



THE STATE
OF SHARED
VALUE IN
AUSTRALIA

2015 Report

**SHARED
VALUE
PROJECT**

SVA
Social Ventures Australia
Funding • Investment • Advice

FOREWORD

Through this first-ever survey, the Shared Value Project has done a terrific service in setting the baseline for shared value activities among leading companies in Australia. As companies around the world increasingly embrace shared value, it is essential to document the social and business benefits that accrue through studies like this in order to demonstrate the value and difference of this approach from conventional CSR and philanthropy. We are deeply impressed by the level of enthusiasm for shared value in Australia and, although this report attests to its still-nascent status, we look forward to the continued expansion of this concept through the pioneering efforts of the Shared Value Project staff and members.

MARK KRAMER

CO-FOUNDER AND MANAGING DIRECTOR OF FSG, AND CO-AUTHOR OF
CREATING SHARED VALUE (*HARVARD BUSINESS REVIEW*, 2011)

04
THE REPORT IN
A NUTSHELL

06
INTRODUCTION

10
LET'S TALK ABOUT
SHARED VALUE IN
AUSTRALIA

14
WHO
SAID WHAT

17
IT CAN BE
CHALLENGING
AT TIMES

20
WHY ARE
COMPANIES
BOTHERING?

24
WHAT
HAPPENS NOW?

26
TAKING THE
DISCUSSION TO
THE NEXT STAGE

29
ABOUT THE
SURVEY

30
ABOUT
THE AUTHORS

31
ABOUT
THE PARTNERS

33
APPENDIX:
CASE STUDIES

CONTENTS

THE REPORT IN A NUTSHELL

The Shared Value Project, in collaboration with Social Ventures Australia (SVA) launched a survey in April 2015 to capture the current state of shared value in Australia. We wanted to understand what was being done, what was not being done, and why not. Five main messages emerged from the responses received:



If we consider shared value as an approach that leads to both economic and social or environmental outcomes then many of those companies who did not describe their strategy as shared value are in fact delivering strategies that create shared value - this raises the question of how important it is to have a shared vocabulary.



There is no clear pattern between the sector where a company operates and the social issues it chooses to address - many interventions appear to address multiple social issues that are designed to be of benefit to society. The survey, however, did not ask about the magnitude of the impact.



Internal perceptions of what is meant by shared value and why it's worth the effort, aligning it with the broader strategy of the organisation and the difficulty of measuring its impact were all identified as being major challenges to a company focusing on creating shared value.



In spite of the challenges, companies pursuing shared value strategies are experiencing social and economic benefits as well as positive brand associations both internally from their staff as well as from external stakeholders.



Shared value is still in its infancy in Australia so all players need to continue to share their experiences and communicate with each other so we can embed the approach in more companies and optimise its potential impact. The Shared Value Project is ready to provide the platform to make this possible.

INTRO



In their 2011 Harvard Business Review article ‘Creating Shared Value’, Mark Kramer and Professor Michael Porter asserted that we need to use corporate companies and the mechanisms of capitalism to address ingrained social challenges.



“We believe that creating shared value is a source of sustainable competitive advantage.”

PRICEWATERHOUSECOOPERS

Porter and Kramer suggest that shared value occurs when we “integrate societal issues and challenges into economic value creation”. In practical terms this means continuing to pursue a strategy of creating value for shareholders but in doing so addressing social challenges. Essentially, shared value is about placing social problems at the core of business objectives.

Many companies would argue that they have in fact been pursuing shared value strategies well before the phrase became mainstream – they were just not using this terminology to describe their approach. There are numerous examples of companies who have placed an emphasis on addressing social disadvantage and achieving economic growth in the strategies they implement. For example, in the UK, some of the Quaker led businesses such as Cadbury and Rowntree provided more worker benefits than most employers of their day. Cadbury built the village of Bourneville for its workers complete with schools, leisure facilities and parks. It also knew a healthy workforce was a productive workforce, and employed doctors and dentists at a time when there was still child labour in Britain.

Many of the better known examples of shared value come from outside Australia. Specifically, the state of shared value creation in Australia is less well-known, and there is a lack of opportunities available to companies to share their experiences of shared value. This was seen as a catalyst for the establishment of the Shared Value Project, a membership organisation and regional community of practice committed to driving adoption and implementation of shared value strategies among leaders and companies, civil society, and government organisations in Australia.

From the outset, the Shared Value Project identified the need to develop a clear baseline of the state of shared value in Australia to help focus both their own efforts and others operating in the area. As a first step towards establishing this baseline, the Shared Value Project together with Social Ventures Australia developed a survey that asked each respondent a series of questions grouped around three broad areas:



What issues do you care about?



What are you doing to address these issues?



What are the main benefits and challenges associated with addressing these issues?

This report presents the key findings of the survey and identifies trends across respondents with an aim to inform thinking around shared value in Australia.



LET'S TALK ABOUT SHARED VALUE IN AUSTRALIA



In the opening questions of the survey, respondents were asked to indicate whether or not their company strategy included a social focus. They were then asked to describe what form that took.



One interesting observation of the responses was around the terminology used and how companies define the socially-focused work that they undertake.

For example, 89% of respondents answered 'yes' to the question 'Does your company strategy include a social focus?'. However when probed about what form this strategy took, respondents provided several answers that covered a range of options including shared value, CSR and sustainability strategy. Some respondents saw their shared value strategy and their CSR work to be complementary.

