Barclays

"Social innovation relies on the passion and expertise of 'intrapreneurs' – individuals within our business who use their own skills, creativity, and entrepreneurial spirit to drive innovation within Barclays." [1]

In 2016, Barclays shifted from traditional philanthropic activities to adopting a shared value strategy that places sustainable and inclusive business activities at the core of its business model. This initiative is led through the Social Innovation Facility (SIF), an internal accelerator that strategizes inclusive business activities, and provides funding to individual business units as they develop socially innovative products and services. Barclays has expanded its services to engage communities who have been historically excluded from formal financial services, from rural farmers in Uganda to low-income college students in the US. To do this, Barclays has leveraged strategic partnerships with NGOs who are well-connected to targeted local communities. While building inclusive business activities into the business model is more difficult than giving donations to charity, Barclays believes that when this approach is successful, it creates opportunities for scale that are hard to replicate in a traditional donor-driven model.[2]

COMPANY OVERVIEW

Barclays is an international universal bank[3] headquartered in London, offering products and services in retail, wealth management, and corporate and investment banking. The company has four major business divisions: personal and corporate banking (PCB), investment banking, Barclaycard, and Africa banking. Barclays is one of the largest banks in the world, with operations in over 50 countries that reach more than 48 million customers.[4]

BARCLAYS' INCLUSIVE BUSINESS EDGE

Barclays' new shared growth strategy encourages all departments in the company to incorporate inclusive business and establishes criteria to assess how well each department is incorporating inclusive business activities. In 2012, Barclays launched the Social Innovation Facility (SIF), an internal incubator to help the business lines overcome the obstacles of innovating inclusive business products and services. The SIF meets its mission through: (1) sharing the financial burden of inclusive business activities with the business lines, and (2) establishing project-specific benchmarks to reduce the fear of not meeting standard performance requirements. Scaling social initiatives while maintaining commercial viability is a challenge. It often takes much longer to reap the financial gains of social innovation projects compared to traditional investments, which is often at odds with short-term business needs. Creating incentives for risk-taking and protection in the case of failure is essential for a successful innovation strategy. The banking industry has mobilized substantial resources into inclusive business related to impact investing, socially responsible investing, and financial inclusion.[5] The SIF builds on this movement by embedding a startup mentality into the corporate structure, encouraging flexibility and risk-taking with the goal of creating more innovative products and services.

Multinational corporations, especially commercial banks, often confront reputational challenges when implementing inclusive business activities. Mark Thain, founder of the SIF, explains that companies "have the challenge of trying to change people's perceptions of what sustainability and inclusive business means in a big corporation. People still see [corporations] as volunteering and writing checks, and having another charity partnership, whereas the greater opportunity is in shared value."[6] For example, although Barclays has a large presence in Africa, there is an expectation in those markets that Barclays does high-end financing, and it is often difficult for people to understand why a multinational

2015
AT A GLANCE

BANKING
INDUSTRY

50
COUNTRIES
IN OPERATION

£25,987m
TOTAL INCOME
2015 YEAR END

2012
SOCIAL INNOVATION FACILITY
FOUNDED

"We recognized that our greatest opportunity for impact in the world was always going to be through our core business and if we could find ways of tackling social challenges through our business model, then we [could] do that [to] scale." [7]
– Mark Thain, Founder of Social Innovation Facility, Barclays

bank has commercial interests in development challenges. In spite of the opportunities for scalability of commercially viable inclusive business activities, there are sometimes negative perceptions of companies who want to make a profit and create social value rather than solely engaging for social impact reasons. Barclays uses strategic partnerships with NGOs to help confront this perception problem. Not only are these organizations well-trusted in the communities where they operate, but they also bring local expertise that enables Barclays to develop inclusive business that more effectively meets the needs of the new communities it hopes to reach.

APPROACH: The SIF operates as an in-house incubator for Barclays, created to "accelerate the development of commercial solutions that directly address social challenges."[8] The facility acts as an advisory board and funding mechanism to encourage business units within Barclays to pursue social innovation; it only funds projects that are embedded in the business lines. All SIF funds are co-invested with department-allocated funds from the requesting department to ensure that projects retain business unit support and strategic integration. The business units submit an application to the SIF for funding, and if the project is accepted, the two parties sign a formal contract.[9] The SIF reviews applications based on their "commercial attractiveness, ability to generate social impact, alignment with company strategy, and ability to scale into a successful business."[10] The initial £25 million investment into the facility created flexibility for the SIF's portfolio managers to make long-term investment decisions without focusing on immediate returns. By the end of 2015, the SIF had cofunded 35 projects across Barclays.[11]

The development of a mobile banking product in Uganda is an example of one of the SIF's successful projects in financial inclusion. In collaboration with Care International, Airtel, AppLab, and the Grameen Foundation, Barclays created a mobile application to link informal savings groups to the formal banking system. These groups have historically lacked the ability to develop credit and access traditional banking services. The new product allows the savings group to deposit its pooled money through its local mobile money agent, who then transfers the money to a formal bank account. The deposit is then held in a group wallet account. Integrating group savings into the formal banking system allows Barclays to track information for each of the savings contributors. As a result, these customers are able to establish credit for the first time, giving them the opportunity to access lending options in the future.[12]

Partnerships with NGOs are an important aspect of Barclays' inclusive business activities. One of the biggest challenges Barclays confronts is the gap between its business operations expertise and a lack of understanding potential new customers in developing markets. To address this issue, Barclays establishes partnerships with organizations that have experience working in these local communities. Locally operating NGOs often have a better understanding of the needs of new customers, such as rural farmers, and are often trusted members of those communities. These partnerships, however, introduce their own challenges because breaking away from the traditional donor model to engage Barclays in commercial contracts is new and often rocky territory for mission-driven NGOs. The role for NGOs with local expertise to work with multinational corporations as business partners is significant.[13]

THE BUSINESS CASE FOR BARCLAYS

According to Thain, "You grow your business in the long term by creating value in society."[14] Through inclusive business activities, Barclays is able to reach new customers and expand its market access, while also having a social impact in the communities where it operates. Barclays' shift toward a shared value business model is predicated on the idea that there is equal business value and societal value in the sectors where it operates. For Barclays, scalability is closely linked to commercial viability, and by engaging in inclusive business initiatives that are directly connected to the business, the company can have an impact at a larger scale. Although many of these projects may not reap significant financial returns in the short term, they are expected to expand Barclays' market and bring in new costumers. Barclays pursues opportunities that naturally complement the bank's expertise, ensuring commercial success. The creation of the SIF has enabled the business to take on more risk to expand its services to meet the needs of communities that previously lacked access to financial services, providing an example of how risk and innovation in inclusive business can be designed into the operational structure of a company. [ ]

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2. Thain, Mark. Director of Social Innovation at Barclays. Interview by Bhaskar Chakravorti. Telephone. August 18, 2015.

3. A universal bank is a financial service conglomerate that participates in a wide range of banking services, including private, commercial, and investment banking. It is built on the notion that the firm will benefit from economies of scale by offering a variety of financial services under one roof.

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5. O'Donohoe, Nick, Christina Leijonhufvud, Yasemin Saltuk, Antony Bugg-Levine, and Margot Brandenburg. Impact Investing: An Emerging Class. Report. J.P. Morgan Chase & Co. Accessed April 7, 2016. *https://thegiin.org/assets/documents/Impact%20Investments%20an%20Emerging%20Asset%20Class2.pdf*.

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[BP]

"I am always conscious that it is by delivering real benefits to the countries where we work that we earn our license to operate." [1]

BP is a multinational oil and gas company and is first and foremost categorized as an energy provider. BP focuses its sustainable and inclusive business activities on safety, environmental sustainability, and community investment. While BP's inclusive business activities makes it a pioneer in its industry, the company remains under scrutiny after the effects of the Deepwater Horizon oil spill in the Gulf of Mexico in 2010.[2] After a disaster of such magnitude, BP had to reinforce its commitment to inclusive business in order to reassure shareholders and government regulators.

After safety, the focus for BP is alternative energy, where it is shifting its focus to collaboration with industry and government stakeholders to advance policies such as a global carbon price. The company works in markets that require continual innovation and adaptation. Communities where BP operates can simultaneously benefit from BP as an employer and enabler of growth and can suffer acutely if BP does not act in a safe and sustainable manner.

COMPANY OVERVIEW

BP is the fourth largest integrated oil and gas company in the world, operating in almost 80 countries and employing over 84,500 people.[3] BP has positioned itself as a global energy leader in the 21st century where consumers and governments are increasingly demanding high energy renewable and sustainable sources.[4] The company operates in two main segments: upstream and downstream. The upstream segment is responsible for oil and natural gas exploration; field development and production; and midstream transportation, storage, and processing. The downstream segment manufactures and markets fuels, lubricants, and petrochemicals throughout the world.

BP'S INCLUSIVE BUSINESS EDGE

BP is an industry leader in addressing the issue of climate change and has focused on a number of unique initiatives to distinguish itself from its competitors. It started significantly investing in alternative and renewable energy in 2005, committing to double its investment over ten years in order to stay ahead of competition.[5] Notable past successes include its profitable wind energy business, which was built up in 2007, and the successful advancement of its biofuels operation in Brazil.

In contrast to its peers, BP has never had a senior level post of a corporate sustainability officer in the organization. Instead, BP approaches inclusive business by setting a global framework of sustainability by the company's board members and Safety and Ethics Committee, which is delivered through its businesses in various countries. This strategy ensures that the work "becomes more of a routine matter of doing business rather than something that kind of sits off to the side"[6] and has become increasingly important since the Deepwater Horizon event caused management to review safety and operations and promote a stronger brand image. Rather than setting enterprise-wide greenhouse gas targets, BP requires performance management at a local level through its operating management system.

Community investment programs are another important aspect of BP's inclusive business[7] initiatives. These programs enhance community relations, allowing for smooth operations where local support is essential, promoting development, and providing opportunities to recruit locally.[8] The company also sponsors the BP Foundation, a philanthropic organization that donates to charities that support science, technology, engineering, and mathematics (STEM) education, economic

2015
AT A GLANCE

OIL + GAS
INDUSTRY

80
COUNTRIES
IN OPERATION

$145.89b
REVENUE
ANNUALLY

84,500
PEOPLE
EMPLOYED

"There are ... two primary obstacles, one being the clarity of policy which governments will set and which we will then follow. Another challenge, and this is more on climate and carbon side, is [...] when countries go back to implement their pledges and they start to work through their costs. I hope that this is a cycle of action, and matched to the ambitious rhetoric." [10]

development, and practical approaches to environmental issues.[9]

BP measures the impact of its initiatives through individual metrics and key performance indicators (KPIs) that include the environment, safety, people, and performance. For environmental sustainability, BP tracks across such metrics as oil spills, greenhouse gas emissions, and estimates for customers' emissions.[11] These KPIs are drivers of resource allocation and decision-making within the company.[12]

The company is a sponsor of the Oil and Gas Climate Initiative (OGCI), which was established during the 2014 meeting of the World Economic Forum. OGCI is a collaborative industry initiative for best practices and information sharing to deliver practical solutions to climate risk. Partners for this initiative include CNPC, Eni, PEMEX, Reliance Industries, Repsol, Saudi Aramco, Shell, Statoil, and Total.[13] BP also created a thriving internal venture capital business that invests in key technologies including energy efficiency, renewable energy, energy storage, and CO2 conversion. Like any venture capital investments, these initiatives have met with both successes and failures.[14] One of the biggest challenges BP now faces is coordinating with governments and partner organizations to ensure they maintain their commitments to act sustainably. Several programs that BP attempted to initiate, such as carbon pricing, were infeasible without the full participation of key stakeholders.

Between June 2014 and February 2016, oil prices have declined more than 70%, posing new challenges as BP faces the prospect of a long-term downward shift in oil prices, adversely affecting its bottom line.[15] A permanent downward shift of oil prices could mean that the investments BP has made in alternative energies will take longer than initially anticipated to yield substantial gains and may make it more difficult for alternative energy to gain market share because the technology will take longer to compete on price.

BP recently participated in several key events, including the 2015 Climate Change Conference in Paris and a landmark BP shareholder resolution that sought for the company to disclose more about its work surrounding climate change. These two events have helped BP position to take a leadership role in reporting on inclusive business objectives, including climate change, reduction of carbon emissions, alternative energy sources, and energy efficiency programs.[16] BP will ensure that its sustainability programs contribute to the 2015 UN Sustainable Development Goals in a deliberate manner. While its reputation suffered a setback from the Deepwater Horizon disaster in 2010, BP is committed to integrating inclusive business into its core business functions, seeing it as a necessary competency for sustainable corporate growth. As a leading industry advocate for global carbon pricing, BP hopes to play its part in uniting the public and private sectors on the issue of climate change. It continues to work toward better governmental cooperation, a key component to realizing its environmental policy commitments and without which it will face major challenges to the long-term success of its inclusive business activities.

THE BUSINESS CASE FOR BP

BP has been considered an industry leader in corporate responsibility and sustainability even prior to the Deepwater Horizon Disaster, releasing annual sustainability reports as far back as 1998.[17] The company initially focused on building competitive advantages with its alternative energy investments, but then shifted to a strategy of collaboration with industry partners. When it ramped up its alternative energy initiatives in 2005, BP was trying to get out ahead of the competition. However, when it made the decision to increase its focus on alternative energy, it had incorporated expectations for future carbon prices and stricter regulations into its business models, believing there would be global policy efforts supporting this strategy. This expectation

"I think it is fair to say that a single event like [Deepwater Horizon] has had a truly deep and dramatic effect on the way we do business, our operating model, [and] culture, and it was appropriate for us to spend time putting our house in order." [19]

was revealed to be a misstep, and therefore BP did not realize the projected benefits.[18] BP no longer sees this as a situation where being a first-mover is advantageous. Now its strategy is to achieve its sustainability goals through collective effort, whereby all stakeholders, including governments and other energy companies, adhere to their sustainability commitments. When the sustainability commitments are announced publicly, it is much harder for other companies to back out. **[ ]**

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2. The Deepwater Horizon oil spill was the largest marine oil spill in history, with an estimated total discharge of 210 million gallons of oil over 87 days. Extensive efforts were required to protect nearby beaches, estuaries, and wetlands. Marine life was adversely impacted, with dolphins and other marine life reported to be dying at elevated rates even through 2013.

3. Information obtained from *http://finance.yahoo.com/q/pr?s=BP*.

4. "About BP." Accessed February 24, 2016. *http://www.bp.com/en/global/corporate/about-bp.html*.

