

The Transformational Company Guide

Quality #3 - Solutions-Oriented

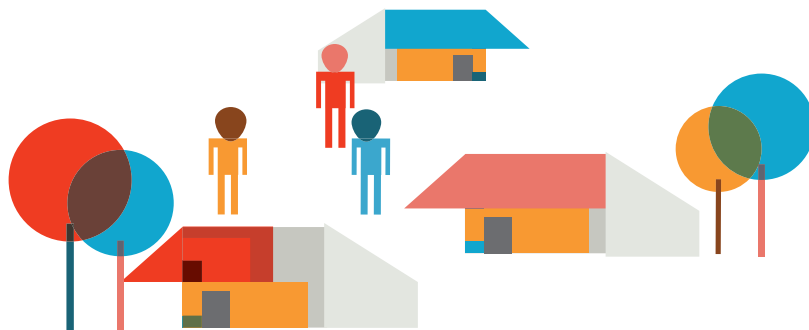


For more information on the new business leadership standard visit
www.cbsr.ca/transformationalcompany



Transformational Company Quality

#3 SOLUTIONS-ORIENTED



Transformational companies work with key stakeholders, find business opportunities and adopt business models and strategies that address systemic social, economic and environmental problems; scale solutions with customers and suppliers.

WHAT IS IT?

The business sector has a critical role to play in contributing to a flourishing society. Business has the ingenuity, resources and know-how to address important social and environmental issues and can provide social leadership on pressing problems. Leading businesses are responding to these opportunities. They are contributing financial support and expertise and adapting products, services and value chains to create social value through their business models. They find ways to harness their core competencies and business assets to create lasting societal and business benefits.

A trail-blazing group of businesses – transformational companies – are rethinking their business models to address widespread societal issues directly through their products, services, operations and business relationships. They embed social value into their functions and collaborate with suppliers, customers, community organizations, governments and even competitors to reduce poverty, social exclusion and environmental degradation. In partnership with others, they reduce problems that affect social stability and community quality of life.

Indeed, leading businesses know that their financial health and the health of their communities and the environments they depend upon are interdependent. By supporting the vibrancy, health and resilience of the communities in which they operate they are contributing to their future workforce and supplier and customer base. Enhancing local, regional and global ecosystems will ensure business and societal viability for the long-term. Going forward, now that the United Nations has adopted the [Sustainable Development Goals](#), more and more companies will be adapting their corporate strategies to contribute materially to the solutions that will set society and the planet on a positive course.

Global consumers look to companies to contribute to the greater good

Over 80% of global consumers agree that it is acceptable for a company to both increase profits and improve the economic and social conditions in communities where they operate. Failing to contribute to the greater good is the top reason trust in business is declining according to 53% of 33,000 respondents in this global survey. Companies that address individual needs or challenges as well as larger macro issues facing society gain consumer trust.

Source



WHY IS IT IMPORTANT?

Business has unique insights, skills and resources to contribute to important social issues. Breakthrough solutions can only be developed and scaled by combining the tools, means, expertise and synergies of all stakeholders.

While the business benefits are dependent on the particular social issues and business strategies pursued, the range of business benefits include:

- Increased market share through new and more loyal customers and markets
- New and deeper insights into customer segments
- New products and services
- Improved reputation and brand differentiation
- Improved employee recruitment and retention
- Improved productivity
- Secured supply and customer of choice status

By identifying and addressing social problems that intersect with their business, companies can create tangible business and social value. Ignoring these opportunities limits a company's bottom line and short-changes society of much needed innovation, resources, and systems to solve social problems.

Marks and Spencer tackles women's empowerment, sustainable livelihoods and youth unemployment

In 2014 Marks and Spencer, a UK-based global retailer, launched their Global Community Programme, designed to increase the scale of the social, environmental and economic benefits of global collaborations where they source products. With a business vision to drive growth and increase efficiency through partnerships along their supply chain, they set an objective to become more resilient as a company by empowering people in their supply chains to build more resilient local communities. The program's focus is to empower women, producers and workers to improve their livelihoods, wellbeing and environment.

