Today’s Webinar Hosts
Co-Author of Innovating for Shared Value

Innovating for Shared Value

Marc Pfitzer
Managing Director, FSG

Valerie Bockstette
Managing Director, FSG
Shared Value Companies Are Defining Markets Around Social Not Just Economic Needs

- Pollution
- Access to affordable medical care
- Poor nutrition and obesity
- Access to water
- Shortage of skills that lead to good employment
- Deforestation and climate change
- Poverty
Social Innovation Is the Engine that Enables Companies to Create Shared Value at Scale

- 600M Kg of Trans-fats
- Hundreds of Millions of Fortified Food Servings
- 2,000+ Smart Cities
- 14M Reached with Mobile Banking
- $2B of Safety Engineered Device Sales
- 10M Teachers Trained
Social Innovation Requires New Practices to Drive Social Benefits and Business Value

INNOVATION

SOCIAL INNOVATION

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LEGO® Star Wars

LEGO® education

1 + 1 = 2
1 + 2 = 3
Innovating for Shared Value Depends on Five Self-Reinforcing Ingredients

- Embed a **social purpose** into the company’s competitive positioning
- Identify and understand **specific social needs** that the company is well placed to address at scale
- Create optimal **innovation structures** based on the maturity of other ingredients
- Anticipate, validate, and continuously **measure the link between social and business outcomes**
- Integrate **internal and external partners with unique expertise** in the social problem throughout the innovation cycle
Where water meets chemistry™

Riikka Timonen
Director
Corporate Responsibility

kemira
Kemira Established Water Efficiency as the Primary Business Purpose During an Organizational Restructuring

**Industrial logic**
- Kemira Pulp & Paper 37%
- Kemira Water 25%
- Kemira Group 2007 (% of revenue)

**Financial logic**
- Kemira Coatings 22%
- Kemira Specialty 15%

**Kemira competences**
- Raw water
  - Water intake
- Industrial processes
  - Water in contact with fiber, oil, minerals
- Waste water
  - Water output

**New Kemira with focus on water (% 2012 revenue)**
- Paper
- Municipal & Industrial
- Oil & Mining

**Spinoff and exit:**
- Kemira Coatings 2009
- Kemira Specialty
  - **Pigments:**
    - JV with Rockwood 2008, exit 2013
  - **ChemSolutions:**
    - Exit announced 2013
Kemira Built a Business Case Based on Drivers for Water Efficiency and the Different Values of Water by Location

- Stakeholders setting expectations
- Drivers for shared value innovations
- Mega trends shaping the business environment

Compliance to regulation “I have to do”
Direct economic benefit “I want to do”
Other indirect benefit (e.g. Reputation) “I need to do”

Water scarcity
Energy efficiency
Media
Customers
Suppliers
General public
Opinion leaders

Authorities
Investors
Government officials
Urbanization
Climate change
Population growth

Renewable materials
Mark Thain
Vice President
Social Innovation
Barclays Established a Social Innovation Facility to Overcome Internal Barriers for Creating Shared Value

- Short-termism
- Risk appetite
- Time and space
- Fixed investment criteria
- Competing priorities
- Established business models
- Inward looking
- Low tolerance of failure
- Organisational design
- Scarce resources
Barclays Provides Internal Support to Build an Enabling Environment for Social Innovation

SOCIAL INNOVATION FACILITY

- Funding
- Leadership
- Incubation
- Co-creation
- Rapid iteration
- Partnership
- Networking
- Open sourcing
- Risk sharing
- Best practice

Barclays Partners with:
- ABSA
  - Agriculture
  - SIF Investment
- BARCLAYS
  - Partners with:
    - agrista
      - Healthcare
      - SIF Investment
    - GSK
      - Agriculture
      - SIF Investment
    - BARCLAYS
      - Partners with:
        - DreamAccounts
          - Education
          - SIF Investment
        - GF
          - Access to Finance
          - SIF Investment
        - Ministry of Defence
          - Employment
          - SIF Investment
Question & Answer
with Speakers and Panelists

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Shared Value Initiative
Join a Growing Global Community of Practice

**Calls to Action**

- Join the community at sharedvalue.org and follow us at @SVInitiative on Twitter
- Request an invitation to the 2014 Shared Value Leadership Summit May 13-14 in New York by sending an e-mail to info@sharedvalue.org
- Access new shared value case studies, Shared Value in Action, at sharedvalue.org

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- **Accelerate** – Access a global network of shared value consulting affiliates – 40 firms from 23 countries advancing shared value thinking in every region of the world
- **Learn** – Access practitioner-focused shared value research from around the globe
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