



Are corporate 'win-win' strategies an effective way of alleviating social & environmental problems?

*Mark Kramer
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Societal and corporate success are inextricably linked

- **The long-term competitiveness of companies depends on social conditions**
 - An educated and skilled workforce
 - Safe working conditions
 - Sustainable use of natural resources
 - A flourishing local economy
- **Business has an essential role to play in solving social problems**
 - Only companies can create **prosperity** that funds government and civil society
 - **Companies can create solutions** to many social problems in ways that governments and NGOs cannot
 - Companies have the **incentive to take risk**
 - Competitions fuels **innovation, efficiency, and adoption**
 - For-profit models are **scalable and economically sustainable**

Levels of Shared Value

1

Reconceiving Needs, Products, and Customers

- Products and services that meet **societal needs**
- Providing products to **unserved** or **underserved** customers and communities

2

Redefining Productivity in the Value Chain

- Accessing and utilizing resources, energy, suppliers, logistics, and employees **differently and more productively**

3

Improving the Local Business Environment

- E.g., improving **skills**, local **suppliers**, **supporting institutions** and **cluster sophistication** in the areas where the company operates

Zero-Emission Vehicles Without Tesla?



\$1 Billion in pre-IPO Capital

Good Jobs increases profitability

- **MOD Pizza**

- Assists justice-involved and at-risk youth ages 18 to 24 to reset their lives - developed in concert with the Department of Corrections, community-based organizations, and Department of Labor's Education and Training Administration.

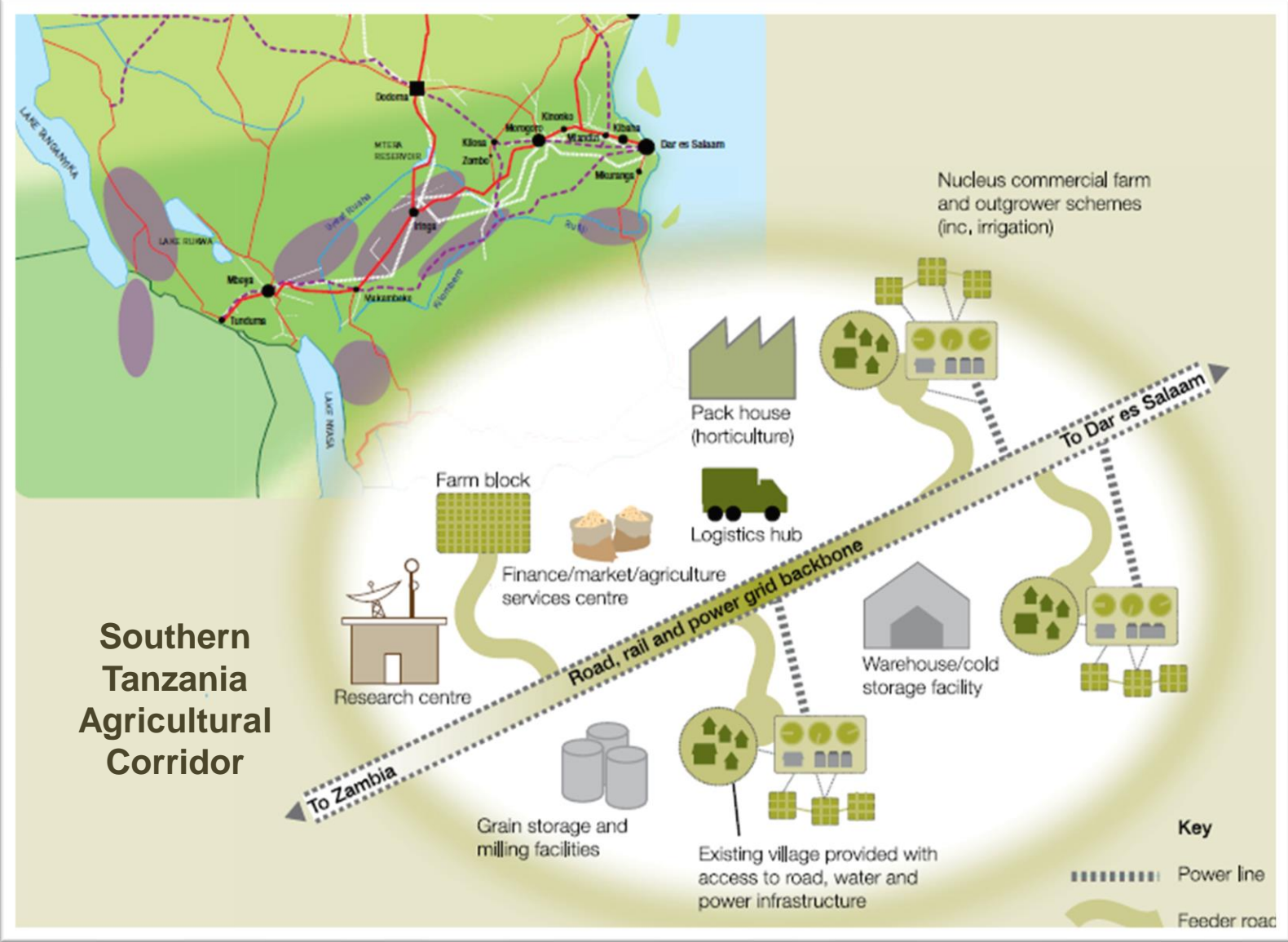
- **Dave's Killer Bread**

- Second Chance Employment means hiring the best person for the job, regardless of criminal history.

- **Managed by Q**

- A janitorial services start-up bets on a strategy that puts cleaning-service workers on a professional path
- Managed by Q, and it was paying \$12.50 - \$14.50 an hour, with full health care benefits and a 401(k) plan
- Less than 10% turnover in customers, 5% in employees

Yara organized a public/private partnership to develop an agricultural cluster lifting 2 million smallhold farmers out of poverty



Companies have begun to take leadership in transforming their entire ecosystem



▶ **Transforming the Chinese dairy sector** to serve the nutrition needs of a multi-billion USD market in China



▶ Creating a new **market for fertilizers** across Africa by **connecting farmers to input and output markets**



▶ Mobilizing communities and the healthcare system to **reduce healthcare costs by 20% in the USA**



▶ Engaging communities to turn **decommissioned power plants** into drivers of local economic development



▶ **Creating local knowledge, capabilities and resources** to drive economic development and improve quality of life in mining communities



▶ **Tackling systems barriers to increase access to health** for BOP customers in Kenya



▶ **Improving access and the quality of diabetes care** for 11.8 million people in Indonesia



▶ **Enabling access to markets, finance, crop insurance and farm inputs** for 100,000 corn farmers in Indonesia

Research Questions

Developing “Hybrid Metrics” that link the most material social and environmental issues to key financial metrics:

- Energy
 - EBITDA/CO2 intensity
- Pulp and Paper
 - Revenue/tons of CO2 sequestered
- Food & Beverage
 - Sales/Nutritional value
- Retail
 - Cost of goods sold/value of waste avoided
- Service Industries
 - EBITDA/percentage of workforce above living wage
- Crop Nutrition
 - EBITDA/yield per hectare
- Pharma & Medical Devices Service Industries
 - EBITDA/contribution to daily adjusted life years
- Chemical and Industrial Production
 - Cost of raw materials/tons of recycled plastics used
- Financial Services
 - Revenue per customer/Change in Customer net worth