Those respondents who answered 'no' to the same question clarified their response by explaining that their community

investment, CSR and shared value activity was not explicitly stated in their business strategy. This response, therefore, should not be taken to mean that the companies are uninterested in social issues.

According to the Shared Value Project, a strategy that creates shared value must demonstrate two characteristics:

1

An identifiable economic benefit to the company

2

A measurable impact on a social or environmental issue

“Whilst it is inherent in all of our decisions that we care for the wellbeing of people, our environment and communities and that we ‘do no harm’ - and many of our commercial initiatives do indeed create a community benefit - it is not incorporated into our corporate growth strategy as such.”

ANONYMOUS

Reviewing the different examples provided in the survey through this lens indicates that even those companies who did not describe their strategy as shared value are, in fact, still creating shared value in the way they operate.

According to Lion, there is danger associated with trying to apply labels to the efforts of companies:

“We believe that you need to be careful in how you use terms like sustainability and shared value within a business if your goal is to create an integrated strategy where shared value goals are essentially commercial goals. You need to be careful not to reinforce - through the use of the terminology - the idea that this is a separate activity that happens away from core business.”

LION

This raises three questions. Is this lack of consistency in terminology a result of the term shared value being relatively new? Should we be focusing our efforts on supporting the adoption of a shared vocabulary across companies? Will this improved consistency lead to the development of more strategies that achieve the dual outcomes identified above?

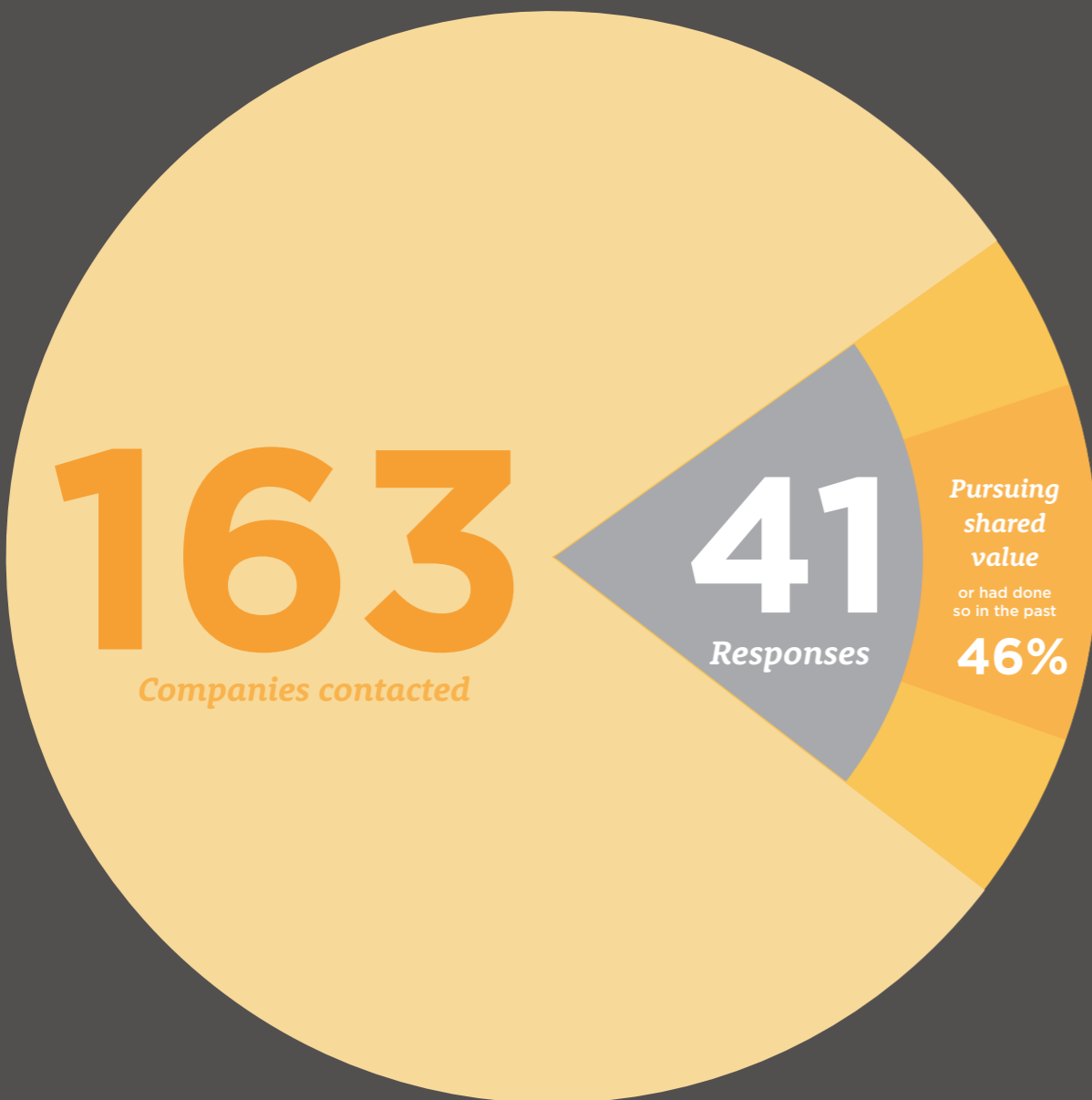
The main objective of this report is to compile, analyse and share the results of the ‘State of Shared Value in Australia’ survey that was circulated in May 2015. We hope that the findings generate more questions such as these and that people feel compelled to begin discussions around these bigger issues. This will help provide insight into the areas that organisations such as the Shared Value Project and Social Ventures Australia need to focus their efforts going forward.