5. "BP Forms BP Alternative Energy." Accessed February 24, 2016. *http://www.webwire.com/ViewPressRel.asp?aId=6124*.

6. Emery, Dominic. VP of Long-Term Planning at BP. Interview by Bhaskar Chakravorti. Telephone. January 8, 2016.

7. Community investment programs at BP include support for education, social enterprise, and youth development.

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Coca-Cola

"We created a framework around our three W's: water, women, and well-being. We picked three areas that really matter to our business, areas that we can connect straight into the core functionality of what we call a brand with a purpose." [1]

Coca-Cola, the world's largest beverage company, achieves its success by being a trusted and reliable partner across the supply chain. When it comes to sustainable and inclusive business activities, its goal is to have global reach through local operations, with initiatives that support healthy living; create a safe, inclusive work environment; and enhance the economic development of the communities where they operate. Inclusive business activities at Coca-Cola are focused on partnerships in three areas: women, water, and well-being. Coca-Cola's impetus behind implementing inclusive business was to create additional stakeholder value by integrating the principles and practices of sustainability, inclusivity, and cost reduction into the "heart of the enterprise,"[2] beverage production, and distribution. In addition to individual initiatives and programs, Coca-Cola has used multilateral initiatives through The Consumer Goods Forum to reduce its environmental impact in concert with key partners along the supply chain.

COMPANY OVERVIEW

The Coca-Cola Company ("Coca-Cola") is the world's largest beverage company, offering more than 3,600 different products around the world. Major Coca-Cola brands include Coke®, Diet Coke®, Fanta®, Sprite®, Coca-Cola Zero®, vitaminwater®, POWERADE®, Minute Maid®, Dasani®, and FUZE TEA.® Through one of the world's largest beverage distribution system, consumers in more than 200 countries enjoy Coca-Cola beverages at a rate of 1.9 billion servings a day. Coca-Cola also works in agriculture and ingredient sourcing, providing raw materials for packaging, and in recycling and recovery of bottle parts to close the loop with its suppliers.

COCA-COLA'S INCLUSIVE BUSINESS EDGE

Coca-Cola's comprehensive inclusive business strategy is based on building coalitions to galvanize global action across the "golden triangle" of business, government, and civil society. Partnering with the right people ensures that each activity remains centered on supporting the community that it serves. Specifically, Coca-Colas has focused its inclusive business on "three W's"—women, water, and well-being.

WOMEN: Coca-Cola's program around women focuses on expanding the entrepreneurial potential of women to help families and communities around the world prosper. "We have an innate belief that when we help create stronger communities, we will then have a stronger business in our communities," said Muhtar Kent, CEO of Coca-Cola.[3] In 2010, Coca-Cola launched its 5by20 campaign to help economically empower five million women entrepreneurs by 2020. To Coca-Cola, economic empowerment means building women's self-esteem so they become mentors and role models to other women, empowering them through the development of business skills and increased access to financial services, capital, peer networks, and mentoring. Coca-Cola identifies the women; trains them in basic accounting, distribution, logistics, retail, and stock rotation; and confers a diploma in recognition of their accomplishments at the end of training.

From a business perspective, this results in loyal distributors who promote Coca-Cola's products. The women are not required to exclusively distribute Coke products; the women also distribute other items such as phone cards and cigarettes, making their products relevant to the communities they serve. By 2014, 5by20 empowered a total of 865,000

COCA-COLA
AT A GLANCE

BEVERAGE
INDUSTRY

207
COUNTRIES
IN OPERATION

OVER
3600
PRODUCTS

$44.29b
REVENUE
ANNUALLY

"The best way to describe the Coca-Cola Company is power of partnerships. We have partnerships with our [...] 330 bottlers around the world, partnerships with retailers, partnerships with NGOs, partnerships with our governments, in what we provide." [4]

women and expanded to eight new countries: Malaysia, Indonesia, Japan, Ghana, Lesotho, Bostwana, Malawi, and Burundi.[5]

WATER: Coca-Cola's water replenishment inclusive business activities seek to return to communities and the environment an amount of water equivalent to what the company uses in its beverages and its production by 2020.[6] This is called water neutrality, and its primary components are reduction, recycling, and replenishment. Between 2005 and 2014, Coca-Cola balanced an estimated 94% of the water used in finished beverages based on 2014 sales volume, for a total of 153.6 billion liters of water replenished to communities and the environment.[7]

Coca-Cola deployed three different methods to achieve water neutrality. Through technology, the company reduced the amount of water used in 1,004 factories in 207 countries.[8] Previously, Coca-Cola production facilities rinsed bottles with water before they were filled with a beverage. Now, the bottles are rinsed with air, dramatically decreasing water waste. The second method employed was to recycle the water used during production back into the local municipal water systems. Additionally, Coca-Cola implemented thousands of water replenishment projects in water-stressed region of Africa, Asia, Latin America, and India. The culmination of these projects allowed Coca-Cola to declare water neutrality by December 2015, five years before target.[9] Not only has Coca-Cola succeeded in replenishing the water systems in the communities where it operates, but it has also improved its bottom line through the savings incurred by decreasing the amount of water used in production.

WELL-BEING: Well-being programs at Coca-Cola focus on offering healthier products and improving community health. Coca-Cola's strategy is three-fold: to provide transparent nutrition information, to support healthy living, and to market responsibly.

Muhtar Kent, CEO of Coca-Cola, explains, "In every country where we operate, we have a well-being program promoting exercise and health-related activities. The programs help our consumer and stakeholder base have a better understanding of energy balance, [and a] better awareness of the fact that in certain cases, they can choose a product that doesn't have calories."[10]

Coca-Cola offers low- or no-calorie beverage options in 191 markets in which it operates,[11] with transparent nutrition information on the front of all packaging. It also advocates for improved public health in the communities where it does business through programs targeting increased physical activity – by the end of 2014, Coca-Cola had implemented 330 programs in 112 communities. Additionally, in 2014 Coca-Cola developed a new, more comprehensive responsible marketing policy that banned advertising to children under 12 across all forms of media.[12]

PARTNERSHIPS: Coca-Cola's inclusive business is also multilateral, particularly through the company's involvement with The Consumer Goods Forum, a network of the largest retailer and consumer goods companies in the world. The Consumer Goods Forum's mission is to address industry issues and create opportunities for collaboration to improve efficiency and affect positive change.[13] The Forum's sustainability focus is on "acting together to position the industry as a leader in protecting against climate change, reducing waste, and promoting compliance with good working and environmental practices."[14] Members include heavy hitters such as Carrefour and Walmart, but also smaller retailers like South Africa's Pick n Pay. Coca-Cola CEO Muhtar Kent was the chairman for three years, followed by the CEO of Campbell, Denise Morrison, and Chairman of Pick n Pay, Gareth Ackerman. Among others, the Forum recently made a commitment to have all the refrigeration in retailers and consumer goods companies hydrofluorocarbon

"We have what I call 'the golden triangle' deployed effectively. The golden triangle is government, business, and civil society collaborating to achieve the results." [15]

(HFC)-free by 2020. "Imagine if all the refrigeration of retailers turns into HFC-free refrigeration," said Muhtar Kent, "how much of a change that would be to help prevent the ozone layer from being depleted."[16]

THE BUSINESS CASE AT COCA-COLA

The impetus behind implementing inclusive business activities at Coca-Cola was to create additional stakeholder value by integrating the principles and practices of sustainability, inclusivity, and cost reduction into every part of the enterprise. Before 2005, Coca-Cola invested peripherally in its core business in various activities that were deemed "sustainable," such as the environment, paired with a neatly packaged sustainability report. But all of that changed ten years ago, when "We said we're going to actually do it a little differently, because we came to the conclusion that if you want to be a business that's going to be around for the next hundred years, you've got to make sure you not only create value for stakeholders, but also for your people that work for you, your partners, your consumers, your customers, [and] governments."[17] Today, the people of Coca-Cola, including the women who have been impacted by its programs, partner with local governments and other industry players to improve the planet, driving down water use costs and improving the quality of life for people all along the value chain. [ ]

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[Diageo]

"We talk about that principle of enabling communities where we work to thrive and prosper and that will also help us to thrive and prosper."[1]

Diageo is a global beverage company that operates in over 180 countries with over fifty brands of alcohol products. As a company that deals in alcoholic beverages, brand perception is of utmost importance, and Diageo's sustainable and inclusive business activities helps to promote that perception. Its inclusive business activities focus on three categories: promotion of responsible drinking, community investment, and reducing environmental impact.[2] Each category has a set of measurable goals for its 2020 Sustainability and Responsibility targets,[3] designed to align with the UN Sustainable Development Goals. Diageo's leadership in impact, measurement, and partnerships with respect to its inclusive business set it apart from other companies. Diageo emphasizes maximizing impact, as well as shared value whereby its inclusive business activities should also provide value to the company's business. Moving forward, Diageo is working on developing a formal framework to measure its inclusive business impact in order to improve effectiveness.

COMPANY OVERVIEW

Diageo is an international beverage conglomerate with a collection of alcohol brands across spirits, beer, and wine categories. Popular global brands in Diageo's portfolio include Johnnie Walker, Crown Royal, Tanqueray, and Guinness. The Company has sales in over 180 countries around the world and is headquartered in London. Each year, Diageo produces more than 6.5 billion liters of product from more than 200 sites in 30 countries. After production, Diageo invests substantially in marketing in order to reach consumers and insert its products into target cultures. For Diageo, success means efficient growth, consistent value creation measured by return on invested capital, increased credibility and trust, and promotion of a safe working environment for motivated employees. Diageo's inclusive business is directly related to the credibility and trust component, whereby the company promotes responsible drinking programs, water efficiency, and reduced carbon emissions in communities where it operates.[4]

DIAGEO'S INCLUSIVE BUSINESS EDGE

Diageo is recognized for the strength of its sustainability initiatives within the beverage industry. It ranks second in the food and beverage category for the FTSE4Good index, has been included in the Nasdaq Global Sustainability Index, and is a member company of the World and Europe Dow Jones Sustainability Indices, in which only companies ranked highly for corporate responsibility within their industry are selected for inclusion.[5] Diageo emphasizes the notion of shared value in its operations, stressing that its programs and products create value for all stakeholders. There are six main priorities for its inclusive business strategy:[6]

1. Reducing alcohol-related harm by 10%
2. Protecting water resources
3. Empowering communities in the company's value network, from farmers to bartenders
4. Protecting employee safety and rights
5. Use of locally and sustainably sourced materials
6. Earning the trust of stakeholders as an ethical leader in society

Together, these six priorities help to enhance the company's reputation, reduce costs, strengthen the supply chains, and open new markets to consumers.

A key feature guiding inclusive business activities at Diageo is its 2020 Sustainability and Responsibility targets. These targets go beyond simply implementing programs across alcohol responsibility, community development, and environmental performance by focusing on measuring impact and creating scale. These goals build on past company performance and are designed to align with the

DIAGEO
AT A GLANCE

BEVERAGE
INDUSTRY

180
COUNTRIES
OF OPERATION

30
COUNTRIES
OF PRODUCTION

£15.97b
ANNUAL REVENUE
2015 YEAR END

"Our distilleries, breweries, and wineries are at the very heart of the communities in which we work, and we have a responsibility to create shared value – for our shareholders, our people who work so hard to make our business successful, and for the wider society that enables our business to flourish and grow."[7]

UN Sustainable Development Goals. Delivering on these goals involves partnerships with governments, nongovernmental organizations (NGOs), civil society, and other companies, with an emphasis on quantifiable outcomes.[8]

While Diageo's focus on measuring program impact is part of what makes its inclusive business activities unique, it also presents significant challenges. The company is in the process of forming an impact assessment program, but some investments are difficult to quantify. The challenge is to find the balance between direct and indirect benefits, where direct benefits are easier to both measure and justify.[9] However, impact measurement proves valuable when feasible; for example, while Diageo reduced the number of its responsible drinking programs in 2015, it shifted its focus to promoting its more effective programs, valuing quality over quantity and allowing Diageo to remain on track for its 2020 targets. A survey in Jamaica, one of Diageo's American markets, showed that 72% of inhabitants were aware of the "Drink Right" campaign and 47% believed their behavior had improved as a result. This gives Diageo a deeper understanding of what it does and how it can improve.[10]

As part of its water stewardship efforts, Diageo sponsors Water of Life,[11] which provides clean drinking water to poor communities. Diageo has measured the impact of its Water of Life program: it is the primary and most reliable source of water for 79% of beneficiary households, and it reduces the time women spend each day gathering water by 33%.[12] Diageo further uses its measurement tools to find efficiency improvements in areas that are water-stressed.[13] When choosing targets, Diageo tries to gain an understanding of shared value by weighing internal and external benefits, and it is developing a framework to objectively quantify the mutual benefits of its programs. Diageo believes that using business metrics in its sustainability agenda increases impact and helps its inclusive business programs transition beyond philanthropy to valuable investments.

Another challenge related to impact is building scale. To do this, Diageo focuses on partnerships with organization that have the skills, contextual knowledge, or capital to be effective. Diageo might partner with a local NGO that understands the issues local farmers face—or has experience in delivering scale for a particular type of program.[14] According to David Croft, managing partnerships to achieve a shared goal raises questions such as, "How much are you prepared to compromise your sectorial perspective to achieve that goal? And what's that partnership about?"[15]

THE BUSINESS CASE FOR DIAGEO

Inclusive business at Diageo is couched in the language of shared value, the idea that enabling communities where it operates to thrive will in turn enhance the reputation and bottom line of Diageo. This understanding of shared value helps conceptualize how Diageo measures the outcomes of its programs.[16] For example, when Diageo implements a water provision project in a community, the company understands it is not only protecting a resource vital to its business, but it is also building goodwill and supporting potential consumers of its products. Local sourcing in markets with an agriculture-based economy not only contributes to the economic impact but also "helps build trust with government and other stakeholders, [which] can help secure supply, and it delivers wider benefits to the local community."[17]

In addition to its programs to provide water and sanitation to communities where it operates, Diageo further advances its water stewardship through efficiency gains in usage that also reduce long-term operating costs. With respect to efforts to reduce carbon emissions, not only are there short-term cost savings, but Diageo benefits from its belief that it will be "well-placed for the future state" rather than waiting for higher costs to come in the future low-carbon policy environment.[19]

"…it's a question of direct or indirect and how tangible some of those benefits can be."[18]

A program that promotes skills and technology to reduce the poverty of smallholder farmers and increase productivity and sustainability is not just philanthropy to Diageo; it strengthens the supply chain so that the farmers can grow, and in turn so can Diageo's business.[20] Diageo's involvement in communities ranges from skills training in entrepreneurship and retail, to water provision and sanitation, to women's empowerment, including microfinance and business skills training for women through Diageo's Plan W program. These community development initiatives position Diageo to reach consumers in emerging markets, where "in the next decade one billion new consumers will be able to afford our brands and an additional 800 million consumers will reach levels of income where luxury brands are affordable."[21]

While Diageo's approach to shared value does mean that a program with a commercial benefit is more likely to be funded, David Croft cautions, "If you are an organization that's absolutely cost-conscious and… very commercially focused on a price point, then your propensity to go further to create shared value is likely to be less. There is an increasing expectation of playing a wider role consider." **[ ]**

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EMC

"We don't look at sustainability just as the environment. We have, for the last two years, tried to avoid categorizing things as environmental or social issues [...] I think some initiatives stall as they don't take into consideration economic or social implications."[1]

EMC* is a leader in the information technology (IT) industry, known for creating technological solutions to sustainability challenges. Since 2010, the company has been named to the Dow Jones Sustainability Index (DJSI) every year,[2] in recognition of their leadership in sustainable and inclusive business activities. Consumers are increasingly holding companies accountable for their sustainability track record, and as a technical solutions provider to other businesses, EMC is often one of the places corporations turn when they are searching for sustainable innovations. EMC's sustainability strategy incorporates environmental and social impact criteria into decision-making across the firm, and thinks strategically about its long-term financial gains. For EMC, "investing in our future also involves a deep understanding of the megatrends and the changes that are happening in the world."[3] Therefore, the company is rigorous about measuring the impact of inclusive business activities in connection to market trends. In order to encourage innovative inclusive business within the company, EMC trusts employees to take ownership of developing regionally relevant products and services.

