be added to existing roles and where new roles need to be created. ▪ Organize people around core business processes to deliver shared value strategy and plans, and integrate into the value chain. ▪ Create a structure with natural role adjacencies; enable better communications and collaboration through structure. ▪ Determine resource allocation based on new or revised structure (see Strategies, Goals & Resources for more information). ▪ Clarify RACI roles (Responsible, Accountable, Consulted, and Informed), deliverables, and decision rights.

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7. Organizational Design (Continued)

What Good Looks Like	How to Progress
(Continued)	<ul style="list-style-type: none"> ▪ If employees are adversely affected by your shared value strategy, determine the best way to transition them to other roles in the company and/or invest in developing new skills that align with shared value efforts. ▪ Assess after six months and make needed adjustments; shared value organizations are meant to evolve as the practice evolves within your company.
Creates a home for shared value within the company and an owner as dictated by strategy	<ul style="list-style-type: none"> ▪ Your shared valued strategy may need an owner that guides the practice, works with business leaders to align the organization's strategy, structure, priorities, and activities to establish and advance its shared value efforts. ▪ Work to build shared value awareness, knowledge, and related competencies to advance capabilities. ▪ Connect the dots as the company integrates your shared value strategy to ensure that there are strong links internally and externally. ▪ Clarify and help advance a culture that enables, advances, and celebrates shared value. ▪ Lead internal and external narrative on how the company is incorporating shared value.
Considers building new business unit(s) to incubate shared value and enter new markets	<ul style="list-style-type: none"> ▪ If integrating shared value into existing operations is not conceivable at this time, consider establishing a separate business unit to incubate and pilot shared value efforts. ▪ Develop innovations and efforts with an eye towards long-term integration into the main business to scale your efforts and drive greater impact. ▪ Ensure business and societal metrics being captured have relevance to the overall business.
Establishes a governance process to ensure integrity of and progress on shared value efforts	<ul style="list-style-type: none"> ▪ Explore the range of governance options for your shared value efforts (e.g., informal committee, advisory board, accountability to a corporate board committee); seek cross-functional input. ▪ Based on your governance choice, establish a regular forum for discussing and reviewing strategy, resources, goals, and progress. ▪ Determine internal, external, and public accountability and transparency (see Measurement & Reporting for additional information). ▪ Consider embedding the shared value purpose of the company into company statutes of governance.

PRACTICE IN ACTION:

Organizational Design

Novartis houses its shared value efforts in part within Novartis Social Business (NSB), a semiautonomous business unit shielded from margin pressures of the mainstream business. NSB, which has its own management team and processes, incubates, implements and scales shared value efforts such as Arogya Parivar and Novartis Access. As part of a company-wide commitment to improving access to medicines in a way that is financially sustainable for the business, Novartis also created a Sub-Saharan Africa unit to create shared value models with a targeted geographic focus.

Eli Lilly created the role of the Director of Global Health Shared Value Initiatives to oversee shared value efforts that help support Lilly 30x30, the company's commitment to improve access to quality health care in resource-limited settings for 30 million people on an annual basis by 2030. The Director is responsible for identifying, developing and implementing 30x30 projects aimed at increasing access to Lilly medicines and finding new treatment options for diseases that disproportionately affect people living in settings with limited resources.

Nestlé's shared value efforts are governed in part by an internal Nestlé in Society discussion during an Executive Board meeting, which includes the CEO, and an external advisory group, the Creating Shared Value Council made up of global leaders with expertise in areas relevant to Nestlé's shared value goals.

RESOURCES FOR FURTHER LEARNING

- **[Innovating for Shared Value](#)**, *Harvard Business Review*:
<https://hbr.org/2013/09/innovating-for-shared-value>
- **[Novartis Social Business](#)**:
<https://www.novartis.com/our-company/corporate-responsibility/expanding-access-healthcare/novartis-social-business>
- **[Social Business at Novartis: Arogya Parivar Shared Value Case Study](#)**, *Harvard Business School*:
<https://www.hbs.edu/faculty/Pages/item.aspx?num=48341>
- **[Lilly Global Health: 30x30 Program](#)**:
<https://www.lilly.com/global-health-30x30-program>
- **[Nestlé Governance and Policies](#)**:
<https://www.nestle.com/csv/what-is-csv/governance>

ORGANIZATIONAL DESIGN EXERCISE

[RELATED PRACTICES: 3,5 + 8]

Design your organization to support your company's shared value strategies and to accelerate a new way of operating the business.