Finally, the audience for this survey were corporate companies. The survey was not designed for not-for-profits or government. As a result, it does raise the question of the role and opportunity for these other two players in advancing the creation of shared value.



WHO SAID WHAT

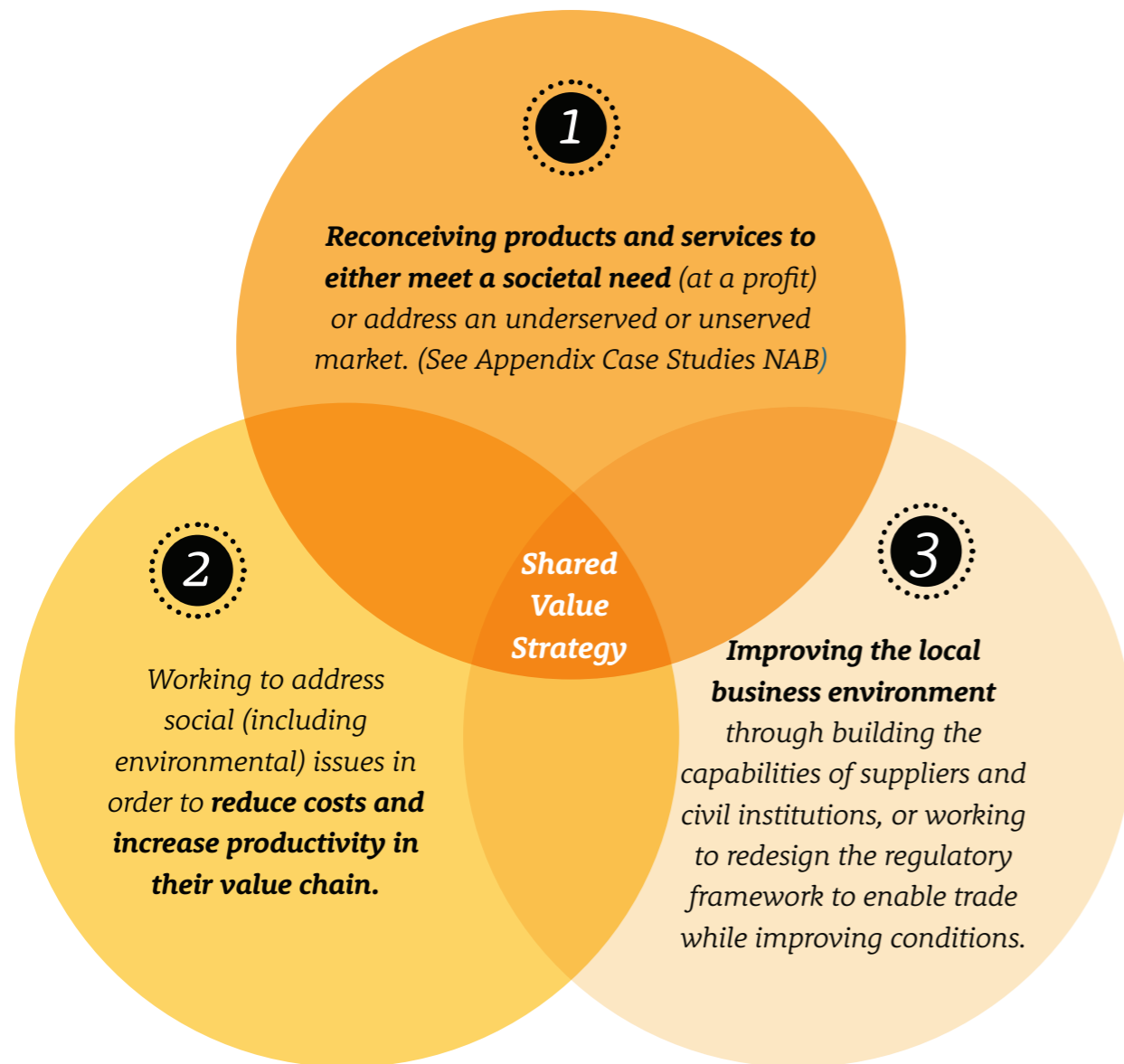
Of the 163 companies contacted, 41 responded. Just under half of them (46%) indicated that they were either currently pursuing a shared value strategy or had done so in the past.



When asked about what social issues were the focus of their strategies, most companies identified impact across a wide range of issue areas. There was no clear relationship between the sector that the company belonged to and the social focus of their interventions.



The responses to the survey were considered in terms of the three main categories into which shared value practices are traditionally placed:



Most of the examples of shared value strategies provided by respondents fell within these three categories. For example, Nestlé's focus on supply chain included not only reducing costs but also on securing access to raw materials (See Appendix Case Studies Nestlé). Further, Lion's strategy was linked not to repositioning their products to address underserved markets but rather to optimise one of their main customer bases. (See Appendix Case Studies Lion).

The examples provided suggest that in spite of the new sectors turning their attention to how they pursue a shared value strategy, these three categories provide guidance for where companies focus their shared value efforts.

IT CAN BE CHALLENGING AT TIMES

While all the respondents indicated that they would continue to pursue and grow their socially-focused strategies, they also recognised that it was not always easy. Regardless of how the respondents described their strategy – as previously noted not all of them saw it as creating shared value – there were consistent trends around the main challenges they faced.