COMPANY OVERVIEW

Headquartered in Hopkinton, Massachusetts, EMC Corporation is a service provider for IT; it develops, delivers, and supports the IT industry's range of infrastructure. The company is a federation of three businesses: EMC Information Infrastructure, VMware Virtual Infrastructure, and Pivotal and Virtustream. These divisions offer services in cloud computing, virtualization, analytics, data storage, and information security, in addition to consultancy services. EMC helps companies store, manage, protect, and analyze data more effectively. In 2015, EMC had $24.7 billion in revenue and 72,000 employees worldwide.[4]

* EMC is now Dell EMC but will be referred to as EMC in this case study.

EMC'S INCLUSIVE BUSINESS EDGE

EMC is committed to using technology to innovate solutions to global sustainability challenges. EMC's business model is business-to-business (B2B); therefore, an important aspect of the company's approach to inclusive business is enabling their clients to reach their sustainability goals. Employees are a key aspect of this strategy. EMC has found that employees want to work for a company whose values align with theirs,[5] so the company promotes a culture of sustainability and actively engages employees on these issues. This engagement encourages collaboration of employees across offices, and motivates them to take ownership of developing sustainable solutions for EMC.[6]

EXECUTION: EMC focuses on sustainability initiatives that naturally complement the business lines, and uses technology to innovate solutions to environmental and social challenges. EMC has a corporate-wide inclusive business strategy that focuses on "the areas where it has the greatest potential to create positive change, and to hold itself accountable by measuring and reporting progress, maintaining open and candid communication with internal and external stakeholders, and collaborating with peer companies."[7] This strategy is executed across nine categories: energy efficiency and climate change; eWaste; supply chain responsibility; science, technology, engineering, and math (STEM) education; information security and privacy; role of IT in society; innovation; diversity and inclusion; and corporate governance.[8]

EMC views innovation as a core element of inclusive business. Innovation is the "bloodline" of every IT company;[9] although, paradoxically, these initiatives are sometimes difficult to fund in publically traded

EMC
AT A GLANCE

TECHNOLOGY
INDUSTRY

86
COUNTRIES
OF OPERATION

$24.7b
ANNUAL REVENUE
2015 YEAR END

72,000
EMPLOYEES

2008
OFFICE OF SUSTAINABILITY
ESTABLISHED

"Companies are responsible for more than a healthy financial bottom line; they also are expected to contribute to a healthy global economy, environment, and society."[10]

companies because it requires an increased appetite for risk. In order to ensure innovation as an ideal is protected within the company, EMC created two divisions—a core technologies division where the majority of revenue is generated, and an emerging technologies division. It requires "boldness and balance"[11] to determine how to allocate resources to the two divisions, because investing in long-term emerging technologies does not always produce immediate financial returns. However, splitting up the divisions offers a way to sequester the risk in one part of the company.

Measuring the impact of SIBA is important to EMC. However, there are often situations where the benefits are hard to quantify. In response, EMC has developed a way to track unquantifiable benefits with quantifiable indicators. For example, EMC knows anecdotally that "customers are more and more concerned about who they use as their suppliers, and want to ensure that they are using suppliers that help them achieve their objective of responsible business."[12] EMC tracks the number of customers who ask specifically about the sustainability of their programs, and uses that as an indicator for where to invest resources.[13]

EMC's approach to innovation is to empower its employees, thus increasing their engagement and encouraging creativity. EMC made an important commitment to decentralize the decision-making for its research and development centers, internally known as International Centers of Excellence. These centers operate across many markets, including Brazil, China, Egypt, India, and Israel. Decentralization has given employees autonomy to drive innovation, which has resulted in unique products tailored to each market. "The International Centers of Excellence are the places where [EMC is] seeing the most interesting things emerge… because the people there are more personally tied to the challenges."[14] For example, the Egyptian and Israeli teams deeply understand water insecurity issues, and have created products specifically for that market. The India team, on the other hand, has brought innovation to healthcare in rural areas, while EMC's Brazilian employees have been looking more at disease progression by using big data to understand outbreaks of dengue fever.[15]

THE BUSINESS CASE FOR EMC

Invest today in a product that is certain to be profitable in the short-term, or invest in a product that has the potential to rupture the market? This is the decision companies in the IT industry face daily. Market trends change very quickly, and something that was not profitable yesterday could become incredibly profitable with only a few market shifts. Deciding where to devote resources can create a tenuous situation between short-term investors and C-suite executives who think strategically about the longevity of the company. EMC manages this tension well, and has created ways to measure the financial benefits its sustainability initiatives bring to the company. The sustainability office has ensured that its "customers who care" segment has increased faster than overall revenue, supporting its case that the business model must continue to reflect this growing consumer segment.[16] Additionally, as EMC's business model is B2B, its supply chain requires more technological solutions to sustainability challenges due to pressures from clients. Investors, even those who are not specifically interested in impact investing, are recognizing that companies that most successfully follow macro-trends are taking sustainability seriously, and as a result, are increasingly seeking out these types of investments. **[ ]**

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Essilor

"Poor vision is actually one of the biggest handicaps in the world. Over a third of the world population has poor vision. This can easily be corrected by a simple pair of eye glasses. The good thing is you don't have to go around inventing a new vaccine or a solution. It is simply a question of connecting the dots." [1]

Essilor, the world's largest corrective eye care company, integrates sustainable and inclusive business activities into its business model through its mission "to improve lives by improving sight."[2] Essilor estimates there are 2.5 billion people without access to corrective eye care, and 95% of this group live in emerging countries.[3] Essilor's Corporate Mission Office (CMO) promotes inclusive business in large emerging markets where there are long-term growth prospects for Essilor's many products and services. The strategy for inclusive business activities adopted by the CMO caters to the unique needs of communities at the bottom of the pyramid and dedicates substantial resources to making products more accessible and affordable.

Essilor relies on viable partnerships to successfully implement its inclusive business activities. Greater awareness of vision-correction issues has been a challenge in promoting Essilor's products to new demographics; therefore, it actively works with NGOs and multinational organizations to put access to eye care on the global agenda. Unlike other complex global health issues, sight impairment can be readily and affordably solved, at scale, with corrective eye care. Essilor's advocacy agenda, innovative market entry strategy, and strategic partnerships reflect a coherent approach to inclusive business, putting Essilor in a position to successfully meet its development objectives while generating a revenue stream for the company.

COMPANY OVERVIEW

Essilor International S.A. is one of the largest ophthalmic optics companies in the world. The company was created in 1972 through the merging of Essel and Silor, founded in 1849 and 1931, respectively.[4] Headquartered in Charenton-le-Pont, France, Essilor manufactures and sells ophthalmic lenses and develops and markets equipment for prescription laboratories and eye care professionals. Essilor has more than 55,000 employees in 62 countries,[5] and operates through three business segments: Lenses and Optical Instruments, Equipment and Sunglasses, and Readers.

ESSILOR'S INCLUSIVE BUSINESS EDGE

By balancing its global presence with local customs and characteristics, Essilor is able to produce lenses tailored to wearers' needs across the world. Essilor has established a business arm that is dedicated to reaching communities that have historically lacked access to corrective eye care. In order to fulfill this mission, Essilor has incorporated an advocacy agenda into its inclusive business activities. The company hopes to "create a movement around vision."[6] Through collaborations with non-profits and advocacy work with multinational organizations, Essilor is raising awareness of a health issue while also creating future revenue streams for the company. According to Essilor's estimates, 2.5 billion people "suffer unnecessarily from poor vision and its consequences," resulting in $272 billion in global productivity losses.[7] Partnerships are key to the successful implementation of this approach.

APPROACH: Essilor's inclusive is managed by the Corporate Mission Office (CMO), a subsidiary of the parent company. In 2013, Jayanth Bhuvaraghan, former President of South-East Asia & India at Essilor, was appointed Chief Corporate Mission

ESSILOR
AT A GLANCE

MEDICAL DEVICE
INDUSTRY

OVER
100
COUNTRIES
IN OPERATION

€6.71B
ANNUAL REVENUE
2015 YEAR END

490
LABORATORIES & EDGING
FACILITIES

MORE THAN
61,000
EMPLOYEES
WORLDWIDE

"You have an intervention that is available today at the lowest price point that we can afford [...]. It's a question of connecting the dots." [8]

Officer. This newly formed executive-level position was created to more effectively implement a global strategy for inclusive business. The CMO Officer is responsible for overseeing inclusive business practices, the philanthropic foundation, the social funds, advocacy initiatives, the Vision Impact Institute, and all other environmental, social, and governance (ESG) and corporate social responsibility (CSR) initiatives.. The inclusive business arm, 2.5 NVG, is funded by Essilor and held to the same rigorous business standards as the commercial business units, but it is a separate legal entity or division in different countries.[9] This separate legal structure provides the group with more flexibility for innovation and loosens constraints surrounding profit and loss (P&L) requirements and operation expenditures. The goal of the inclusive business arm is to address the vision needs of consumers at the bottom of the pyramid (BOP). The most important metric used to judge the success of this group is the number of new wearers generated daily.[10]

EXECUTION: Essilor uses inclusive business as a strategy for business development and market entry. Although the company is headquartered in France, the office overseeing global functions, including inclusive business activities, is based in Singapore, because Essilor views emerging markets (including India, Indonesia and China) as future drivers of growth for its business.[11] Essilor enters these markets by innovating affordable products that cater to the needs of people at the BOP. For example, Eye Mitra trains under-employed Indians how to setup eye care provider businesses in rural communities. These products include pre-cut lenses and identically shaped frames that come in various colors and materials, allowing for some customizability while also lowering cost. Eye Mitra, launched in 2013, had trained over 1,000 young entrepreneurs and reached 150,000 people by the end of 2015.[12] This project is a test pilot for Essilor and, if successful, will be implemented in other emerging markets.[13] In addition to generating a platform to sell Essilor products, Eye Mitra is a job creation program that helps alleviate poverty and stimulate economic growth.

Essilor is also keen on building partnerships with organizations that share its values. These partnerships vary across sectors, including: 1) NGOs with local expertise and access; 2) advocacy organizations and multilateral organizations (e.g., World Bank, United Nations) to push the "vision" agenda; 3) academic institutions, which provide useful research and talented potential employees; and 4) private sector companies, governments, and development banks with shared interests that can run programs and share costs.[14] Essilor is optimistic about the role private-private partnerships can play in expanding inclusive business activities.

Private-private partnerships are unique within inclusive business and provide opportunities for rapid scalability. There are many global challenges where it could be in the best interest of companies to collaborate across industries. For example, a report in 2008 attributed 59% of all automobile accidents in Italy to causes associated with poor eye sight.[15] Insurance, automobile, and eye care companies could potentially create joint inclusive business activities that address such issues, as accidents could be avoided with good vision. [16]

THE BUSINESS CASE ESSILOR

Essilor's corporate mission is "to allow as many people as possible to see well to improve their quality of life."[17] This mission makes it easier for the company to justify expanding its inclusive business initiatives because increasing access to vision products is embedded in the ethos of the company. Support from executive-level leadership enables the CMO to meet its objectives. According to Bhuvaraghan, "The BOP markets need strong focus on product and business model innovation. It all has to start first with the strong belief and conviction that it is possible to sell at the base of the pyramid. One needs to have a good understanding of the consumer needs and back it up with a strong value proposition.

It is a long-term investment and we need the entire company aligned behind this mission."[18]

Essilor's definition of inclusion directly connects to the long-term sustainable growth of the business. For Essilor, inclusion expands to everyone in the world who needs eye care. This not only includes customers at the bottom of the pyramid, but also those who may be at the top or middle yet unaware of how vision care could improve the quality of their lives. By implementing inclusive business strategies, Essilor is building its credibility in communities in order to create future markets for its products and services. [ ]

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Fossil

"We believe very strongly that a company with a strong, clear, measured social purpose is going to long-term be much more successful than one that doesn't have one." [1]

Fossil is a global textile company that sells across many brands, with most of its revenue coming from consumer accessories. The current challenge for Fossil is developing a strategy to inject sustainable and inclusive business activities into its core business. Fossil's leadership is still in the early stages of designing its inclusive business approach, but the company has recently hired a Global Head of Sustainability, highlighting its commitment to prioritize this effort. Presently, Fossil conducts corporate social responsibility (CSR) through the Fossil Foundation, but is attempting to more directly integrate the Foundation's activities into the company. As part of this strategy, Fossil is attempting to learn from the practices of other companies in order to maximize its social impact. Building this inclusive business mission is one of the major long-term initiatives at Fossil believed vital for sustainable growth. Fossil firmly believes that integrating its social mission is essential for the continued growth of its business, especially with the rise of conscious consumerism by younger shoppers. In building the inclusive business strategy for its business, Fossil believes the first step is to learn from the successes and challenges of its Foundation.[2]

COMPANY OVERVIEW

Fossil Group, Inc. is a global designer, marketer, and distributor company that specializes in consumer fashion accessories. It was founded in 1984 and is headquartered in Richardson, Texas. The Company's product offerings include men's and women's fashion watches and jewelry, handbags, small leather goods, belts, sunglasses, soft accessories, and select apparel. Its products are distributed globally through various distribution channels, including wholesale, retail stores, and websites. Fossil's global brands include, among others, Fossil, Skagen, Armani Exchange, and Michael Kors.[3]

FOSSIL'S INCLUSIVE BUSINESS EDGE

Fossil is trying to build around the notion of "greater together," whereby sustainability, environmental impact, diversity, human capital, and living wages for its factory workers become a part of the corporate culture. However, in the example of higher wages for factory workers abroad, Fossil believes this requires a long-term effort because consumer prices would need to gradually rise to cover the higher wages. Consumers would not respond favorably to price shocks, no matter the social proposition.