KEY SHARED VALUE TEAM MEMBERS

<p>WHAT SHARED VALUE SKILLS ARE REQUIRED FOR YOUR EFFORTS?</p>	<p><i>[Example Answer: Cross-sector collaboration]</i></p>
<p>WHAT KEY ROLES NEED TO BE CREATED TO DELIVER SHARED VALUE?</p>	<p><i>[Example Answer: Open Innovation Liaison]</i></p>
<p>HOW SHOULD THE ORGANIZATION BE STRUCTURED TO ENHANCE COLLABORATION?</p>	<p><i>[Example Answer: Innovation, Sustainability, and Community Affairs should report to the same leader and co-locate]</i></p>
<p>DETERMINE WHICH ROLES ARE NEW AND WHICH ONES ARE MODIFIED TO DELIVER SHARED VALUE</p>	<p><i>[Example Answer: Leadership role is new and will be filled with an external hire; all other roles will be modified to support shared value]</i></p>

8. Talent Acquisition & Development

Seek purpose-led talent and attract, retain, and develop this talent; develop and support a shared value mindset across all talent.

What Good Looks Like	How to Progress
<p>Recruits talent (internal and external) that has the potential to deliver shared value; seeks cross-sector experience</p>	<ul style="list-style-type: none"> ▪ Express your shared value aspirations and paint a future for the prospective employee (or re-recruited current employee) that is worth being a part of. ▪ Craft a comprehensive shared value job description or modify current job description to include and define shared value competencies (see Organizational Design). ▪ Consider other performance and experience factors that would be a good proxy to aid in screening applications (for example, cross-sector collaboration), since there may be limited candidates with direct experience with shared value. ▪ Seek qualified talent with firsthand experience with social issues being addressed and/or geographic knowledge and culturally relevant experiences; start with high-priority areas (sustainability; innovation/ R&D; commercial operations). ▪ Identify those in adjacent functions who will be crucial to delivering the shared value strategy; consider how to train and mobilize them to help deliver shared value. ▪ Leverage purpose-led culture and shared value strategy to attract and retain top talent. ▪ Embed shared value into existing recruiting materials and narrative.

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8. Talent Acquisition & Development (Continued)

What Good Looks Like	How to Progress
<p>Has company-wide talent development approach that integrates opportunities to learn about shared value and develop the necessary competencies</p>	<ul style="list-style-type: none"> ▪ Develop shared value on-boarding plan for internal and external recruits. ▪ Create on-the-job learning opportunities, where possible, to deepen knowledge and advance practices of shared value. ▪ Where possible, pair new shared value practitioners with more seasoned internal and/or external mentors or coaches, including individuals with knowledge of societal issues. ▪ Participate in training and educational programs related to shared value; embed shared value into relevant training and educational materials that already exist. ▪ Advance shared value learning of company board and senior executives. ▪ Contribute company experience to external field-building efforts on shared value and/or within the industry or local geography. ▪ Reinforce a learning culture.
<p>Puts emphasis on attracting and developing diverse talent and creates an equitable and inclusive culture to help this talent thrive and provide valuable perspective on societal and business solutions</p>	<ul style="list-style-type: none"> ▪ Understand and articulate the contributions that talent with diverse experiences (e.g., racial, socioeconomic, geographic, etc.) can uniquely play in shared value efforts. ▪ Create an environment that ensures this talent has a respected voice in discussions and decision making; cultivate a “learning culture” where past-present-future decisions are viewed through a shared value lens and there is a safe space to probe and advance thinking. ▪ Actively encourage and leverage the insights formed from lived experiences and apply them to shared value solutions. ▪ Capture stories that illustrate shared value at your company for future internal/external storytelling (see Engagement & Communications practice). ▪ Urge others to learn from these unique perspectives to heighten awareness and understanding of unfamiliar or less familiar challenges and conditions, and their implications for shared value success.