These challenges can be grouped under three broad headings:

Internal perceptions and communication

One of the main benefits associated with a company pursuing a socially-focused strategy was the positive impact it had on its employees. In spite of this, one of the main challenges companies appear to face is changing the perceptions people have of pursuing a socially-driven strategy or one that created shared value.

For shared value to be taken seriously as a competitive business strategy, perceptions within the organisation need to be changed. And a step towards achieving this change comes from improved communication of the main messages throughout the entire organisation.

Outcomes Measurement

Demonstrating the economic benefits of a strategy is relatively binary. Financial benefits are quantifiable. Demonstrating social benefits and impact, however, poses a distinct set of challenges and can often require a different approach from traditional measurement frameworks. The extent to which respondents were successfully measuring impact varied considerably. Some, such as PricewaterhouseCoopers (PwC), are incredibly advanced in their approach¹, but many admitted they needed to do more.

From the responses it was clear that many companies are defaulting to measure outputs, such as increase in donations or dollar increases, rather than outcomes. There is less focus on understanding the 'so-what' question of their interventions.

Alignment and delivery

Shared value works best when it is incorporated into the strategy of the organisation so that it is considered an important component of their growth plans and a source of competitive advantage. For example, WorleyParsons' corporate responsibility efforts are governed by the Global Leadership Team (See Appendix Case Study WorleyParsons), demonstrating that when strategic alignment is achieved, shared value can work very well.

However, a number of respondents indicated that this is easier said than done. Socially-focused strategies sat in departments that included 'brand and marketing' and CSR strategies were often kept separately.

“Internally, it was seen as a soft and fluffy concept that delivered marginal economic benefits.”

“We recognise we need to develop a stronger metrics based dashboard to measure shared value.”

“Aligning relevant teams to develop and deliver strategy is also a challenge.”

SUNCORP GROUP

¹ “At PwC we use only eight key performance measures – four financial and four non-financial.”



WHY ARE COMPANIES BOTHERING?

The overall aim of shared value is to create a benefit both for society and the corporation. The survey responses clearly demonstrate that these companies perceive significant advantages in pursuing a socially-focused strategy.

The strategy:

“...delivers our ‘social license to operate’, improves employee engagement, drives growth, direct and indirect community benefits, encourages a responsible supply chain, and demonstrates our values are connected to that of customers and investor groups.”

WORLEYPARSONS

The three strongest advantages that came through in the survey include:

Brand value

All respondents (100%) who answered the question agreed that a shared value strategy builds brand value for their organisation. Responses to this question suggested that the value associated with delivering a socially-focused strategy led to:



Stronger employee engagement and increased attractiveness as an employer from a recruitment perspective



Increased customer satisfaction and improved customer engagement



Improved stakeholder and partnership engagement

Overall, being able to demonstrate a shared value strategy improved both internal perceptions of the organisation by employees, and the external perceptions of its brand by partners and key stakeholders. (See Appendix Case Study GPT Group)

“By tackling social issues relevant to our customers we can build significant brand value.”

SUNCORP GROUP

Core-business returns

The economic advantages of the shared value strategies reported by respondents differed across each organisation. All, however, recognised that their core business benefited from pursuing a strategy that also focused on delivering social returns. Those who had not yet realised the economic benefits from their shared value interventions were confident that this would change in the longer-term.

“We have recognised that we can help solve problems of our consumers and by doing so we can make a positive contribution to society while providing good returns to our shareholders.”

NESTLÉ

It is important to emphasise that economic returns are one of the main strengths of a shared value strategy, as this is what distinguishes a shared value approach from corporate social responsibility-type interventions which do not expect any economic benefit from their investment.

Respondents recognised that they would only pursue a specific strategy that addressed a social issue if it was of financial value to the business. As Lion said, *“If Lion brewed a low alcohol beer that didn’t stack up on the basis of flavour and mouth-feel, no-one would drink it regardless of the social objective. We have to balance social goals with commercial viability.”* This highlights an important point: that companies will continue to focus on social issues as long as it also provides economic returns.

Social returns

One component of creating shared value is the focus on competitive advantage. The second piece of the puzzle is the social returns. An effective shared value strategy needs to generate both types of returns.

The majority of respondents pursuing a shared value type of strategy indicated that they had achieved some variation of social or environmental return from their interventions. The responses to questions that probed companies about their social returns were so varied that it has been impossible to group them. Instead, some of the specific examples we received included:

The wide range of ways in which companies can address social issues is hugely encouraging. What is not clear from the survey, however, is which of these social returns were the intended outcomes of the corporate’s shared value strategy and which were the secondary impacts. The survey did not ask this specific question.

Without this understanding, it is more difficult to advise companies on the design of their shared value strategies.



WHAT HAPPENS NOW?

Respondents were asked to identify the sort of support they would like to receive going forward. The purpose of this question was to help the Shared Value Project identify where it should focus its efforts. The responses largely fell into two buckets:

More sharing

Respondents indicated a need to learn more about how to measure and realise benefits from other companies also attempting to pursue a shared value strategy. Having access to tried and tested measurement tools and techniques would be hugely helpful to advance the impact of their strategies. Linked to this was a recognised need to hear about more success stories and examples of where shared value has worked.

More conversations

Respondents identified a need for more communication and conversations around shared value. Partnerships between companies operating in the same sector and the opportunity to discuss sector-specific approaches were both seen as important steps to develop a more integrated and effective approach to creating shared value.

Overall the survey results and the rate of response indicate that shared value is still in its infancy in Australia and that growing its potential impact requires collaboration and cooperation across all sectors.

