

Philoma



Shared Value

Steven Serneels
Executive Board member I-Propeller
Impact Investor SI2 fund

Shared Value (*)

- ✓ The principle of shared value...involves **creating economic value in a way that also creates value for society** by addressing its needs and challenges. Businesses must reconnect company success with social progress. Shared value is **not social responsibility, philanthropy**, or even sustainability, but a **new way to achieve economic success**.
- ✓ ‘Creating economic value by advancing social conditions’
- ✓ ‘What’s Good for Society is Good for Business’

Hybrid Value Chains

Inclusive Business

Convergence

Some examples

Emerging markets

- Small scale, sustainable farming: secure quality & quantity of supply
- Affordable, accessible, healthy nutrition: last mile distribution



Western markets

- Enhance patient compliance for elderly people to boost effectiveness
- Re-integrate longstanding unemployed people



An historic perspective on business strategy

- Re-defining PRODUCTIVITY
 - '70 – '80: *cost versus quality*
 - '90 – '00: *cost versus customization*
- Re-defining SUSTAINABLE GROWTH
 - '00 – '10: *profitable growth versus environment*
 - '10 – '20: *profitable growth versus social inclusion*

***“Sustainability and Profitability are not just juxtaposed...
Get out of this mindset of juxtaposition.***

The interest of shareholders (more profit) and poor people (lower prices) are aligned!”

Paul Polman, CEO Unilever , May 2012

What went wrong: Why business lost its sense of socio-economic responsibility?

- A shift in economic thinking
 - Maximizing Shareholder value (Milton Friedman):
“the only social responsibility of business is to create profits”
 - Re-enforced by fall of Berlin Wall
 - Obsession with quarterly earnings & short term wealth creation thinking
- Resources considered infinite
- Power imbalance amongst different players: Corporations are the one that really globalized

Societal benefits of this new business strategy

- Business can
 - **fuel** (social) innovations (business & product/services)
 - be a major lever **to scale** social innovations, addressing relevant social challenges
 - bring **efficiencies**
- Brings back ‘societal relevance’ into the business equation, recognizing that **‘a thriving society works best for business’**
- The approach supports Long Term thinking, **countering the short term ‘finance only’** driven attitude (3P reporting, incentives,...)