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8. Talent Acquisition & Development (Continued)

What Good Looks Like	How to Progress
Integrates shared value goals (with metrics) and impact expectations within performance management process and compensation	<ul style="list-style-type: none">▪ Review shared value goals set in the Strategies, Goals & Resources section.▪ Determine ownership of goals and sub-goals by the enterprise, division, function, and individual.▪ Shared value goals should be clear, demonstrable, and measurable with metrics and timing (see Measurement & Reporting) and ideally work within your existing performance management practices; some goals (e.g., attitudinal, community-based) may be harder to measure, so consider indicators that would help show progress toward shared value outcomes.▪ Management, in partnership with your People team, should define how compensation (base and variable) is tied to shared value performance in an objective and quantifiable manner.

PRACTICE IN ACTION:

Talent Acquisition & Development

National Australia Bank delivers a talent and development program to equip its bankers to apply shared value thinking to business problem solving. This ongoing training and development program encourages its employees to consider both the social and financial perspective in business planning and innovation processes, and has been rolled out across its business bank, mortgage business, and broader product owner cohort. Providing bankers with the tools and skills to recognize opportunities for shared value is a key enabler of its efforts to embed shared value thinking across its business.

Merck's shared value toolkit serves as an internal resource for employees to learn about shared value and look for opportunities to proactively create shared value to advance innovation in health care. The online, on-demand knowledge-sharing platform enables employees to access trainings and share best practices on creating shared value, and to scope opportunities to better integrate social impact across the business. The resource was developed under the leadership of Merck's Corporate Responsibility team, with guidance from the corporate strategy and innovations teams, and with input from multiple commercial teams.

BD developed a shared value executive education curriculum to help build the capacity of senior executives, management teams, and early-career associates around integrating shared value into strategy and operations across the company. The course explores how to plan and implement shared value initiatives and how these initiatives could contribute to BD's future success.

Griffith Foods hosted a paid shared value internship cohort tasked with studying and testing shared value opportunities for the food product development company. The interns received shared value training and their research helped support the company's shared value goals by diverting food loss into nutritional products.

RESOURCES FOR FURTHER LEARNING

- **National Australia Bank Shared Value:** <https://www.nab.com.au/about-us/social-impact/shareholders/shared-value>
- **Advancing an Integrated Value Strategy at Merck,** FSG: <https://medium.com/competing-by-saving-lives/advancing-an-integrated-value-strategy-at-merck-ea3d7ffe3453>
- **Developing a Shared Value Executive Education Curriculum,** FSG: <https://www.fsg.org/projects/developing-shared-value-executive-education-curriculum>
- **Griffith Foods Better Ways Forward:** <http://www.griffithfoods.com/whoweare/Documents/BetterWaysForward.pdf>

TALENT ACQUISITION & DEVELOPMENT EXERCISE

[RELATED PRACTICE: 7]

Companies can leverage a combination of external shared value talent who already have shared value or related skills along with internal talent that is learning new skills.

CREATING EXPERIENCES FOR LEARNING

Practicing shared value will require new skills and knowledge, so think about how to create experiences that will help the team learn new things. Jot down your ideas here:

SKILLS/KNOWLEDGE NEEDED:

[Example Answer: Skills to manage cross-sector collaborations, technical knowledge to apply circular economy practices]

LEARNING EXPERIENCES:

[Example Answer: Seek applied learning opportunities that combine book learning with real-time application]

ROLE OF DIVERSE TALENT

As with any innovation, diversity of talent helps to deliver better outcomes. Define the role that talent with diverse experiences will play in your shared value efforts and how you will include their voices in the work (e.g., talent from new markets you want to serve can provide perspective on needs, messaging, watch-outs).

9. Engagement & Communications

Engage people internally and externally through purpose and a commitment to shared value; seek to deepen and sustain this commitment through information, inspiration, and relevant stories.