From the perspective of the Shared Value Project, this highlights the need for the organisation to continue in their role in facilitating the dissemination of learnings and creating platforms for network development. The more opportunities that exist to promote sharing, the more shared value can be embedded in companies across Australia.

From the perspective of its members such as Social Ventures Australia (SVA), it is clear that there is a breadth of experience and knowledge that needs to be mined and shared. For example, SVA in particular has considerable experience in the field of outcomes measurement. The Shared Value Project is ready to draw on the experience of its members to help improve the capabilities of companies to identify creative ways to identify and make use of opportunities to create shared value that will lead to both economic opportunities for their business whilst addressing social disadvantage.

“We believe that the more people are aware of the potential to create shared value, the more they are inspired to seek out ways to create shared value.”

PRICEWATERHOUSECOOPERS

TAKING THE DISCUSSION TO THE NEXT STAGE

One of the main objectives of this survey was to establish a baseline for the state of shared value in Australia. It set out to understand companies' perceptions of the approach and the ways in which it was being implemented. It also had a secondary objective; to start the debate on how to develop and build on the thinking around shared value and how to optimise the impact of such an approach in Australia.

Two questions emerged from the survey that require further discussion: the first is how we change the way companies approach shared value so that it focuses on a specific social issue; and the second question asks what the role should be of government and not-for-profits.

Choosing the social issue

No clear patterns emerged from the responses received in terms of the type of sector, the approach they applied to creating shared value and the social issues being addressed. Often, several social issues were being addressed through the implementation of a particular strategy. But what if an organisation wanted to focus on a specific social issue? How does that company adapt its shared value strategy so that it focuses on that issue? In the report, we identified three main categories of opportunities for companies pursuing a shared value strategy. These categories do not help companies adapt their business strategy if their starting point is to address a specific issue.

The underlying causes of social disadvantage can broadly fall into one of four categories: education; employment; housing; and health. To ensure a corporate strategy is able to focus on one of these social issues, the corporate needs to be able to adapt its strategy within the context of these sources of social disadvantage so that it is focused but still creating economic returns.

This is not to say that only one social issues can be addressed through any one strategy – for example, education and employment are often very closely linked – but helping companies to focus on a primary outcome as a starting point could potentially lead to a more optimal impact for shared value strategies.

ABOUT THE SURVEY

The role of other players

This survey focused on collecting responses from corporates on how they create shared value in their organisation. It did not ask government for their opinion nor did it approach not-for-profits. Both these players have a potential role to play in creating a more attractive environment – the question remains around how this role should look.

Government can play a unique role. Through using the tools of policy-making and taxation at their disposal they are able to create an attractive environment which incentivises more companies to focus on identifying ways to create shared value or to focus on a particular social issue.

For example, in the lead up to the London Olympics, the government of the day used the opportunities presented by the construction of the Olympic Village to treble the number of apprentices in employment. In January 2009, the Government introduced a national campaign promoting apprenticeships across all sectors and looked to the Olympic Delivery Authority to increase its target for apprentices working on the London 2012 construction programme. The ODA set its target at 350 apprentices and in March 2009 introduced a contract requirement for its new contractors that three per cent of their workforce must be apprentices, which was above the industry standard of one per cent.¹ This approach led to an increase in new talent entering the market, bringing with them skills essential to businesses.

Not-for-profits have a unique insight into the underlying causes of social issues and the best ways to approach them. They are looking to partner with businesses in a different way that leads to profit-creation for businesses whilst supporting the achievement of their own social mission.

There is a definite willingness from all parties to get more involved – the main focus is now on getting them all to the table.

Going forward, the Shared Value Project will look to work with these other players to help refine their role in further creating shared value in Australia.

The survey was sent to 163 companies across Australia. The survey was targeted at two audiences: ASX 100 companies across different industry sectors; and organisations that have demonstrable experience in creating shared value or have indicated aspirations to pursue such a strategy.

SVA first announced the upcoming survey at the Shared Value Forum held in Melbourne in April. An email was then sent to each company requesting their participation in responding to the questions. The survey was completed in survey monkey with a mixture of closed and open questions. Respondents were given 4 weeks to respond. A reminder email was sent after 3 weeks.

41 companies in total responded to the survey. Not all survey responses were completed in full. This level of response could be indicative of a lower level of awareness within Australia of the concept of shared value compared with other terms such as sustainability and CSR which have become mainstream across the corporate sector. This response rate is interesting in itself as it provides some insight into how companies perceive, understand and value the concept of shared value.

The respondents who took the time to complete the entire survey were extremely enthusiastic about the benefits of adopting a shared value strategy. Whilst this did mean their experiences were more biased towards the positive outcomes of the approach, such in-depth answers have also provided us with a wealth of learnings, case studies and approaches that will be valuable to anyone keen to understand more about creating shared value.

¹ Learning Legacy: Lessons Learned from the London 2012 Games construction project; <http://learninglegacy.independent.gov.uk/documents/pdfs/equality-inclusion-employment-and-skills/200-apprenticeship-eies.pdf>

ABOUT THE AUTHORS

The survey is a collaboration between the Shared Value Project and Social Ventures Australia (SVA).



Social Ventures Australia (SVA) works to improve the lives of people in need. SVA focuses on keys to overcoming disadvantage in Australia, including great education, sustainable jobs, stable housing and health, disability and community services. By offering funding, investment and advice SVA supports partners across sectors to increase their social impact.