The idea of 'empowering' rather than 'helping' is key to the company. It's a subtle shift because they have already helped around 75,000 people since 2012 through some of their existing community programmes. But according to the company: "Incremental progress can't take us much further - we need to spark transformative change and the best and only way to do this is to 'empower' people in our supply chains to improve their businesses and lives in profound and lasting ways. This is about changing mind-sets and giving people the tools to address key challenges for their businesses, their community and their lives. Many of our programmes have demonstrated that training on issues such as nutrition, financial management, sanitation, childcare, education, employability and community leadership skills gives people more control over their lives and consequently they are more motivated and efficient at work. This transformation indirectly empowers their employers (our suppliers), who benefit from having a more reliable, productive and resilient workforce - a vital competitive edge. It's also about supporting raw material suppliers to adopt more sustainable farming, fishing, water stewardship and ecosystem services practices: to support economic development and secure supply for today and the future."

The company also set and is pursuing targets to improve youth employment in the UK. Their external target is to engage 100 suppliers by 2016 to share best practice and support them to open up vocational training and work placement opportunities for unemployed young people. 90 suppliers have signed up so far. Their internal target is to offer training and work experience to 5,000 young unemployed people by 2016 with the intent that half would find work within three months of their placement. 1,450 were offered places in the first year of the company's commitment, with an 80% success rate.

[Source](#) and [Source](#)



P&G sets solutions oriented goal to save lives

P&G, a US-based global consumer goods company, has set a solutions oriented goal to save one life every hour in the developing world by delivering more than 2 billion litres of clean drinking water every year by 2020. This goal will help save an estimated 10,000 lives and prevent 80 million days of diarrheal illness on an annual basis.

Almost one billion people in the developing world do not have access to clean drinking water, resulting in thousands of children dying every day. In 2014, P&G launched the company's global signature program called the P&G Children's Safe Drinking Water Program (CSDW) to help this vulnerable population. People in the developing world receive P&G water packets that have a water purifying technology developed by P&G and the U.S. Centers for Disease Control and Prevention. The packets turn potentially deadly water into clean drinkable water. P&G provides both the technical expertise and financial support for this project, in addition to human resources, manufacturing facilities, research and advocacy.

Since the program began more than 6 billion litres of purified drinking water in more than 70 countries have prevented an estimated 250 million days of diarrheal illness and helped save more than 33,000 lives. Through this initiative, CSDW works with over 120 partners to provide water purification packets.

The company hosts a program website describing the clean drinking water crisis, its impact to date, news and measures for the public to contribute through donations, fundraisers and other initiatives.

The goal to save one life every hour by 2020 is one of the company's two social goals. Their 2013 report indicates they are on track to meet their goal.

Source

HOW TO DO IT?

The following are some steps you can pursue to become a solutions oriented company: to find business opportunities and adopt business models and strategies that address systemic social, economic and environmental problems, and scale these solutions with customers and suppliers.

Step 1: Identify Societal Issues

Conduct research to identify and prioritize social or environmental issues that intersect with business opportunities that reduce risks, save costs or increase revenues. This requires a systematic screening of social and environmental issues and an analysis of how they overlap with present or future business risks and opportunities. The [UN Sustainable Development Goals](#) are an essential resource for this step.

Consider the macro social and environmental trends and systemic challenges which will have the biggest implications for the future of your business, suppliers, customers and markets. Document how your products and services up- and downstream of your business operations affect the environment, people, communities and society to identify vulnerable or opportunistic leverage points for social change. Determine top stakeholder concerns, challenges and expectations. Compile this into a list of relevant social or environmental issues that your strategy might target.

Tip: You have a number of options for focusing this effort. You could take a company-wide approach or pursue solutions at a brand, product, process, project, country, facility, customer segment, business unit or department level. Narrowing your initial focus can help build internal buy-in and experience to scale up in future years as you build your capacity and achieve results in this new business approach.



Step 2: Prioritize Business Opportunities

Using information generated from the first step, conduct a deep dive into your company's business plan to identify win-win opportunities. Catalogue your organization's assets, competencies, and resources, which you can pivot to address the societal or environmental issues you identified in Step 1. The most effective innovations will emerge out of the unique context, plans, structure, culture, and assets of your business.