What Good Looks Like	How to Progress
<p>Leadership aligns culture to accelerate shared value performance and deliver on the company’s purpose; commits to shared value as way of doing business</p>	<ul style="list-style-type: none"> ▪ Leaders articulate their shared value aspirations, strategy, and plan, including the societal benefit that will be realized, that is linked to company purpose. ▪ Leaders create a culture that encourages and enables shared value that emphasizes creativity, co-creation, learning from mistakes, vulnerability, and challenging the status quo.
<p>Builds an engagement and communications plan for various audiences (e.g., employees, BOD, supply chain partners, customers, investors) that creates the imperative for shared value and helps stakeholders embrace the concept and move through the change; emphasis and context may shift with each select audience</p>	<ul style="list-style-type: none"> ▪ Identify what is changing through a shared value approach, and the mindset and practice shifts that are required to fulfill the shared value aspirations; capture and leverage examples and stories of shared value in practice. ▪ Segment audiences and adjust the narrative to emphasize factors that matter most to this audience and provide the appropriate context; prioritize relationships that help drive competitive advantage and shared value success. ▪ Engage employees in what they can do differently as a result of the new shared value strategy; create a shared value ERG (employee resource group) to facilitate two-way dialogue. ▪ Create an external narrative that includes shared value that speaks to the interests of investors, shareholders, community, and other external stakeholders; use regular two-way dialogue with external stakeholders. ▪ Regularly communicate shared value developments, successes, and findings, and integrate messaging into existing communication vehicles; highlight and recognize shared value champions; balance data and storytelling. ▪ Align internal and external shared value communications in a transparent and reflective way tied to external reporting. ▪ Seek opportunities to leverage digital platforms to create a sense of community and encourage advancement.

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9. Engagement & Communications (Continued)

What Good Looks Like	How to Progress
<p>Leadership works with investors to reshape performance expectations against a longer-term horizon and through a shared value perspective; aligns internal and external shared value communications in a transparent and reflective way that is tied to external reporting</p>	<ul style="list-style-type: none">▪ Leadership co-creates the imperative for a shared value strategy and outlines longer-term outcomes from shared value efforts with investors.▪ Integrate social and financial impact of shared value creation with standard financial reporting.▪ Develop and maintain a robust shared value dialogue with investors and make it crucial to the conversation.▪ Continue to listen and evolve communications with investors as the acceptance of shared value as a critical business practice evolves.

PRACTICE IN ACTION:

Engagement & Communications

Discovery Founder and CE Adrian Gore has made shared value a company culture priority. The insurer's strategy, innovation, and business decisions are guided by a mindset that making people healthier—its core purpose—adds direct value to society while driving business growth, competitiveness and cost savings. Discovery is globalizing its behavior change Vitality model to help the whole industry thrive by creating shared value and orienting the industry's purpose to helping clients living longer in better health and wealth. Vitality underpins the insurance products of 14 leading global insurers, with more than sixteen million members in 24 countries.

BD shares long-term oriented shared value updates with its shareholders, helping to show investors the economic value and competitive advantage of creating shared value. The medical technology company quantifies both the social and business impact of its efforts to improve the delivery of health care in emerging markets, and links that progress to future business growth and profitability.

RESOURCES FOR FURTHER LEARNING

- [How to Create a Corporate Culture that Supports Shared Value](https://www.fsg.org/blog/how-create-corporate-culture-supports-shared-value), FSG:
<https://www.fsg.org/blog/how-create-corporate-culture-supports-shared-value>
- [Discovery Corporate Sustainability](https://www.discovery.co.za/corporate/corporate-sustainability):
<https://www.discovery.co.za/corporate/corporate-sustainability>
- [BD Shared Value](https://www.bd.com/en-us/company/global-health/shared-value):
<https://www.bd.com/en-us/company/global-health/shared-value>
- [Where ESG Fails](https://www.institutionalinvestor.com/article/b1hm5ghqtxj9s7/Where-ESG-Fails), Institutional Investor:
<https://www.institutionalinvestor.com/article/b1hm5ghqtxj9s7/Where-ESG-Fails>

ENGAGEMENT & COMMUNICATIONS EXERCISE

[RELATED PRACTICE: 5]

Engagement and communications are key for shared value success. The core message for shared value should be the same for all audiences, but the emphasis and details of the message may shift by audience.