SHARED VALUE PROJECT

The **Shared Value Project** is a regional community of practice committed to driving adoption and implementation of shared value strategies among leaders and companies, civil society, and government organisations in Australia. The Shared Value Project is the exclusive Regional Partner of the Shared Value Initiative, and as the local peak practice body supports the development of shared value in Australia via a membership program, the creation of knowledge, skills and social networks, and facilitating engagement among leaders who are looking for a better method of generating economic and social returns.

Darren Bednarski is currently undertaking his PhD at Victoria University titled: 'Can shared value achieve competitive advantage within the private sector? An Australian Study'. Darren was engaged by the Shared Value Project to assist in developing the 'State of Shared Value in Australia' survey, bringing his experience in shared value research.

ABOUT THE PARTNERS



Financial Review BOSS is Australia's premier magazine for business leaders and high-achievers – and those who wish to learn from them. BOSS has a core focus on management and corporate culture, but its motivating force is the desire to build a community of interest and knowledge around the latest ideas in leadership and the workplace, in Australia and internationally.

BOSS is designed for a discerning reader, those who are at the most senior levels of organisations and those aspiring for success and improvement. It's the magazine with special access to the top Australian corporate executives and reveals their winning strategies.



Republic of Everyone is half consultancy and half creative agency. It's a strange mix, but one that works.

Our tools are CR and sustainability strategy, as well as creativity and digital communications. We combine them to bring together corporate responsibility and sustainability with brand and marketing to create shared value strategies and initiatives that make doing good, good for business.

Republic of Everyone is best known for our strategic work with Mirvac, NAB and News Corp, and for helping create some of Australia's leading shared value projects such as the 2020 Vision and the Garage Sale Trail.

We're always looking for like minded individuals and companies to join us on the journey.



APPENDIX: CASE STUDIES

NAB

Shared value at NAB Reconceiving products and services to meet a societal need

NAB's vision is to become Australia and New Zealand's most respected bank. The business strategy is focussed on investing in priority customer segments, delivering a great customer experience and executing flawlessly and relentlessly. Underpinning this are the organisation's values which guide all the decisions that are made: to have a passion for customers, respect for people, will to win, to be bold and do the right thing.

NAB sets itself a broad social agenda to address financial exclusion in Australia and build financial resilience among its customers and the broader community. The company is bringing shared value to life by integrating this purpose with its business strategy. Its financial hardship program, NAB Care, is just one of the initiatives that talk to the shared value opportunity banks have in growing customer prosperity.

NAB Care is integrated into the collections department, with staff equipped with training from mental health organisation Lifeline in order to readily spot and manage customers experiencing financial hardship. NAB's approach has meant that it has not only helped over 100,000 Australians in financial distress, but the bank has driven customer behavioural change – approximately 40% of clients now seek early assistance before a collections event, saving NAB \$7.2 million in losses. In 2014, NAB Care's support to 15,000 customers resulted in a 20% reduction in loan defaults for the bank.

Another example of a shared value initiative is NAB's work in natural value to support NAB customers to mitigate risks and harness opportunities that arise from better management of their natural capital; soils, water, biodiversity and energy. NAB was one of the first signatories in the world to the Natural Capital Declaration, a global finance sector agreement that requires us to understand the linkages and dependencies of our business on natural capital and then embed that understanding into our business services. It is the only Australian bank to sign up to the Declaration.

Agribusiness has been the initial focus of the initiative given the obvious importance of natural capital to the success of agriculture, and that NAB is Australia's largest Agribusiness bank. One key priority is the development of an evidence base to link good environmental management to financial performance which will eventually inform NAB's credit risk assessment processes – pricing natural capital risk appropriately.

Led by the Corporate Responsibility team, program specific shared value strategies have been developed at different times over the last five years across the business. NAB are currently working to develop an overarching shared value strategy for the organisation to fully support these initiatives, support the development of new initiatives and embed shared value into the organisation as a whole.

NAB's approach has meant that it has not only helped over 100,000 Australians in financial distress, but the bank has driven customer behavioural change – approximately 40% of clients now seek early assistance before a collections event, saving NAB \$7.2 million in losses.



Creating Shared Value Nutrition, Water, Rural Development

Securing raw material supply and shared value throughout the supply chain

Oats are one of Nestlé Oceania's most sourced commodities by product volume. However, as they are a minor crop, vulnerable to disease and drought and with an uncertain market with unreliable economic returns, it had become increasingly difficult to find a sustainable source in Australia that met the standards needed for its breakfast cereals and snacks.

As a result, Uncle Tobys' Procurement team established a program to ensure sustainable supply, looking at the two elements of breeding and sourcing. This program not only gives Nestlé certainty of supply and a better quality milling oat, but also gives farmers a guaranteed return and oats better suited to their conditions; and gives consumers a more nutritious product. This strategy included working with the South Australian Research and Development Institute (SARDI) to develop oat breeds that deliver better quality and yields, are disease and drought tolerant, and contain higher beta-glucan content. It also involved working collaboratively with farmers to understand production costs, encourage oats sowing and give the assurance of a guaranteed buyer for their crop.

This program has created value for both Nestlé as a buyer of oats, the farmers that they buy from, and for consumers. It has resulted in a significant increase in the volume of oats procured - In 2014 Nestlé sourced 26,649 tonnes of oats, with nearly 11,000 tonnes sourced within 100km of the Uncle Tobys factory at Wahgunyah on the NSW and Victorian border. In 2008, 2500 tonnes were procured. Nestlé views responsible sourcing is an investment in its future, and in the future of the farmers and producers on whom they depend for the ingredients in their products.