At present, inclusive business at Fossil is carried out primarily through its support of the Fossil Foundation. The Fossil Foundation focuses on promoting social entrepreneurship for underserved youth. In order to achieve its mission, the Foundation works with several partners including Collective Shift, Kiva, and Free the Children.[4] Fossil would like to apply the lessons learned from the Foundation and incorporate them into the corporate-side inclusive business strategy; however, a significant challenge for the Foundation is measuring and understanding the impact of its partners.[5] For example, when Fossil is establishing upstream or downstream business relations with other companies, it might want to know if Company X is more effective at inclusive entrepreneurship than Company Y, and factor that social impact into its decisions. Unfortunately, Fossil does not yet have a reliable set of measurements. This challenge was part of the reason Fossil hired a Global Head of Sustainability in August 2015.

Developing impact measurements and metrics for inclusive business activities is a priority. However, Fossil does not currently have aggregate information available across all its global activities, and so establishing such metrics will be a first step. To tackle this challenge, Fossil intends to learn best practices from other companies. Another challenge with injecting inclusive business activities at the corporate level is

FOSSIL
AT A GLANCE

APPAREL
INDUSTRY

$3.23b
REVENUE
ANNUALLY

150
COUNTRIES
WHERE PRODUCTS ARE FOUND

13,000
EMPLOYEES
WORLDWIDE

communicating this strategy to employees. Fossil is therefore working to establish a framework so that all employees understand and implement the social mission of the company.[6]

Fossil is working to develop an overall strategy that builds off the activities of the Foundation in order to coordinate and maximize impact. Part of the company's goal is to find ways to bring social entrepreneurship originating from work in the Foundation into the core of the company. Using the Foundation as a launching point for corporate-level inclusive business activities makes sense given that Foundation board members are also senior managers at the Fossil Group, and thus discussions at the Foundation already attempt to integrate inclusive business strategy into ongoing business.[7]

THE BUSINESS CASE FOR FOSSIL

Fossil sees an inherent contradiction between its business model and sustainability because fashion requires that people throw out old items and buy new ones. Even with this apparent contradiction, a strong social mission is seen as critical to the company's future and it believes that a company with a clear social purpose will be more successful. Consumers are becoming more conscious of social impact, and a company whose social value proposition is clear will be more competitive than a company with no clear social mission. In Fossil's estimation, consumers are increasingly willing to pay more for something if they are buying the product from a company that shares their values.[8] This belief is supported by recent survey data, where Nielsen has found increases in the percentage of global respondents who say that they are willing to pay extra for products and services year-over-year, a trend especially true for millennials.[9] Linking social purpose with the Fossil brands will therefore be a vital component of the company's overall relationship with its customers. A shift to a greater focus on inclusive business will also enhance employee retention and satisfaction when the company they work for has a higher purpose. Ultimately, Fossil believes it will be at a competitive disadvantage if it does not incorporate inclusive business activities into its brand identity. There is a rising trend that when consumers are buying something, material gain isn't everything; positive social impact is also important and should be built into the price. **[ ]**

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Gap

"Investing in improving women's lives is a natural fit for Gap Inc. and our company values. The program is innovative, scalable, and sustainable." [1]

Over the past ten years, Gap Inc. (Gap)—one of the largest global retailers in the world—has overhauled its approach to sustainable and inclusive business activities. This new approach is embodied by Gap's use of the shorthand "Big S" to describe the important role business sustainability plays in making decisions about inclusive business.[2] In 2007, the Gap Foundation introduced its P.A.C.E. (Personal Advancement & Career Enhancement) and This Way Ahead programs to its portfolio of inclusive business activities, representing a shift from a donation-driven corporate social responsibility (CSR) model to one that runs its own programming. Creating a talent pipeline through This Way Ahead has increased the retention rate of young employees, while the company's P.A.C.E program has trained female garment workers to advance their careers as suppliers and managers. Since the Gap Foundation operates these programs separate from the business units, full integration of inclusive business activities into the business model remains a challenge. However, by making a business case for the inclusive business programs, the Foundation is able to align its mission with that of the company, thus creating opportunities for sustainability and scalability of inclusive business activities.

COMPANY OVERVIEW

Gap is a global retailer headquartered in San Francisco, CA, USA, with more than 150,000 employees. The company owns a conglomerate of brands, including Gap, Banana Republic, Old Navy, Athleta, and INTERMIX, that offer clothing, accessories, and personal care products. Gap products are available in more than 90 countries worldwide through about 3,300 company-operated stores, almost 400 franchises, and e-commerce sites.[3]

GAP'S INCLUSIVE BUSINESS EDGE

Gap believes that inclusive business activities must "work with [the] business and be aligned with [the] overall strategy and direction" in order to be sustainable and scalable.[4] In the mid-2000s, Gap began managing its own inclusive business activities to enable the integration of these initiatives into the business lines. Inclusive business at Gap is primarily overseen by the Gap Foundation. Historically, the Foundation operated as a grant-making institution separate from the business; however, there was a philosophical shift in how the company perceived its relationship with inclusive business activities. The Foundation realized that although it was giving broadly to nearly 200 organizations, this model of philanthropy was not reaping Gap's impact goals.[5] As a result, Gap began strategizing socially and environmentally inclusive initiatives that more closely aligned with the company's expertise and business operations. The launch of P.A.C.E. in 2007 and This Way Ahead in 2006 solidified the Foundation's shift from a philanthropic organization to one that manages its own programs.

Gap's inclusive business activities focus on four key areas: human rights, environment, employees, and community.[6] Examples of activities in these areas include ensuring safe working environments for employees, sourcing more environmentally sustainable materials for clothing products, and creating opportunities for entry-level employees to grow within the company. The emphasis on social mobility and workplace safety for employees is particularly unique in the garment industry, notoriously known for its high workforce turnover and subpar treatment of employees.

The Rana Plaza tragedy is indicative of this reputation. In April 2013, an eight-floor garment factory collapsed on the outskirts of Dhaka,

GAP
AT A GLANCE

RETAIL
INDUSTRY

90
COUNTRIES
IN OPERATION

$15.8b
REVENUE
ANNUALLY

1977
FOUNDATION
FOUNDED

"I've seen way too many situations where you have issues that perhaps had a champion inside the company, maybe you have an executive champion for a very particular issue [...] When that person leaves, often times those efforts, they wither basically on the vine, unless the efforts have been shown to have this holistic picture of doing something good, but also actually working and aligning with [the goals of] the business." [8]

Bangladesh, killing more than 1,100 workers.[7] This disaster was due to negligence and lack of oversight by the owners of the factory. The clothes produced in the factory were primarily Western brands. Gap was one of the companies that contributed money to the Rana Plaza Donors Trust Fund to compensate the families of the victims[9] and continues to place the treatment of its workforce at the core of its inclusive business activities.

EXECUTION: Gap's inclusive business activities primarily focus on the demographics of its workforce: women and youth. When deciding how to most effectively approach commercially viable inclusive business, Gap looked to fill the holes in the needs of its workforce, which would hopefully encourage more productivity and loyalty among employees. Women make up 74% of employees at the company, and approximately half of all employees are between the ages of 16 and 24.[10] In response, Gap created P.A.C.E. and This Way Ahead to better support women and youths.

P.A.C.E. trains and mentors female garment workers in India, Bangladesh, Cambodia, China, Indonesia, Jordan, Myanmar, Pakistan, Sri Lanka, and Vietnam so that they can transition to management positions within the company.[11] The program runs a series of development modules that teach legal and financial literacy, problem solving, and decision making skills, and has shown strong signs of success. Participants have reported having higher self-esteem and greater self-worth in the workplace, and it has helped Gap's bottom line. For example, one factory in Cambodia saw a 66% increase in retention among female garment workers who participated in P.A.C.E. compared to all female workers in the factory.[12]

This Way Ahead provides "job readiness training and paid internships for underserved youth in New York City, Boston, and San Francisco."[13] Since Gap hires over 100,000 people to work in its stores every year, the company saw this as an opportunity to implement inclusive business activities that create a future workforce for the company. As of January 2015, the program trained over 1,000 high school students, resulting in nearly 70% of those students accepting jobs with the companies where they worked.[14] There is a clear business case for This Way Ahead; "the kids that participate in the program, when they get hired they end up staying twice as long [...] That's a huge deal because there is so much turnover in retail."[15] Graduates of the program also score 10% higher on Gap's engaged employee index.[16]

Although P.A.C.E. and This Way Ahead are strong examples of internally managed CSR programs, there continue to be challenges fully integrating inclusive business activities into the business lines at Gap. The Gap Foundation is primarily responsible for the implementation of inclusive business and is housed separately from Gap's business lines. As a result, the Foundation must often advocate on behalf of its projects to executives in the business units. Once senior leadership recognizes the productivity benefits of inclusive business, they are often receptive to the programming, but the advocacy nature of this relationship remains a barrier to its full integration. To bring many of these ideas to scale, leadership at the executive level will have to be part of the decision-making process as it relates to inclusive business.

THE BUSINESS CASE FOR GAP

While human rights, environmental sustainability, and inclusive business practices are important to Gap, its inclusive business activities must also align with the corporation's direction and mission. Gap's inclusive business activities have shown that sourcing from more ethical suppliers with high quality working conditions is not only good for social and environmental reasons, but these suppliers are also more likely to have well-run, productive factories.[17] Likewise, training young people through This Way Ahead allows the company to reach underserved youth while also creating a talent pipeline. Gap's success in inclusive business activities is centered upon the idea that inclusive business is only scalable and sustainable when it is integrated into the business. It's possible to "do something that positively impacts workers' well-being and improve productivity…if they're managed in the right way."[18] **[ ]**

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IBM

"Collaboration is key to delivering sustainable outcomes. We see a lot of siloed activity with government, business, and NGOs acting separately. That is not going to achieve the progress that's needed. It's not economical, and it's not fast enough." [1]

IBM is a global technology company dating back more than 100 years. IBM sees itself as a company in a state of constant innovation, and strives to apply that to its sustainable and inclusive business activities. As a business that is growing globally, enabling the whole organization to adapt to new markets and different cultural norms is a challenge. To meet this need the company sends employees on short-term assignments to work on development needs with governments, NGOs, and business associations to bring cultural knowledge and market insights back to the company. IBM has also established research labs around the world to innovate technology for different environments and challenges. It believes that efforts to tackle contextual challenges will benefit its business in the long run.

COMPANY OVERVIEW

International Business Machines Corporation (IBM) provides information technology (IT) products and services around the world. Formerly known as Computing-Tabulating-Recording Co., it changed its name to International Business Machines Corporation in 1924. The company was founded in 1910 and is headquartered in Armonk, New York. IBM's business segments include Global Technology, Global Business, Software, Systems Hardware, and Global Financing services, through which it offers IT infrastructure services, consulting and system integration, middleware and operating systems software, and commercial financing, among other services. One of IBM's Software platforms is Watson, technology that can interact in natural language, analyze unstructured data, and learn and adapt from these interactions.[2]

IBM'S INCLUSIVE BUSINESS EDGE

IBM approaches its inclusive business activities holistically, incorporating business processes, procurement, personnel investment, and community engagement. As a leading global technology company, IBM believes that inclusive business is linked to its ability to innovate for its clients, creating shared value for all stakeholders. This model includes innovation related to development challenges such as access to water and financing and then adapting these innovations into viable business models.[3]

One of the most successful programs at IBM is its Corporate Service Corps (CSC), modeled in part on the US Peace Corps. The CSC selects high performers who are the company's future leaders with a broad array of skills across all divisions of IBM and sends them around the world to further hone their leadership skills. Small teams of participants typically spend four weeks working with government and community counterparts to help address economic and social issues in emerging markets. Teams spend three months preparing for their assignments, including training in consulting methodology and team building.[4] Four to five hundred employees participate annually. Since it began in 2008, the CSC has sent more than 3000 employees to complete 1000+ projects, delivering $70 million worth of skilled services to impact more than 40 million people in 34 countries.[5] Through this program, IBM employees use their talents to tackle development challenges while also gaining valuable global marketplace experience to bring back to IBM.[6]

IBM recently opened a THINKlab at its Africa research lab in Kenya. This hands-on innovation facility "will provide IBM's Africa-based researchers

IBM
AT A GLANCE

TECHNOLOGY
INDUSTRY

$81.7b
REVENUE
ANNUALLY

377,757
PEOPLE
EMPLOYED

OVER
175
COUNTRIES
IN OPERATION

"We are an innovation company and understand that you've got to explore and do deep research to find solutions that are meaningful." [7]

with a stimulating environment to demonstrate the lab's latest solutions in key areas such as education, healthcare, water management, public safety, and financial inclusion."[8] IBM is also working in partnership with business schools in Africa to develop a multistakeholder executive education program on values-based leadership. The aim is to create a corpus of leaders who will make decisions based on their values and reinforce a culture of ethical governance across all sectors. This will be a fundamental building block for sustainable development.[9] Measuring the impact of these kind of inclusive business activities is complex for IBM, particularly because it is working in dynamic, multistakeholder systems where outcomes are often over the long-term. Some measurement indicators it has found useful include public perception of a project, or in the case of the CSC, hours contributed through employee participation.[10]

IBM has established several initiatives through which it can apply its innovation investments. For example, in collaboration with Sesame Street, IBM is using its supercomputer Watson to process data on education to uncover ways to improve teaching and help children learn. IBM also plans to utilize Watson in partnership with the American Cancer Society to process the organization's data to better understand and anticipate patient needs.[11] Another initiative is P-TECH, a program that has grown since 2011 and 60 schools across the US and two schools in Australia by the fall of 2016. The program works with high schools to prepare graduates for careers in advanced manufacturing, healthcare, and IT. The model was designed to be both sustainable and replicable across communities.[12]