KEY MESSAGE POINTS FOR SHARED VALUE:

[Example Answer: Ignoring the reskilling of talent is detrimental to all stakeholders]

PRIORITY MESSAGE POINTS BY AUDIENCE:

EMPLOYEES

CUSTOMERS

COMMUNITY

INVESTORS

GOVERNMENT

RESOURCES

Tips, Additional Advice and Information

- [Common Pitfalls](#)
- [Regroup and Recover](#)
- [Glossary](#)
- [Endnotes](#)
- [Contributors](#)

COMMON PITFALLS

To help you avoid shared value pitfalls, here are some common pitfalls that practitioners have shared with us:

Not fully understanding who should be at the table when designing a shared value effort and not getting the right stakeholder buy-in.

Suggested Action: Conduct stakeholder interviews to better understand who should be involved and who needs to be informed.

Over-investing in a pilot that makes scaling difficult and/or unrealistic.

Suggested Action: Design your shared value effort with expansion in mind and then work backwards to develop a pilot. Some incremental investment is okay for the first market or two, but ultimately the effort needs to operate in a manner that can scale.

Deciding how to measure success after the effort has already started.

Suggested Action: Determine your KPIs for the business and society before you implement the effort and identify how you will capture the data. If a baseline is required, take a measurement before you begin.

Assuming you only need to train the organization once on shared value.

Suggested Action: All organizations have turnover and leadership changes, so an idea like shared value needs to be reinforced regularly and incorporated into on-boarding (internal and external hires), communications, training, and regular strategy discussions.

REGROUP & RECOVER: DEALING WITH SETBACKS

Like any innovation, shared value will have its share of challenges and setbacks. To help your organization be better prepared and recover more quickly from likely stumbles, here's some food for thought:

- **Ensure that there is a clear and common vision** for your shared value practice so that you can reference it if you lose your way. Share the ownership of the practice as much as possible—shared value does take a village!
- **Get the right stakeholders to the table to understand and embrace the problem.** Is it executional or strategic or both? Is it about partner buy-in or lack of it?
- If it's executional, **determine if it's a skill, knowledge, process, communications, etc. issue and develop a plan** to address the breakdown through technical support, training, talking points, resources, etc.
- If you've eliminated or addressed the executional issues and believe the problem may be strategic, **clearly identify where the strategy is faulty or insufficient and refine it.** You may need to go back to the Strategy section and re-trace your steps to identify the issue.
- If challenges are occurring because partners (internal and/or external) aren't aligned, **pause and determine where there is lack of alignment.** Keep in mind that those who have been living with shared value longer may be further into the adoption curve than newer business and external partners. **Be patient, seek to understand and educate, be open to criticism and changes, and assume positive intent if challenged.** Also, ask yourself if you've done everything reasonably possible to de-risk the opportunity for partners (e.g., underwritten costs or profit at risk from a separate budget, agreed to pilot goals that are separate from the business unit metrics).
- If you are experiencing a setback because the overall business or the key business resource for shared value is having growth and profitability issues, **reinforce the fact that shared value is adding to the economic value of the business and should not be abandoned during challenging times.** A short-term tactic may be to slow down growth of shared value efforts in an attempt to preserve the infrastructure already established for this medium to long-term endeavor. See Strategies, Goals & Resources for proactive steps you can take to plan for potential downturns in the business and maintain a commitment to your shared value practice.

GLOSSARY

Corporate Governance

A system of rules, controls, policies, and processes established to direct and control corporate behavior.

Culture

The implied social order of an organization that influences attitudes, behaviors, and what is valued.

ESG (Environmental, Social, Governance)

Criteria used by investors to evaluate a company's exposure to and management of risks related to environmental, social or governance issues. Such issues may include a company's environmental footprint, labor conditions, and board oversight.

Innovation

The application of better solutions that meet new requirements, unarticulated needs, or existing market needs. (Source: "Entrepreneurship in the Business Curriculum," Journal of Education for Business, <https://doi.org/10.1080/08832323.1992.10117582>)

NGO (Non-Governmental Organization)

A nonprofit group independent of any government that typically works to improve society by addressing environmental and social challenges.