Shared value at Nestlé

Nestlé's believes that for a company to be successful over the long term and create value for shareholders, it must also create value for society - a belief it carries as the world's largest food and beverage company. Its shared value priorities focus on three areas: water, nutrition and rural development. Globally, it has made 38 commitments in these areas that it aims to meet by 2020, and has been reporting on its shared value performance since 2007.

Today shared value is supported by all areas of the business, fully integrated into the company's way of working. The Corporate Affairs function takes the lead in co-ordinating the communication of the company's progress whereas the respective functions and business take responsibility for meeting the commitments.

“We believe that to be successful in the long term we need to have a positive impact on society.”



WESTPAC GROUP

“We’re on a journey. While we’ve only recently codified our social impact framework, shared value has long been at the heart of our sustainability strategy and performance.”

Engagement of stakeholders to build awareness of shared value

Westpac’s shared value strategy was developed throughout 2014, building on the Group’s strong heritage of corporate responsibility. While the initiative was led by Group Sustainability and Community; the strategy was co-designed, tested and refined by employees, community partners and advisors. Input was provided by all divisions of the Group, including the Strategy, HR, and Risk functions, employees on the ground, the Executive and the Board.

Westpac employees and partners involved have now become the primary communicators of the strategy, sharing the benefits of the framework and new online tool to further engage stakeholders in assessing initiatives through both a business and social lens.

“The strategy has been delivered through the creation of an online tool, whereby employees and community partners can test the alignment of a community initiative, or business product or service against the Group’s corporate strategy and social impact goals. A higher score indicates greater alignment, and strong potential for shared value. A lower score presents an opportunity for refinement. The tool maps alignment and pushes relevant tips and advice to achieve continuing improvement.”

Shared value at Westpac

Westpac’s sustainability strategy focuses on helping its customers, communities and people to prosper over the long term, to achieve greater economic and social participation. While not directly termed ‘shared value’, Westpac’s approach to sustainability and community investment is guided by an impact framework that assesses both social and business value. An overarching theme of ‘Advancing the nation through social change’ is supported by three key focus areas:

Helping out in times of need, to create increasingly resilient communities. Westpac Assist supports customers experiencing financial hardship, and the Natural Disaster Recovery Fund helps customers affected by natural disasters to get back on their feet.

Enabling more inclusive banking, to improve financial inclusion and independence. Westpac Financial Education offers a range of financial literacy and money management programs, delivered directly and through partners such as Mission Australia.

Investing in economic wellbeing and greater prosperity, to realise greater economic and social participation. Westpac’s microfinance partnership with Many Rivers enables disadvantaged and marginalised people to access loans for investment, and the new Indigenous Banking team is dedicated to better meeting banking needs of Indigenous Australians.

Engaging a wide range of stakeholders in co-design of the strategy, regular communication, reporting and strategy refinements, are amongst the key success factors in Westpac’s shared value initiatives. These are combined with a focus on clear ownership of time-bound metrics by business leaders and layers of governance, including board oversight. Access Westpac’s external online tool at:

<http://westpac.ourimpact.in/community>



LION

“We aim to make a positive social contribution because it’s the right thing to do but also because it will enable Lion to execute its strategy with the support of the community. It will grow people and stakeholder engagement, improve trust in our brands and also, crucially, deliver new avenues for growth.”

STUART IRVINE, CEO, LION

New product innovation that balances social goals with commercial viability

One of Australasia’s largest food and beverage companies, Lion defined its core purpose 15 years ago as “making the world a more sociable place.”

This was a significant step at a time when it was still popular to define shareholder value as the ultimate purpose of business and reflected Lion’s belief that sustainable shareholder returns would flow only if it held itself to deliver a higher order social benefit.

The original purpose has evolved with Lion’s expansion to new categories to become “enrich our world every day by championing sociability and helping people to live well.”

Lion people are encouraged to consider all decisions through this prism and a commitment to doing the right thing for the long term has led to the integration of clear social goals in the company’s long term growth strategies.

These include supporting strong regional and rural communities and also stronger families as a means to prevent the misuse of alcohol and food.

Lion is directly focussed on developing a positive drinking culture and facilitating better nutrition for all. Lion sees its role as a combination of encouraging improved nutritional literacy and marketing a portfolio of products with a strong and attractive cohort of ‘better for you’ choices.

As a result, Lion’s shared value initiatives include a wide range of lower alcohol beer choices, including XXXX Gold which has grown to become Australia’s favourite beer, and also a major initiative across its dairy and drinks business called The Goodness Project that sets hard targets for the nutritional value of products across the Lion portfolio. The Company is innovating and reformulating products to meet the targets and will be transparent with quantitative updates each year in its sustainability report.

Lion argues The Goodness Project presents sound business sense as it future proofs its portfolio and develops new avenues for growth as consumers become increasingly wellbeing conscious, with a preference for quality, provenance and nutritional benefits. It also plays to the strengths of Lion’s dairy portfolio, which carries essential vitamins, minerals and protein.

These trends are not just local, but global too, and support Lion’s aspirations to grow its portfolio of nutritious and trusted dairy brands in key Asian markets.