A key feature of IBM's inclusive business is the role of partnerships. The CSC program, for example, depends upon the support of local partners to place employees and share local knowledge. Partnerships supporting the program include PYXERA Global, The Australian Business Volunteers, Digital Opportunity Trust, VSO, and USAID.[13] Even with these partnerships on the ground, Celia Moore, IBM's Director of Corporate Citizenship in Europe, the Middle East, and Africa, believes there is room for further cooperation and that presently there is "too much solo activity" with governments and business acting apart from one another, where more substantial progress could be made by working together.[14]

THE BUSINESS CASE FOR IBM

For IBM, inclusive business means not just addressing development challenges but also further developing its business and expanding its future global reach. At IBM, philanthropic efforts are in line with business and make use of IBM's expertise, such as skill-building and high-value product knowledge.[15] For instance, a benefit of building THINKlab in Kenya was identifying applications for technology to adapt to the unique challenges of the African context. This involves looking into the state of education, agriculture, water, sanitation, and banking. It has not only a development component but also opens up greater opportunity for future business in the region. The goal is turning that impact into something sustainable for the business in the long run. IBM has labs with similar missions in China and India.[16]

IBM's CSC offers three specific benefits: capacity building for communities, leadership skills for participating employees, and enhanced knowledge

"When we invest in a research lab in Africa, and when we invest in the Corporate Service Corps, it's because we're developing the business for the long term while delivering on one of our core values—'innovation that matters for the world'." [17]

of and reputation in growth markets. The benefits to IBM are substantial. IBM's inclusive business activities engage employees and afford them new experiences, which in turn helps team spirit and enhances the company's reputation, creates culturally aware employees to become future global leaders for the company, and delivers real contributions to communities in emerging markets. This is an example of how a large organization can be flexible and adapt its enterprise as it continues to expand into emerging markets.[18] IBM's inclusive business supports the business by establishing its presence in new markets, particularly through partnerships with local organizations and governments. Through this cross-sector collaboration, IBM gains a better understanding of how it might service these new consumers.[19] **[ ]**

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[Janssen]

"Sustainability encompasses all of the ways in which we impact the world by advancing human health and well-being, safeguarding the planet, keeping our business strong, and conducting business responsibly." [1]

Janssen Pharmaceuticals, Inc. is a leading global pharmaceutical company that is a subsidiary of Johnson & Johnson, an American multinational medical devices, pharmaceutical, and consumer packaged goods manufacturer. Janssen's mission is to promote the health of its customers and, through its sustainable and inclusive business activities, reach as many people as possible, in particular those with unmet health needs. To do this, Janssen not only has dedicated units for these efforts but also partners across sectors with governments and NGOs to reach emerging and frontier markets with its medical solutions. In doing so, Janssen expands the reach of the company to new markets, helping realize the idea of "doing well while doing good."

COMPANY OVERVIEW

Janssen Pharmaceuticals, Inc. is a Johnson & Johnson company that develops and produces medicines for a variety of health concerns. Johnson & Johnson is the world's fifth largest pharmaceuticals company.[2] The main focus areas for Janssen are: cardiovascular and metabolism, immunology, infectious disease and vaccines, neuroscience, and oncology.[3] Janssen has produced and marketed many medications in the healthcare market, including treatments for HIV and multidrug resistant tuberculosis. Janssen is headquartered in Titusville, New Jersey, and named after Dr. Paul Janssen, a leading Belgian researcher, pharmacologist, and general practitioner. The company joined Johnson & Johnson in 1961.[4]

JANSSEN'S INCLUSIVE BUSINESS EDGE

Janssen supports its inclusive mission by developing innovative products and healthcare solutions into its business model and building the capacity of partners to address the healthcare needs of lower-income communities. Janssen uses a framework of four key pillars for its sustainability strategy: (1) the social pillar, which is how it cares for people; (2) the environmental pillar; (3) the economic pillar, which is how it manages its business; and (4) the governance pillar, which guides the company's behavior. Janssen has specific organizations and units dedicated solely to sustainability, and each unit has its own standalone budget that includes, for example, the Janssen Sustainability Council, which has full-time dedicated staff. This council receives additional support and sponsorship from key business leaders that carry out a number of the company's efforts, monitors progress across operating companies, and provides resources to set the inclusive tone across businesses.[5]

As part of Johnson & Johnson, Janssen follows the company's guiding values that are defined in "Our Credo."[6] This means that built into the mission of the company is a responsibility to meet the needs of healthcare providers, patients, and families, as well as the communities in which it operates. The Credo concludes that all this must be accomplished in the context of a profitable business, arguing that it is indeed possible to both "do well by doing good."[7] Janssen's global public health initiatives include several focus areas: multidrug resistant tuberculosis, HIV, neglected tropical diseases, and mobile technologies to improve health outcomes. Their strategy includes cross-sector collaborations and the development of pharmaceutical products to address unmet health needs.[8]

In regards to the company's inclusive business strategy, Jami Taylor, the Senior Director of Global Access Policy at Janssen, said, "Sustainability is a mandate across all of the enterprise, and at the local

JANSSEN
AT A GLANCE

PHARMACEUTICALS INDUSTRY

OVER
150
COUNTRIES IN OPERATION

$4.5b
RESEARCH AND DEVELOPMENT BUDGET

40,000
EMPLOYEES

operating company level there are sustainability goals that align to the corporate sustainability goals...From top to bottom...sustainability is really ingrained in the fabric of what we do." One component of Janssen's inclusive business edge is that it revisits its strategy on "an almost constant basis," which helps highlight evolving needs and determine where further support is needed, especially as the company expands into emerging markets. Janssen uses on-the-ground information from its local operating companies to reprioritize resources in order to fill any gaps in sustainability, and it is in the process of building a robust frame to measure its sustainability impact. In particular, Janssen is interested in connecting its efforts to the UN Sustainable Development Goals (SDGs).[9]

One area where Janssen has been trying to innovate to reach the bottom of the pyramid (BOP) is through tiered pricing. Rather than using pricing tiers to maximize profit, Janssen attempts to use it to maximize access to healthcare. For example, in oncology, Janssen has an equity-based tiered pricing program in place in middle-income countries that often have an uneven distribution of wealth. Whereas before frontier markets were deemed too high-risk for higher-value products, the flexibility afforded by tiered pricing is believed to be a model that "paves the way for market introduction."[10] However, market access remains a challenge. For example, Janssen is still trying to understand how to best reach a cancer clinic in Rwanda with its products.[11] The bottom billion are thus largely excluded from certain treatment types.

In order to maximize its inclusive business impact, Janssen works with governments, donors, NGOs, multilateral organizations, and other stakeholders to innovate approaches and increase access to medicines. To engage governments, Janssen has formed the Janssen Neglected Disease Task Force to advocate for legislation that supports new research into treatments for neglected diseases.[12] Janssen partnered with Project UNITE in India, a consortium between Janssen and external expert institutions such as the Grameen Foundation, Indian Institute of Technology, the Bill & Melinda Gates Foundations, Johns Hopkins Center for Clinical Global Health Education, and 10 HIV clinics in India, to develop a cell phone-based platform that supports HIV patients and their caretakers in managing the disease, including a pill and clinic appointment reminder service, educational information, and a symptom management module.[13]

As part of its inclusive business activities, Janssen is attempting to establish a new model of collaboration with partners to encourage jointly creating and implementing programs. Janssen deliberately seeks cross-sector partnerships in order to identify opportunities to drive progress at the community level. Partnerships also have their challenges, though, including managing power dynamics between partners and understanding the different points of view in different sectors. Janssen has found it helpful to exercise authentic humility and understands the value of deference to partners in other sectors. However, anti-industry sentiment and gaps in trust are frequent stumbling blocks. Janssen struggles to convey its message, resulting in skepticism about its motives.[14]

One major area of focus for Janssen's global public health goals is HIV. It has managed to improve affordability of treatment by reducing prices and proactively managing its intellectual property to facilitate generic versions of its HIV medicines in needed territories. Janssen entered in a royalty-free licensing agreement with PATH, a nonprofit that promotes an HIV prevention strategy. Janssen has also established a public-private partnership with International Partnership for Microbicides that helps to develop new HIV prevention technologies for women. This partnership, part of Janssen's HIV Medicines Access and Partnerships Programs, is designed to help people in resource-limited environments gain access to branded versions of Janssen's HIV medicines at lower prices, while also enabling access to generic versions through proactive management of intellectual property. Janssen works with New Horizons Pediatric HIV Care in Sub-Saharan Africa to promote access to HIV medicine for children, including child-friendly formulations of the drugs. The demand for such formulations is significant, as presently only 23% of HIV-positive children in the region receive treatment. Janssen works with a variety of government health agencies and NGOs across Africa as part of this effort to meet the needs of children and has expanded the initiative beyond Sub-Saharan Africa.

"We're very boldly suggesting that investments in sustainability and investments in global public health are a growth enabler for the enterprise."[15]

Janssen hopes "New Horizons catalyzes a broader collaborative effort to build awareness, accelerate action, and advance learning around the needs of children and adolescents experiencing HIV treatment failure globally."[16]

As part of its efforts against neglected diseases, in 2012 Johnson & Johnson signed the London Declaration on Neglected Tropical Diseases, a multilateral partnership to eliminate or control ten such diseases by the end of the decade.[17] As part of this declaration, Janssen partnered with the nonprofit Global Alliance for TB Drug Development and has granted a royalty-free license for global development and access. In January 2013, Janssen signed an exclusive licensing agreement with Pharmstandard OJSC covering Russia, Ukraine, and Georgia to produce the drugs in those countries. In December 2014, Janssen agreed to contribute an estimated $30 million worth of treatment of multidrug-resistant TB through a collaboration with USAID. Janssen has also partnered with USAID to combat antibiotic-resistant bacteria.[18] Through these partnerships, Janssen is able to expand the coverage of its products, thereby expanding the reach of its business across the globe, engaging with new partners.[19]

THE BUSINESS CASE FOR JANSSEN

The nature of drug development presents a unique challenge to inclusive business activities at Janssen. High prices in certain markets (like the US) offset the weight of investment in innovation, whereas other parts of the world are excluded until the post-patent period. Janssen attempts to include the largely excluded into its business model through tiered pricing strategies that it believes should be sustainable in the long term. Janssen regards its pricing mechanism as establishing a clear link between its business practices and social value by increasing patient reach.[20]

A particular challenge Janssen struggles with is an "anti-industry sentiment" that pits the private sector against the public and social sectors. Those outside Janssen can be skeptical of the company's motivations, including government officials, regulators, consumers, and NGOs, which presents a threat to establishing promising collaborations.[21] Bias against the private sector and the profit motive can hurt a company's inclusive business activities, even when the results of those activities are positive. This effect can be particularly acute when the company in question produces life saving medicines that many feel must be distributed as widely as possible with no concern for profits. While it faces public perception issues due to the high price of certain drugs, the reality of the business is that patents protect the ability to innovate; a 20-year patent on a drug will have 10-12 years of losses due to the research and launch costs.[22] At Janssen, its global public health initiatives serve to counterbalance negative public perception issues and may also deter increased regulation that would impact its business.

Moving forward, Taylor believes that to advance its inclusive business goals, "we're going to need a completely different kind of leader, true cross-sector leaders...leaders with just a very different mindset."[23] With its global public health efforts, Janssen strives to "become the global and local partner of choice to build holistic health solutions" as well as to attract external funding that allows it to grow projects that support its overall business goal of reaching new markets and generating value for the business.[24]

Janssen makes significant investments in order to promote the health of patients and consumers, which in turn enables the company to generate a financial return to invest in the future. Janssen is focused on expanding its reach into emerging markets, where the challenge is delivering care to those who cannot afford to pay yet have many unmet healthcare needs. All of its inclusive business activities, including partnerships with NGOs and governments, serves to expand Janssen's market and increase access to its products by incorporating sustainability into its products and operations so as to maximize its reach.[25] In the long run, Janssen expects expanding into emerging markets will serve both shareholder and patient health interests. **[ ]**

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Levi Strauss

"At LS&Co., we believe that doing what's right is not only good for the world, but good for our business." [1]

Levi Strauss & Co. (LS&Co.) is an American clothing company founded in California in 1853. The Levi Strauss Foundation (LSF) was established in 1952 as the company's corporate foundation and has a unique relationship with its corporate sponsor compared to its peers, integrating its sustainable and inclusive business activities directly into the company's supply chain. Specifically, LSF has found success through its Worker Well-being initiative, which started as a pilot program but is now a requirement for key suppliers to the company, having demonstrated a positive return on investment. LS&Co. has further realized the benefits of water efficiency, substantially reducing water costs by using less water in its production processes. LS&Co. aspires to be a leader through its inclusive business efforts and believes it can fill that role by setting an example that sustainability and profitability complement one another.