Outside-In Mindset

Taking into consideration the perspective of customers, community, government, and other external stakeholders when thinking about your business, its challenges and potential solutions.

Purpose

A company's reason for being that simultaneously helps solve a societal (social and/or environmental) problem and creates significant financial value for the company.

Purpose-Led Company

A business that has built its strategy, operations, people-related efforts and culture around a purpose that significantly addresses societal (social and/or environmental) challenges and creates significant financial value for the company. Its purpose must be significant, authentic, profitable and serious.

Shared Value

Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. (Source: "Creating Shared Value," *Harvard Business Review*, <https://hbr.org/2011/01/the-big-idea-creating-shared-value>)

Societal Ecosystem

A network of actors, including governments, local communities, and NGOs, that a business may engage to address social or environmental problems that have major financial consequences for the company.

Societal Needs

The essential elements that help a society to function, survive and prosper. Includes social and environmental needs.

Stakeholders

The individuals, groups, or organizations that can represent employees, customers, community, NGOs, philanthropy, partners, government, investors and others who potentially can be affected by a company's actions, policies, and decisions.

SDGs (Sustainable Development Goals)

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. (Source: United Nations Development Programme, www.undp.org/content/undp/en/home/sustainable-development-goals.html)

Systems Change

Advancing equity by fundamentally shifting the conditions that hold a problem in place, including policies, practices, resource flows, relationships, power dynamics, and mental models. (Source: "The Water of Systems Change," FSG, www.fsg.org/publications/water_of_systems_change)

ENDNOTES

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THANK YOU TO OUR CONTRIBUTORS

Susan Beverly

Senior Director, Sustainability, Abbott

Erin Byrne

Senior Director, US Corporate Sustainability & Social Impact, Novo Nordisk

Gary Cohen

Executive Vice President, Global Health, Becton Dickinson

Amaya Guillermo

Communication and Corporate Affairs Division, Inditex

Elizabeth Hawkins

former Associate Director, FSG

Laura Herman

former Managing Director, FSG

John Holm

Vice President, Strategic Initiatives, PYXERA Global

Miguel Inchaustegui

Consultant, *former* Vice Minister, Ministry of Mines, Peru

Lakshmi Iyer

Associate Director, FSG

Nina Jais

Director, FSG

Reema Jweied-Guegel

Director, Partner Engagement & Programs, Shared Value Initiative

Mark Kramer

Co-Founder & Managing Director, FSG

Amanda MacArthur

Chief Program Officer, PYXERA Global

Adilet-Sultan Meimanaliev

Director, Global Health Shared Value Initiatives, Eli Lilly & Co.

Lisa Mondschein

Chief of Staff, Discovery Limited

Stacy Neal

Director, Strategic Initiatives & Chief of Staff, FSG

Katherine Pickus

Vice President, Global Sustainability, Griffith Foods

Mark Russell

Chief Marketing and Communications Officer, FSG

Matt Smith

Director, Food for Good, PepsiCo

Helen Steel

CEO, Shared Value Project

Nicole Trimble

Managing Director, Talent Rewire

Maike Von Heymann

Manager, Socio-Economic Development and Partnership, Anglo American

Jeff West

Global Corporate Responsibility & Sustainability, IBM

WITH SPECIAL THANKS TO

Neeraja Bhavaraju

former Director, FSG

Nikhil Bumb

Associate Director, FSG

Greg Hills

Co-CEO, FSG

Adeeb Mahmud

Managing Director, FSG

Helen Medina

Senior Public Affairs Manager, Government & Multilateral Relations, Nestlé

Katherine Neebe

Senior Director, ESG, Trust & Transparency, Walmart

Maria Cristina Papetti

Head, Global Sustainability Infrastructure & Networks, ENEL

Marc Pfitzer

Managing Director, FSG

Dane Smith

Managing Director, FSG

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Contact

Comments@PurposePlaybook.org

Edited by

Georgina Eckert

Senior Program Manager, Shared Value Initiative

Bobbi Silten

Managing Director, Shared Value Initiative

Graphic Design

Jackrabbit Design



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