Business Assets to Leverage

<input checked="" type="checkbox"/> Products & services	<input checked="" type="checkbox"/> Customers
<input checked="" type="checkbox"/> Physical assets	<input checked="" type="checkbox"/> Vendors & supply chain
<input checked="" type="checkbox"/> Logistics infrastructure	<input checked="" type="checkbox"/> Relationships
<input checked="" type="checkbox"/> Distribution network	<input checked="" type="checkbox"/> Management expertise
<input checked="" type="checkbox"/> Intellectual property	<input checked="" type="checkbox"/> Operational & technical skills
<input checked="" type="checkbox"/> Research & consumer insights	<input checked="" type="checkbox"/> International reach
<input checked="" type="checkbox"/> Stores	<input checked="" type="checkbox"/> Brand & convening power
<input checked="" type="checkbox"/> Hiring process	<input checked="" type="checkbox"/> Marketing channels
<input checked="" type="checkbox"/> Employees	<input checked="" type="checkbox"/> Communication capacity

From your initial list of important social or environmental issues relevant to your business, ask: what strengths does your business have to address them, what opportunities are there to apply these strengths in new or innovative ways, who might be some key partners to capitalize on these opportunities? Look beyond your business boundaries for some of these answers, including your upstream suppliers and your customer base.

Three business strategies to create shared value

The following are three strategies companies can pursue to address social problems through market-based solutions:

1. Reconceiving products and markets – Define markets in terms of unmet needs or social issues and develop profitable products or services that remedy these conditions.
2. Redefining productivity in the value chain – Increase the productivity of the company or its suppliers by addressing the social and environmental constraints in its value chain.
3. Local cluster development – Strengthen the competitive context in key regions where the company operates in ways that contribute to the company's growth and productivity.

From the Shared Value Initiative.

Identify areas of overlap between your business and social issues to finalize a list of priority social issues that your company is well positioned to tackle and that can be addressed and scaled through your business model. Following this you will need to plan the relevant business activities involved, model anticipated business and social benefits relative to projected costs and develop a solid business case.

Step 3: Implement and Measure Solutions

Using the business plan developed in Step 2 implement the solutions and track progress, including social and financial performance relative to projections. By assessing social and financial performance, lessons and insights can be generated to refine the strategy and unlock further value creation opportunities.

Step 4: Scale and Accelerate Social Progress

Companies that have successfully designed and implemented social value strategies may wish to take their investments to the next level and fully embed their social purpose throughout their business model. Here is a strategic planning tool for this purpose. By determining what your company stands for, building it into everything it does, and enabling employees, customers and suppliers to participate,

your positive impact can multiply exponentially. Link to [Corporate Social Purpose Continuum Tool for Business](#).

Corporate Social Purpose Continuum – a Transformational Tool for Business

Motivation | Activity | Strategy | Resources
 Investment Models | Issue Selection | Lead | Employee Role
 Customer Role | Brand Promise | Marketing | Participation
 Timeline | Measurement | Business Value

WHO IS DOING IT?

Kellogg's, the maker of breakfast cereals, is tackling child hunger. [More details here](#).

Coca Cola is pursuing initiatives to tackle obesity. See this [link](#) for more.

WHERE CAN I GO FOR MORE INFORMATION?

- Business Guide to Social Value Creation, Strandberg Consulting
<http://corostrandberg.com/wp-content/uploads/2014/09/business-guide-to-social-value-creation-2014.pdf>
- Shared Value Initiative
<http://sharedvalue.org/about-shared-value>
- Measuring Shared Value: How to Unlock Value by Linking Social and Business Results, Michael E. Porter, Greg Hills, Marc Pfitzer, Sonja Patscheke, and Elizabeth Hawkins
http://sharedvalue.org/sites/default/files/resource-files/Measuring_Shared_Value.pdf
- SDG Compass: The Guide for Business Action on the SDGs, GRI, UN Global Compact, World Business Council for Sustainable Development
<http://sdgcompass.org/download-guide/>
- Fortune's list of 51 "Change the World" companies that have made a sizable impact on major global social or environmental problems as part of their competitive strategy
<http://fortune.com/change-the-world/>
- Conference Board of Canada webinar on developing a social sustainability strategy profiling Vancity Credit Union's approach ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.