COMPANY OVERVIEW

LS&Co. is an apparel company best known for designing the first pair of blue jeans in 1873. It is now known for designing, marketing, and selling casual and dress pants, tops, shorts, skirts, jackets, footwear, and related accessories for men, women, and children. Its brand portfolio includes Levi's, Dockers, Signature by LS&Co., and Denizen.[2] The company was founded in San Francisco, California, in 1853 and now sells its products in over 110 countries through a variety of retailers as well as e-commerce websites. The company has engaged in a "profits through principles" business approach from the earliest years of the business. Among its notable achievements are that it integrated its factories two decades prior to the US civil rights movement and federally mandated desegregation.[3]

LEVI STRAUSS'S INCLUSIVE BUSINESS EDGE

LS&Co.'s inclusive business activities unique partly due to the structure of the company's relationship with its foundation. LSF is a separate entity from the company but maintains close ties, as much of its resources are determined by the company's profits. LSF works "very closely with the company's supply chain and [aims] to ensure [its] work aligns with the company's priorities as well." This close connection helps LS&Co. make the case that its values drive business decisions.[4]

LSF's Worker Well-being initiative is a collaborative effort between LS&Co. and its vendors. The program surveys workers at its partners' sites, determines the most critical needs and areas of interest, and then creates a tailored program for each site. The program has been found to generate up to $4 in productivity benefits for every $1 invested, and it is this kind of positive return on investment that has made the Worker Well-being programs now a requirement for key strategic suppliers.[5] The close working relationship between LSF and Levis Strauss & Co. is what gave rise to this program; LSF conceived of the program and was able to have an audience with company leaders because of the close relationship between the two entities. The program was initially piloted by the foundation but is now owned by LS&Co., and the foundation's role has since shifted to impact measurement and to developing toolkits to scale the program over the long term. LS&Co. believes LSF is an excellent space to pilot concepts and then shift responsibility of that program to the business once it's believed to be effective.[6]

The Worker Well-being program was designed to adapt to local communities; the issues faced by women in Egypt may not be the same as those faced by workers in Turkey. However, there is no global set of indicators for inclusive business activities at LS&Co.; the company works with "vendors in understanding what are the

LS&CO.
AT A GLANCE

APPAREL
INDUSTRY

OVER
110
COUNTRIES
WHERE PRODUCTS ARE FOUND

2800
STORES
OPERATED BY COMPANY

$4.5b
REVENUE
ANNUALLY

12,500
EMPLOYEES
WORLDWIDE

"[T]he idea of investing in worker well-being... improves their lives, but it also has a return on investment for the factories , vendors, and our business. So really, the premise is that sustainability can be seen as...what's good for workers is also good for business."[9]

challenges that they face on a case-by-case, location-by-location [basis]."[7] Studies are not in place for every program; in some instances, anecdotal evidence of benefits from a vendor is sufficient, whereas with other programs, the company partners with outside organizations to document the impact.[8]

LS&Co. has set the goal that by 2020, 80% of its product volume will be made in facilities that have well-being programs in place for workers. In the future, LSF would like to develop a well-being index, to demonstrate to the industry that these initiatives are beneficial to business. In this sense, LSF is partly driven by its desire to be a leader in the apparel industry. Whereas there is currently an index developed by the Sustainable Apparel Coalition for environmental issues, LS&Co. would like to establish something similar for worker well-being. Furthermore, LSF believes that its work should be open source and available to others. For example, LS&CO.'s survey tool to assess worker needs is available to any other company that wishes to use it.[10]

LS&Co. takes a holistic approach that is based on data to developing its sustainability standards, evaluating the materials that go into it all the way through to end-use by the consumer. This strategy is exemplified in its Water<Less™ finishing technique, which it made open source to the industry earlier this year.[11] In 2007 and 2015, LS&Co. conducted a comprehensive life cycle assessment of its core products, estimating that its 501 jeans use 3,781 liters of water in its full cycle, from cotton growing to production and through end of life disposal by the consumer. Such a comprehensive understanding of the resources involved with its products enables the company to comprehensively address the environmental impact of its products, even going so far as to urge its customers to wash their jeans less frequently.[12] The Water<Less™ process reduces water usage in the garment finishing process by up to 96%. The company estimates that through this initiative, it has saved 190 million liters of water in 2014 alone. The program launched with 1.4 million units in 2011 and grew to 75 million by the end of 2014, for a total of 889 million liters of water saved over that period, with plans to further expand the program. LS&Co. has since seen its water efficiency innovations spreading throughout the apparel industry.[13]

The efforts by LS&Co. to limit water usage is consistent with the UN Sustainable Development Goals (SDGs), which call upon the private sector to protect global water resources, in particular by investing in water efficient processes.[14] The UN recognizes that the private sector plays an "important role in the dissemination of the knowledge, techniques, and skills and in scaling up water-use efficiency approaches."[15]

THE BUSINESS CASE FOR LEVI STRAUSS

LS&Co. has been able to make a business case in addition to a social impact case for both its well-being programs for workers as well as its water efficiency efforts. By starting small then scaling up, the Company has demonstrated a sustainable approach to inclusive business. LS&Co. started by piloting Worker Well-being programs in five locations, and based on these pilots determined that not only do they have a measurable impact on workers' lives, but also have a positive return on investment for factories, vendors, and business. Studies commissioned by LSF on women's health programs in several countries found that those programs were effective in changing women's behaviors related to their own health. In Egypt, this initiative involved educating women on menstrual cycles and offering access to a health clinic that provided free sanitary napkins and medicine to treat menstrual symptoms. Due to increased awareness about their health and access to products, the female employees were less prone to missing work.[16] The company estimates that every $1 invested into its worker well-being initiative generates

$4 in productivity benefits, largely resulting from fewer days of work missed. This makes a compelling business case for investing in the welfare of workers. Because of this evidence, LS&Co. now requires key strategic suppliers participate in Worker Well-being.[17]

With respect to water efficiency, LS&Co. estimates that its Water<Less™ jeans saved the company $1.6 million in cost of goods sold in 2014, another example of LS&Co.'s alignment of business incentives and inclusive business activities. With these kinds of results, it is aiming to expand Water<Less™ techniques to more product lines and vendor partners. LS&Co. estimates that it has produced 325,000 pairs of women's jeans using recycled water, saving almost 32 million liters of water.[18] The Worker Well-being and Water<Less™ programs exemplify how a company can innovate its inclusive business activities while satisfying standard measures of business success. **[ ]**

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Mastercard

That's the big win...people actually engaging and transacting in the formal economy."[1]

Mastercard is a global financial services company that operates in 210 countries and territories around the world. It seeks new market opportunities in emerging markets in part by focusing its sustainable and inclusive business activities on financial inclusion. The company works across sectors through partnerships with governments, NGOs, and other private companies to achieve its goal of not only access, but also the utilization of financial tools by excluded populations in developing countries. To this end, Mastercard engages in inclusive business through several programmatic offerings supported by sector-spanning partnerships which seek to bring financial services to all corners of the globe. Access to finance for the unbanked can be a powerful mechanism of growth not only for developing countries, but also for Mastercard, as it stands to benefit from an increase in the size of its network.

COMPANY OVERVIEW

Mastercard is a technology company that operates in the global payments industry. The company offers its products and services through the Mastercard, Maestro, and Cirrus brands. It was founded in 1966 and is headquartered in Purchase, New York. It connects consumers, financial institutions, merchants, governments, and businesses by enabling secure and efficient electronic payments. Mastercard generates revenue by charging fees to issuers and acquirers for providing transaction payment processing products and services. Cardholder relationships are usually managed by Mastercard's financial institution customers.[2] As a global financial services company, Mastercard continues to expand into new markets and promotes financial inclusion as part of its business strategy. Operating as an independent subsidiary of Mastercard, the Mastercard Center for Inclusive Growth was established to advance global economic growth and financial inclusion through cross-sector partnerships with academics, NGOs, and businesses with public and private institutions.[3]

MASTERCARD'S INCLUSIVE BUSINESS EDGE

Mastercard supports 500 financial inclusion programs in over 50 countries, reaching over 200 million people.[4] Mastercard is ranked eleventh on Fortune's "Change the World," a list that ranks global companies who incorporate "doing well by doing good" into their competitive strategy.[5] The company is recognized for its inclusive business activities because of its efforts to promote financial inclusion for the unbanked and align those efforts with its core business strength.[6] It achieves its inclusive business goals through partnerships, by engaging policymakers, and through product innovation.

The World Bank set a goal to reach the two billion people currently financially excluded by 2020.[7] To support this initiative, Mastercard committed to reach 500 million people currently considered excluded by 2020. For this goal, inclusion is defined as access to a transaction account or electronic instrument to store money, send, and receive payments.[8]

PARTNERSHIPS: Mastercard has partnered with the International Finance Corporation, which has launched a $250 million risk-sharing facility to provide coverage for settlement risk in emerging markets. This partnership will lead to millions of new cards being issued, targeting institutions with no capacity to access a payment platform and reaching small businesses and individuals who primarily use cash.[9] Another partnership is with the Alliance for Financial Inclusion (AFI), whereby Mastercard has committed to building the technical capacity for AFI members, which include policymakers and regulators in multiple regions. AFI's approach is to bring together leaders across sectors in financial inclusion so that institutions can share knowledge

MASTERCARD
AT A GLANCE

CREDIT SERVICES
INDUSTRY

$9.67b
REVENUE
ANNUALLY

210
COUNTRIES
IN OPERATION

11,300
EMPLOYEES

50
COUNTRIES
OF FINANCIAL INCLUSION

500
PROGRAMS
SUPPORTED

200m
PEOPLE WITH
IMPROVED ACCESS

and experience.[10] Mastercard has also partnered with the nonprofit Bill & Melinda Gates Foundation, receiving $11 million over three years to launch a financial innovation lab in Kenya. The lab will study technological and consumer trends to develop financial products and services and fast-track solutions from the idea stage through the prototype, pilot, and commercialization stages. The lessons from this lab will be distributed for the public good in order to ensure "maximum flexibility to empower local financial service providers."[11]

The Mastercard Aid Network is a non-financial service that helps aid organizations rapidly deploy goods and services to marginalized populations such as refugees and migrants by digitizing the process.[12] The result of two years of collaboration with humanitarian aid organizations, beneficiaries receive a card that can be credited with relief aid in the form of food and medicine, then use the card to redeem the credit for physical items.[13] The platform works in remote locations and reduces the need for staff to travel for voucher distribution and collection, while also eliminating paper record keeping and enabling aid organizations to efficiently pay vendors and adapt to the needs of specific populations, depending on the type of intervention.[14,15]

Mastercard is further helping to modernize aid with its partnership with the World Food Programme (WFP) through digitized payments.[16] This partnership has helped thousands of Syrian refugees by providing the WFP with prepaid cards that are loaded with $27 each month per family member.[17] Mastercard has also worked to address issues of identity, including a pilot program in Nigeria with UN Women to provide 500,000 women with ID cards enabled with electronic payments and other functionalities.[18] It is also working with the governments of South Africa, Nigeria, and Egypt that use biometric technology to address issues of 'proof of identity' so that people can access the formal financial sector.[19]

Mastercard is also doing work in the area of remittance flows. Remittances to developing countries have more than quadrupled since 2000 and can play a major role in enabling growth in a developing economy.[20] In this effort, Mastercard formed a joint venture to launch the HomeSend platform. This platform is designed to improve the flow of remittances by enabling consumers to send money to and from mobile money accounts, payment cards, bank accounts, or cash outlets, improving the ease, security, and effectiveness of sending remittances.[21]

CROSS-SECTOR COOPERATION: Mastercard recognizes the role policy plays in enabling more inclusive financial systems and has a government affairs teams that works with national governments to further the case for financial inclusion.[22] Mastercard is continually learning how to better engage with governments and development agencies, as they are also often customers in this process.[23] Mastercard has undertaken many projects that not only promote financial inclusion but extend Mastercard to all corners of the world. In Egypt, Mastercard worked with the government to link salaries and benefits to a mobile wallet and a national digital ID for 54 million people.[24] Mastercard also partnered with the Bank of Punjab in Pakistan to improve the disbursement of government assistance programs, which are designed to empower the unbanked with access to formal financial services by making them cardholders. The cards are a safe, secure means to receive social benefits, deposit funds, and pay for goods and services. This program is based upon a similar effort with Mastercard, South Africa Social Security Agency (SASSA), Net1, and Grindrod Bank in South Africa that led to the issuance of ten million debit cards since its launch in 2012, reaching more than 16.5 million grant beneficiaries, through which South Africa realized a 50% reduction in disbursement costs.[25] Mastercard has also worked with governments in Mexico and the US to digitize social benefits, ensuring not just access to but also utilization of financial services.[26] Ultimately, Mastercard sees cooperation between governments, international agencies, and the private sector as necessary for each sector to achieve its financial inclusion goals.

Mastercard also works with the private sector to improve mobile money platforms. In Zimbabwe, Mastercard worked with EcoCash to issue three million Mastercard debit cards over five years to allow people to use ATMs or pay merchants who accept Mastercard.[27] In 2015, Mastercard helped Peru launch its first electronic money service by

"The notion that there are billions who are completely excluded and another set of people who are partially excluded means that there is a whole world out there of people who...are not transacting digitally, and that's a potential market for MasterCard."[29]

partnering with Tu Dinero Movil, and has launched a similar program in Vietnam with Viettel.[29] Mastercard also brought its network to Somalia, a country that had not had formal banking since the government collapsed in 1991. The introduction of the Mastercard network means there is a new way for remittances to reach the country, especially important since foreign accounts are being shut down due to fear of terrorist financing.[30]

THE MASTERCARD CENTER FOR INCLUSIVE GROWTH: Mastercard is able to expand on these partnerships through of its Center for Inclusive Growth, an independent group within the company focused on the noncommercial aspects of financial inclusion and thought leadership. The three main activities of the Center include research, data analytics, and strategic philanthropic investments to deliver tools to bring people into the formal economy. An example of its strategic philanthropy is a three-year, one million dollar investment to provide resources and tools for Rwandan micro-entrepreneurs to improve access to markets, capital, networks, and technology to grow their businesses. The Center has also partnered with Accion's Venture Lab to support impact investing activities as they relate to financial inclusion.[31] The Center has ultimately committed to connecting one million micro-entrepreneurs to the formal economy by 2020.[32]

However, the Center alone is not necessarily enough. As Shamina Singh, President of the Mastercard Center for Inclusive Growth, explains, "The truth is that [financial inclusion] has to permeate the entire company."[33] Mastercard, therefore, has set ambitious inclusion goals and created cross-functional teams that meet on a regular basis to discuss and review issues, available resources, and possible solutions.[34]

MEASUREMENT: When the World Bank put forth its goal of financial inclusion, Mastercard made a commitment to reach 500 million people excluded from financial services and is tracking the progress.[35] Mastercard also set a goal to connect 40 million micro and small merchants to its electronic payments network within five years because these are where most of the underserved shop everyday. However, with so many broad goals, the challenge is actually knowing when they have been achieved. Mastercard has a team that is pulling together numbers from across the organization to develop metrics and decide what to include. A particular challenge is establishing the relationship between increased access to financial services and an improved standard of living. To this end, Mastercard focuses on the utilization of financial services, rather than just access.[36] Ultimately, Mastercard recognizes that to effectively promote and measure financial inclusion, it must engage with diverse actors across sectors, including municipal and national governments, technology and digital companies, retailers, and mobile phone operators.[37]

THE BUSINESS CASE MASTERCARD

There are two billion adults in the world without a bank account, representing a significant untapped market for a financial services company that receives half of its revenue from outside the US.[38] Mastercard finds that working with various sectors to achieve financial inclusion embodies the notion of "doing well and doing good"[39] and believes that its present efforts to reach the unbanked will have positive impacts on its business down the road. The company is building a narrative around these efforts that appeals to shareholders, one it is able to tell because it has teams dedicated to the measurement of its progress.[40] The UN Sustainable Development Goals (SDGs) call for greater engagement with the private sector, and Mastercard views engagement with the SDGs as a business proposition rather than a philanthropic endeavor. It believes linking the SDGs with inclusive business activities will better engage the private sector.