In addition to long term sales growth, regular reputation and community engagement surveys suggest Lion has built strong levels of trust from customers and consumers as well as reason to believe its efforts have contributed to healthier eating and drinking. Lion’s experience also provides some important lessons in product innovation and the need to balance meeting consumer demand with the objective of driving healthy behaviours:

“For instance, if Lion brewed a low alcohol beer that didn’t stack up on the basis of flavour and mouth-feel, no-one would drink it regardless of the social objective. We have to balance social goals with commercial viability. If we achieve both, as we have done with XXXX Gold and hope to do with The Goodness Project initiative in our dairy and drinks business, we will grow brand value.”

Shared value at Lion

Lion believes profit growth and social progress are not mutually exclusive and, as such, it places shared value right at the heart of its corporate strategy as one of two enablers of success. The company integrates social goals into each stage of the product journey: from product development, to sourcing, manufacturing, marketing and sales, and consumption.

“Establishing social goals as Lion’s higher order purpose and filtering every decision made through them has been instrumental in setting the tone for decision-making within a shared value ethos in our business. Continuity and long-term commitment are also essential when you’re trying to influence behaviour and we’ve been very clear on both our purpose and the kind of culture we’re trying to create for a very long time.”

STUART IRVINE, CEO, LION



WORLEYPARSONS

“The key success factors of our shared value strategy (part of our Corporate Responsibility commitments) are leadership support and ‘grass-roots’ champions aligned.”

Global and local leadership with ‘grass roots’ support to champion shared value initiatives

At WorleyParsons, Corporate Responsibility is led from the top and integrated throughout the business. In 2012, the company revised and updated its Corporate Responsibility Policy to clearly articulate the Group’s commitment and aspirations of Corporate Responsibility leadership:

“WorleyParsons is committed to working with our customers and suppliers to achieve results that grow our company, reward our shareholders and our people and contribute to our communities. We acknowledge our responsibilities to the communities in which we operate.”

The program is led by a very small global Corporate Responsibility team, the Global Leadership Team, and the WorleyParsons Foundation Council. The strategy is cascaded to the 43 countries of operation through local Corporate Responsibility champions, and implemented with the support of functional owners such as HSE (Health, Safety and Environment), and Procurement. This results in a very low cost, high impact and globally consistent program.

At WorleyParsons, having strong leadership support and having ‘grass-roots’ champions aligned are the key success factors in delivering its Corporate Responsibility policies. Embedding Corporate Responsibility across the organisation is however an area for continuous improvement. It sees opportunities for scale by embedding simple reporting processes and consistent alignment across the global network, and is also looking for greater opportunities to achieve shared value via innovation teams, intrapreneurship opportunities, and alternative business models to achieve social impact.

Shared value at WorleyParsons

WorleyParsons delivers projects, provides expertise in engineering, procurement, and construction and offers a wide range of consulting and advisory services across 43 countries, each containing an assigned Corporate Responsibility champion. WorleyParsons acknowledges that its responsibilities to the communities in which it operates are essential to the long term success of the business and desirable to all its stakeholders.

Shared value thinking is behind elements of its company values and Corporate Responsibility policies. In addition to continuous improvement of its environmental management and a socially responsible supply chain, WorleyParsons identifies three themes on which it focuses its community engagement activities, to achieve shared value with the communities in which it works: road safety, education and enterprise development.

THE GPT GROUP

“There is considerable opportunity to enhance the identification of business and community benefits, to develop better measurement techniques leading to overall enhanced delivery of shared value projects.”

Strengthening brand perception through a shared value purpose

As a highly trusted property group, GPT looks to create meaningful social and economic impact to sustain the communities that allow its business to flourish. This focus is core to the Group’s strategy and is central to driving sustainable investment performance.

GPT engages with a wide range of stakeholders for mutual success. This ranges from fostering relationships throughout the property industry, through to working with not for profits such as The Smith Family, the Property Industry Foundation and STREAT on local scale projects. GPT is also currently developing a Reconciliation Action Plan to be launched later this year, which will increase the Group’s engagement with the Aboriginal and Torres Strait Islander community.

Apart from the material financial and measurable environmental benefits, GPT’s sustainability and shared value track record is highly regarded by many stakeholders. “We know it makes recruitment easier, it attracts employees. Shared value motivates our employees by providing a superior sense of purpose. We know it contributes to and enhances customer satisfaction. We know that it is valued by investors. We know it contributes to the willingness of others to partner with GPT.”

Shared value at GPT

GPT owns, manages and has created some of Australia’s most iconic real estate assets. The Group’s purpose is to “maximize the financial potential of Australian property with solutions that fulfil the aspirations of our investors, tenants and communities”. For each property to be successful, it must integrate with and support the local community. GPT’s business has been built on this mutual benefit philosophy since its inception more than 40 years ago.

The Group’s mutual benefit philosophy is carried out by all parts of the business with overview from the Board, and is the focus of the Board Sustainability Committee. It is embedded in GPT’s purpose and business practice, and is tracked by a ‘whole of business dashboard’ that includes a range of shared value KPI’s and targets. GPT’s website and integrated annual reporting are often referred to as exemplars for the depth and breadth of reporting on areas of mutual business and community benefit.

GPT is the current global real estate sector leader on the Dow Jones Sustainability Index, a position maintained for four of the past six years. Despite this success, the company views its policies in relation to environmental and social aspects as far reaching ‘flag on the hill’ visions that will continue to drive the business for continual improvement in these areas over time.

To discuss the contents of this report or to hear more about the work that SVA is doing in the field of shared value, please contact Gillian Turnbull at gturnbull@socialventures.com.au or go to <http://socialventures.com.au>

For more information about the Shared Value Project, please contact info@sharedvalue.org.au or visit <http://sharedvalue.org.au>