Mastercard considers financial inclusion and a "world beyond cash" as a part of its core strategy to reach new consumer and merchant markets.[41] It also knows that its efforts yield results: over 200 million have thus far been reached through over 1,000 government and NGO programs in 60 countries.[42] Working towards financial inclusion means a diversification of its business and the creation of new partnerships with governments, mobile providers, merchants, and other technology companies.[43]

Mastercard's financial inclusion efforts represent opportunities to grow its payment network and offer products to a new segment of customers. Progress is being made in financial inclusion, and if Mastercard is not a part of the solution, someone else will benefit from filling that gap. Mastercard believes financial inclusion is fundamentally good business for a financial services company, when efforts to bank the unbanked not only help to link the excluded poor to the world economy but also provide new opportunities for growth to both those who become included and to Mastercard itself; to Mastercard, that is the very core of "doing well by doing good." **[ ]**

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[Microsoft]

"Microsoft's citizenship commitments help us ensure that what we accomplish together not only advances our business but also ultimately increases the positive impact…everywhere we do business around the world." [1]

Microsoft is a global leader in software, services, devices, and computing solutions. It is the market leader in PC-compatible operating systems and office software suites designed to boost human productivity. The company is also active in the services industry, desktop and server software, Internet search, video gaming, digital services, and mobile markets.[2] Microsoft focuses its sustainable and inclusive business activities on digital inclusion, where the short-term investment costs are expected to have positive future returns. The company has worked hard to develop programs that help address the digital divide in a manner that not only connects more people but also introduces them to Microsoft's products and services. For example, the recipient of free Microsoft Office software through his or her school today may become the business purchaser of the software tomorrow. Microsoft is further committed to putting in place monitoring and evaluation procedures to attempt to measure the impact on communities and its business.

COMPANY OVERVIEW

Founded in 1975, Microsoft is the worldwide leader in software services, devices, and solutions that help people and businesses "realize their full potential."[2] Microsoft seeks to reinvent productivity and business processes, build the intelligent cloud platform, and create more personal computing. Its strategy is to build best-in-class platforms and productivity services for a mobile-first, cloud-first world. Microsoft employs more than 117,000 people worldwide. As of 2015, Microsoft is dominant in both the IBM PC-compatible operating system and office software suite markets. The company also produces a wide range of other software for desktops and servers and is active in areas including Internet search, the video game industry, the digital services market, and mobile phones.

MICROSOFT'S INCLUSIVE BUSINESS EDGE

Microsoft is actively engaged in both sustainability and inclusion activities. Within sustainability, it tries to locate data centers in areas with renewable sources of energy, which drastically lower costs for cooling and electricity.[3] Its inclusion initiatives, however, are what really set the company apart. Within inclusion, the company has a series of efforts aimed at reducing the global digital divide. Microsoft views its efforts in digital inclusion as an important strategy to expand its business into emerging markets. To tackle the digital divide, Microsoft has programs that promote the installation of Internet hotspots in emerging markets and underserved communities. According to research by the World Bank, increasing broadband penetration by 10% yields an additional 1.3% in per capita GDP growth in low- and middle-income countries.[4] This research supports Microsoft's inclusive business thesis that improved connectivity promotes economic growth through enhanced productivity. Microsoft also believes that its own continued business growth will be helped by its connectivity to developing markets. It is therefore essential that Microsoft promotes Internet access globally, thereby expanding the set of consumers with access to its products. Microsoft also provides its software such as Office to schools for free or at a reduced price, gaining wider exposure of its products in new markets and giving the productivity edge its software provides to more people.

Satya Nadella, the new CEO of Microsoft, has been instrumental in reshaping its inclusive business activities. As the first non-founding

MICROSOFT
AT A GLANCE

TECHNOLOGY
INDUSTRY

OVER
100
COUNTRIES
IN OPERATION

$93.58b
REVENUE
ANNUALLY

MORE THAN
117,000
PEOPLE
EMPLOYED

"The company's goal is to empower people to be more productive." [5]

CEO of the company (i.e., not Bill Gates or Steve Ballmer), Nadella has helped redefine Microsoft as a productivity company rather than one tied to any suite of products or platforms.[6] This shift in defining its core business has provided new insight into how Microsoft can generate shared value in new markets through inclusive business activities. Microsoft is concerned that digital exclusion fosters greater inequality by enhancing productivity for only those with access; the more someone uses digital technology, the more efficient they become and thus the further behind the digitally excluded fall.[7]

The company works with independent consultants for monitoring and evaluating its inclusive business activities. In addition to traditional profit and loss metrics, the company conducts formal evaluations on all its inclusive intervention work. Prior to any digital inclusion intervention, Microsoft collects information to form a socioeconomic baseline, including metrics such as current access to the Internet, current payment for Internet services, cost of time for access, and other transaction costs. Microsoft currently conducts follow-up studies one year after interventions are implemented and has plans to incorporate data from three-year follow-ups into its impact evaluations. Metrics regarding transaction cost and time spent in procuring Internet services are particularly pertinent to Microsoft. When Microsoft brings connectivity to a community, the people there no longer have to spend time and forgo wages to travel long distances and pay fees for Internet access. Currently, these evaluation results are used internally to support decision-making, but the company also publishes public, formal reports for regulators and partners. As of September 2015, Microsoft was actively working on putting together a framework on estimating the impact of a marginal dollar in its inclusive business, emphasizing the iterative nature of developing such a model.[8]

In an effort to increase Internet access and Wi-Fi connectivity, Microsoft has been a leader in developing new technology to leverage unused television broadcast channels called White Space. Because of the lower frequency compared to Wi-Fi, White Space signals can go much farther and penetrate walls, thus lowering the cost of expanding connectivity.[9] Using this technology requires the cooperation of regulators, who must approve the use of these frequencies for the Internet rather than television. Microsoft works with local Internet Service Providers (ISPs) to develop and maintain the Internet hubs. In Kenya, for example, Microsoft has converted unused shipping containers by using TV antennas, donated hardware and software, and local ISPs to create an Internet hotspot with a 10-kilometer range. This model is being expanded, in conjunction with USAID.[10]

At the core of Microsoft's inclusive business activities in emerging markets are schools, health clinics, and public spaces. The end goal is to make Internet access ubiquitous. By focusing on public spaces and schools in particular, Microsoft is reducing the travel time to an Internet access point. It is in Microsoft's business interests if someone doesn't need to take a two-hour bus ride to get to the nearest Internet café. In Africa, Microsoft is deploying White Space technology as part of the company's 4Afrika Initiative. The impact of this initiative includes $24 million worth of software donated, support for over 600 non-profits working in Africa, 625 startups supported by Microsoft BizSpark,[11] and over 2,500 students who have earned IT certifications.[12] Through this initiative, Microsoft has provided Internet access to 38 polytechnics in Namibia and is providing Internet to rural health clinics in Botswana. This enables the clinics to be staffed by only nurses, who can send images of an ailment to a doctor and receive a diagnosis or recommendation remotely through their phones.[13] Microsoft works with partners whose interests are aligned wherever feasible in its inclusive business activities, including regulators, non-profits, and other businesses. For example, Microsoft has been negotiating with other companies to subsidize connectivity in exchange for advertising space."[14]

When deciding where to locate its digital inclusion efforts, there are three criteria that must be looked at: (1) future market opportunity; (2) state of governance; and (3) is there a digital inclusion issue that needs to be solved?[15] Additionally, Microsoft faces competitive pressure from Google, another company focused on digital inclusion and similarly motivated. If Google reaches a particular market first, then Google's products will have an advantage over Microsoft's equivalent services.

CHALLENGES: The primary challenge to digital inclusion is lack of infrastructure and good governance. Microsoft has a vested interest in promoting telecommunications and telecommunications infrastructure policy around the world. Government regulation is often behind the current level of technology. For example, in India, there are challenges in working with government institutions with layers of bureaucratic red tape. Additionally, wherever Microsoft invests in an emerging market, there is concern about the security of the equipment or software piracy; therefore evaluating the governance is vital in deciding where to focus its inclusive business activities.

Additionally, there are high first-mover costs to installing Internet base stations and using TV White Space technology. Because White Space is still relatively new and not widely used, the cost of manufacturing the equipment is high; as it becomes more widely adopted in the future, the costs will come down.

While expanding its business to provide Internet access fits with Microsoft's inclusive business model and its core business as a productivity company, the company does not want to be an ISP in the long-run; Microsoft's main competencies are software, hardware, and cloud services. For now, by providing Wi-Fi and White Space technologies, Microsoft is filling a gap in the market that would otherwise prevent its products and services from reaching consumers. By showing what's possible with technology, Microsoft hopes to provide evidence to regulators of the benefits of changing regulations in order to expand telecommunications infrastructure globally.[16]

THE BUSINESS CASE FOR MICROSOFT

Digital inclusion at Microsoft is focused on Internet connectivity and education. Both categories of initiatives have short-term costs that are counteracted by expected long-term positive returns, as emerging markets develop. The more ubiquitous Microsoft's Office software is in schools, the more likely those students are to become paying customers of Office for their business productivity in the future. While Microsoft does not see itself as an ISP, providing connectivity in emerging markets is the best way to expand its potential customer base.

The technology markets are changing. Microsoft is shifting its business to "mobile-first, cloud-first" services, which necessitates a different way of interacting with customers. In this "mobile-first, cloud-first" world, Microsoft relies on an ongoing relationship with customers, rather than shipping software on discs. However, in the 21st century, this relationship with the customer requires Internet connectivity, meaning Microsoft will eventually benefit from its digital inclusion efforts.[17] Pew Research Center reports consumers in emerging markets are increasingly introduced to digital technologies and the Internet through mobile phones, rather than desktop computers, further validating Microsoft's strategy for digital inclusion.[18] **[ ]**

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[Olam]

"In April 2016, we are organizing a Building Sustainable Futures Forum in Singapore, where we bring our entire industry together. The agribusiness industry is extremely competitive and extremely suspicious of one other, but we are interconnected with interlocked costs. So, when I wrote to all the CEOs [...] everyone said they will participate and contribute." [1]

In 2013, Olam put doing good at the core of its business through its "Growing Responsibly" initiative. At Olam, "Growing Responsibly" means extending the value chain to improve end-to-end supply chain sustainability in seven capacities: livelihood, water, land, food security, labor, climate change, and food safety. Olam has focused much of its sustainable and inclusive business activities on two specific UN Sustainable Development Goals (SDGs): to end hunger (SDG 2) and to revitalize the global partnership (SDG 17). In addressing these goals, Olam seeks to engage private sector movement through an industry-wide forum to foster information sharing and to identify where industry players can coordinate their inclusive business activities.

COMPANY OVERVIEW

Olam International is a global integrated supply chain manager in agribusiness that was established in 1989 and is headquartered in Singapore. Olam began by exporting cashews from Nigeria into India and has since grown to be a major market player in global agribusiness. Over the past 27 years, Olam has remained focused on agri-commodities and has diversified its portfolio to include food, raw materials, and ingredients. Olam employs 23,000 people and currently operates from seed to shelf in 70 countries, supplying materials such as cocoa, coffee, rice, and cotton to over 13,800 customers worldwide.[2]

Historically, Olam's core business was traditional agricultural supply chains, focused around sourcing products for global customers. The evolution of its business model since 2013 has led to new competencies in the upstream, midstream, and downstream parts of the value chain. Upstream business includes plantation ownership and management, farming, dairy farming, forest concessions management, and fertilizer manufacturing. Midstream integration includes processing, warehousing, transporting, shipping, distributing, and marketing. Downstream activities include knowledge and capabilities related to the management of food supply chains and distribution.[3] Olam's downstream supply chain has been growing; its farmer network has increased 11% since 2012, and is now at 3.9 million.[4]

OLAM'S INCLUSIVE BUSINESS EDGE

Olam's goal is to have end-to-end sustainable supply chains by 2020.[5] "Most of the programs that we implement are centered on our view point of what major developmental challenges are facing this industry," said Olam Cofounder, Managing Director, and CEO Sunny Verghese, "[One] developmental challenge that we see is inclusive growth."[6] Inclusive growth at Olam means reducing inequality, especially between the developing and developed world.[7] The SDGs[8] provide a framework around which Olam can organize its efforts. Specifically, Olam strives to make progress on ending hunger (SDG 2) and revitalizing global partnerships (SDG 17), two goals it believes encapsulate Olam's overall approach to "Growing Responsibly."

So far, Olam has invested $9.3 million in its "Growing Responsibly" campaign. In addressing hunger, Olam focuses its advocacy on ten food security principles, including increasing yield on smallholder and large-scale farms, supporting smallholders to grow nutritious food as well as cash crops, improving water and irrigation usage, and investing in agri-infrastructure and supporting policy frameworks for inclusive and sustainable growth.[9] Specifically, through the Olam Livelihood Charter (OLC), Olam

OLAM
AT A GLANCE

AGRICULTURE
INDUSTRY

SUPPLY CHAIN MANAGEMENT
INDUSTRY

70
COUNTRIES
IN OPERATION

$19.42b
REVENUE
ANNUALLY

"[Making an impact] has dramatically changed the sense of meaning of work within my team, which for me is priceless." [10]

invested in rural development, directly supporting approximately one million smallholder farmers.[11]

To promote food security and sustainable agriculture, Olam has also established an onion breeding program. Onions are water-intensive crops, an issue of significant concern in water-scarce regions. Olam's program seeks to reduce the amount of water needed to produce dehydrated onion products by increasing the solid content in onions. According to Verghese, "Ten years ago in California, the solid content in onions was 9%. Now, over the ten-year period, we have bred a proprietary seed that has allowed us to take the solid content from 9% to now 26%."[12] Olam's onion program has resulted in savings of 65 million cubic meters of water and 7,500 hectares of land. The program's team is applying the same techniques to garlic and chilies, hoping to improve yields and reduce required acreage.[13]

Partnerships are the bedrock of Olam's sustainability achievements. Olam has multiple partnerships with customers, donors, and governments that focus on sustainable development.[14] Despite the competitive nature of agribusiness, Olam has been able to successfully collaborate with other industry players. Olam perceived the Millennial Development Goals, the SDG's predecessor, as lackluster in gaining traction from the private sector. Olam has therefore taken the lead in engaging the private sector since the SDGs were announced. A common criticism of the SDGs is that their initiatives are siloed; any approach to development needs to be interconnected and multifaceted, coming from different directions with diverse actors. In response to this, and to foster industry collaboration, in April of 2016 Olam organized the Building Sustainable Futures Forum in Singapore. The forum was to be an opportunity to discuss common challenges among major industry players and to engage in knowledge sharing to determine where and how the industry can make the biggest impact. As Verghese said, "None of us have the heft and the resources to try and solve this problem on our own, but combined together as an industry we can make a dent."[15] The World Business Council for Sustainable Development is Olam's knowledge partner and will examine and showcase specific projects the companies are running.[16]

Olam tracks performance of programs and partnerships to analyze success and determine if goals are met. Olam has four performance measurements: (1) profitability and financial return, (2) strategic effectiveness, (3) operational effectiveness, and (4) organizational effectiveness.[17] Through these measurements, Olam seeks to answer "How are we growing responsibility? And how do we ensure all our goals are met in an ethically, socially, and environmentally responsible way?"[18] At the end of each year, Olam has credible metrics upon which to base performance discussions and can determine the impact its programs are having on the communities in which they operate.

THE BUSINESS CASE FOR OLAM

As a publicly held company, shareholder-driven decisions have guided Olam's investments. Recent business decisions have included creating a portfolio of profitable yet socially conscious and sustainable businesses. The resulting business model extended Olam's supply chain to include a broader range of activities from seed to shelf, thus evolving the company's competencies upstream, midstream, and downstream of the value chain. Olam's successful inclusive business activities over the past two-and-a-half decades has enabled it to attract cosponsors and strategic, long-term, and institutional investors, increasing Olam's stability, business, and financial strength.[19] As Verghese put it, "Pursuing a financial objective of maximizing long-term intrinsic value for our continued shareholders, which is our governing objective, and doing good do not go against one another. In fact, doing good can answer the objective of maximizing value." **[ ]**

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SABMiller

““If local communities prosper, our business prospers and, if our business prospers, then our communities prosper... [the Prosper initiative] captures this in a single word.”

Headquartered in London, SABMiller* is a global beer and beverage company with substantial market share in emerging markets. Its presence in these markets has made the company acutely aware of the social and financial gains when sustainable and inclusive business activities are integrated into its business lines. SABMiller has adopted an inclusive business strategy that focuses on economic development and environmental sustainability and complements its overall business strategy. Economic development projects create value for the business operations by expanding supply chains and consumer markets, while environmental sustainability projects ensure that the resources SABMiller needs to make its products still exist in the future.

In 2015, SABMiller adopted five imperatives that outline the company's commitment to its development objectives. This inclusive business strategy, known as Prosper, developed a shared corporate-wide language surrounding sustainable development and defined measurable objectives for SABMiller's inclusive business activities.[1] The objectives of Prosper are aligned with the UN's Sustainable Development Goals (SDGs), and represent the private sector's commitment to engage with the public sector and civil society organizations on issues related to global sustainability and inequality.

COMPANY OVERVIEW

SABMiller is a global beer and soft drinks company with over 200 beers in its portfolio.[2] The company was founded in South Africa in 1895 and is now headquartered in London. It is a holding company with one of the world's largest brewer networks, employing over 69,000 people and operating in over 80 countries.[3] In 2015, SABMiller's net producer revenues exceeded $26 billion, with 72% of earnings before interest, taxes, depreciation, and amortization (EBITDA) coming from developing countries.[4] Africa and Latin America accounted for 64% of EBITDA and are two of the company's fastest-growing markets.[5]

SABMILLER'S INCLUSIVE BUSINESS EDGE

There are two key elements of SABMiller's inclusive business strategy that set it apart from other multinational corporations (MNCs): First, the vast majority of its market share is in developing countries, thus making these countries a natural fit for the company's inclusive business operations. Since SABMiller's market share is predominantly in emerging markets, the company intimately understands the links between inclusive business activities and corporate strategy. SABMiller's emerging market background has "informed the company culture and to a certain degree...the very idea of [inclusive business is in] our DNA...it's just a way to run an efficient business in emerging markets."[6] The company believes that corporate and local contributions are essential to long-term sustainability for both groups; SABMiller's suppliers and products are locally procured, and local enterprises benefit by having a long-term business partner like SABMiller. As a result, much of SABMiller's approach to inclusive business focuses on the economic development of small enterprises that are part of the company's supply chain.

The second element that makes SABMiller's inclusive business strategy stand out is that is strategically aligned with the SDGs. When the SDGs were adopted in 2015, SABMiller saw an opportunity for the "private sector in shaping and delivering the goals"[7] beyond simply financing nonprofit and public sector initiatives. The company analyzed its inclusive business approach to see how best SABMiller's current work and expertise aligned with the SDGs,

* SABMiller is now Anheuser-Busch InBev but will be referred to as SABMiller in this case study.

SABMILLER
AT A GLANCE

BEVERAGE + BREWING
INDUSTRY

OVER
80
COUNTRIES
IN OPERATION

$26b
REVENUE
ANNUALLY

2014
PROSPER
LAUNCHED

"It is pretty much impossible for us to do what we set out to do without very close collaboration with others and without some real changes – such as in the enabling environment, [and] the governments and municipalities that will provide the infrastructure for water resources. Without them it is difficult for us to play our part."

resulting in the adoption of Prosper in 2014.[8] Prosper has five shared imperatives with outcomes it hopes to achieve in each category by 2020. Eleven of the 17 SDGs are represented in this project.[9] Aligning Prosper with the SDGs eases the process of finding partners with shared development objectives and is a reflection of the private sector's role and commitment to tackling large systemic issues.

EXECUTION: In 2015, the adoption of Prosper simplified SABMiller's sustainable development objectives to five shared imperatives that complement its overall business strategy. Specifically, Prosper's language established the following as its inclusive business objectives: (1) a thriving world, (2) a sociable world, (3) a resilient world, (4) a clean world, and (5) a productive world. The first imperative, "a thriving world," aims "to accelerate growth and social development through value chains,"[10] with the goal of directly supporting half a million small enterprises by 2020. SABMiller's partnerships with local enterprises are crucial for its success in developing countries, since these small enterprises are the suppliers and consumers of its products. The second, "a sociable world," hopes to make beer the preferred choice for moderate and responsible drinkers. In collaboration with the public and nonprofit sectors, SABMiller has established more than 100 locally tailored programs to tackle alcohol-related harm across the world. These programs range from road safety awareness campaigns to supporting responsible retail practices.[11]

Prosper's remaining goals are connected to environmental sustainability. The third imperative, "a resilient world," focuses on "securing shared water resources" for SABMiller's production facilities and local communities.[12] In order to secure a water supply for the future, SABMiller is using conservation efforts with the goal of reducing the amount of water used to produce beer from 3.0 liters per liter bottle to 1.8 liters per liter bottle by 2020.[13] The company has already shown signs of success in this area. Within a six-year timespan (2008-2014), the company was able to improve its brewery water efficiency by 25%.[14] SABMiller has used the lessons learned from its successes to create a global network of partnerships with civil society organizations, governments, and companies to help protect future water supplies.

The fourth imperative, "a clean world," aims to reduce waste and carbon emissions. One of the key ways SABMiller achieves this is through its bottling services: 53.4% of its beer is sold in returnable bottles and kegs.[15] Lastly, the "productive world" imperative aims to "support responsible, sustainable use of land for brewing crops."[16] For example, SABMiller works with barley farmers to improve the profitability and environmental and social impact of their farms through programs such as Better Barley, Better Beer, coordinated in association with the World Wide Fund for Nature (WWF) in South Africa.

APPROACH: SABMiller's approach to inclusive business includes an inward-looking strategy as well as external promotions. Internally, the sustainability team, which is separate from the business lines, works business managers to analyze and recommend specific inclusive business activities and metrics for evaluating success that align with the imperatives of Prosper. However, the sustainability team cannot mandate specific actions or decisions; it can only advise. SABMiller has developed local, regional, and international partnerships with various organizations to implement Prosper. These partnerships include local execution to adapt to the needs of local communities.[17] Additionally, because each relationship is unique, the metrics for evaluation are also set on a case-by-case basis.

THE BUSINESS CASE FOR SABMILLER

SABMiller has continuously worked to make inclusive business activities an inherent part of its business practices. It has a substantial footprint in emerging economies, particularly in Africa and Latin America, and development is the best way to efficiently do business in these markets.[18] SABMiller recognizes the importance of the environment in the sustainability of its business and has focused many of its inclusive business activities on protecting the natural resources needed to create its products. Water, specifically, is vital to the future success of SABMiller and its partners. Water scarcity remains a serious issue at the top of the UN agenda, and many of the countries most impacted are based in Africa,[19] one of SABMiller's most profitable regions. By 2025 it is expected that 1.8 billion people will be living in countries or regions with absolute water scarcity.[20] Therefore, the future of SABMiller's business in these regions is dependent upon successful water conservation efforts. SABMiller also recognizes that the economic development of small social enterprises is crucial to build reliable supply chains, and working in emerging markets often presents opportunities to collaborate with local governments to build infrastructure that will help these companies operate more efficiently. SABMiller is aware that in some instances there are expectations for the private sector to support public infrastructure, but by proactively investing in mutually beneficial projects, the company hopes to avoid situations that are not sustainable for the business. The goal is to "strike a balance between taking action and engaging with government municipalities and local authorities on their enabling role. [SABMiller] is not providing a public service."[21] **[ ]**

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Saint-Gobain

"It's credibility over time that builds trust. When you are reaching out to local communities, you cannot jump in and jump out." [1]

With a history spanning over 350 years, Saint-Gobain brings a uniquely long-term perspective to its sustainable and inclusive business activities. Saint-Gobain utilizes inclusive business activities as a way to innovate and reach new clients, as well as to invest in a workforce for the future. Partnerships with organizations such as YouthBuild help the company support the next generation with the skills-training necessary for construction, while its DomoLab innovates and adapts building designs for new markets. It invests in sustainable buildings not only to protect the environment but also to cut costs and become a market leader that appeals to clients attracted to sustainability. Ultimately, Saint-Gobain, a company that has endured through multiple revolutions throughout the course of its long history, sees long-term value in adapting to new markets by promoting sustainability and inclusion.

COMPANY OVERVIEW

Saint-Gobain is a large aggregate and building materials company founded over 350 years ago. Its business is organized into three sectors: innovative materials (24%), construction products (28%), and building distribution (48%).[2] Innovative materials is a portfolio of materials and processes for industrial markets. Construction products include interior and exterior deliverables to enhance building and home comfort, such as plaster, insulation, roofing, and pipes systems. Building distribution consists of services for building professionals, private project owners, and large companies, and serves new construction, renovation, and home improvement markets.[3] As a 350-plus-year-old institution, Saint-Gobain's definition of sustainability differs from other companies; it sees sustainability as being less about mitigating impact to the environment and more about planning for future generations.

SAINT-GOBAIN'S INCLUSIVE BUSINESS EDGE

Saint-Gobain believes its company's long history gives it a unique view of sustainability. There are two primary challenges to growth, according to Saint-Gobain: 1) unprofitable sustainable growth that can weigh down future investments, and 2) unsustainable profitable growth that implies a company is not "keeping up with [its] social contract."[4] Saint-Gobain operates in dozens of countries and has a diverse portfolio of multi year investments. Such broad reach drives a longer-term business strategy that invests in new markets to eventually develop future business. Saint-Gobain takes a different position on globalization; rather than thinking global and acting local, the company instead thinks local in order to expand globally. This is in part due to the nature of the industry in which it operates because, "in the construction materials industry, it's hypo-regionalized; what you buy in the American Southwest is very different than what you buy in the Pacific Northwest or the East Coast. It's the same everywhere around the world".[5]

In October of 2011, Saint-Gobain launched The DomoLab, a center to promote engagement with key stakeholders to foster innovation in construction. Its founding was motivated by a desire to serve diverse market segments and bring together the company's various areas of expertise. One result from this initiative is a working method to encourage innovation and the use of renewable energies in social housing with the Federation of French State Housing Organizations.[6] Saint-Gobain views this kind of collaboration as a competitive advantage that encourages more tailored responses for more specific problems, which can then be applied globally. For example, a solution to a heat and humidity problem in Thailand could also be applied to South Florida. As

SAINT-GOBAIN
AT A GLANCE

BUILDING MATERIALS INDUSTRY

€39.6b
NET SALES

66
COUNTRIES IN OPERATION

170,372
EMPLOYEES

350+
YEARS IN OPERATION

"I think you have to [...] look back over history – how did we survive the Industrial Revolution? How did we survive the French Revolution? You start to realize that it is the quality of your people, it is the investment in that type of next generation thinkers, doers, work force." [7]

a global company, Saint-Gobain has "an advantage because people are trying to solve problems of a planet, but ultimately all the solutions are localized."[8]

PARNTERSHIPS: Saint-Gobain also pursues inclusive business through partnerships. One such partnership is with YouthBuild, a US-based not-for-profit organization that trains disadvantaged youths in professional skills and through which Saint-Gobain provides training in construction science. Recently, it announced it will expand its YouthBuild efforts to South Africa, with an eye to the future when the South African market will be profitable. The partnership with YouthBuild represents a shift in strategy for Saint-Gobain. Several years ago, the company supported a wide range of organizations. However, it has since narrowed its focus in order to make a more substantial, measurable impact, and is focused on building out those relationships.[9]

SUSTAINABILITY: A key feature of Saint-Gobain's inclusive business is being a leader in sustainable building construction. Saint-Gobain's goal as a company is to be a reference for building solutions, which includes serving as a reference for sustainable habitats.[10] The building industry accounts for 40% of energy consumption and 38% of greenhouse gas emissions in industrialized countries, and Saint-Gobain is seeking to innovate in ways that appeal to environmentally conscious customers.[11] This effort has led to the CARE:4 Program (Company Actions for Reduction of Energy by 4), which seeks to reduce overall energy consumption and greenhouse gas emissions fourfold in all Saint-Gobain service buildings by 2040. The program ensures Saint-Gobain designs and constructs high-quality sustainable factories and buildings, something it sees as a competitive advantage with benefits including energy and operational efficiency. For a capital-intensive and competitive business, any small reduction in costs helps. Globally, the company belongs to more than 30 Green Building Councils that represent local efforts to promote sustainable buildings. In order to ensure it's reducing its environmental impact, Saint-Gobain uses Life Cycle Assessment tools to measure its footprint and routinely reevaluates suppliers in terms of sustainable practices.[12]

Saint-Gobain's development strategy is to cultivate decentralized operations that can readily respond to local markets as it continues to expand globally.[13] It has increased economic activity in emerging markets, where 25% of supply purchases are made, indirectly generating over 200,000 jobs. The importance of local markets to Saint-Gobain's operations means a strong community presence is vital, and in part this motivates the activities of the Saint-Gobain Initiatives International Corporate Foundation. The Foundation encourages solidarity between local communities and employees through community-based employee engagement, supporting 262 projects in 52 countries since it was created in 2008.[14]

THE BUSINESS CASE FOR SAINT-GOBAIN

Saint-Gobain's inclusive business activities target the development of the bottom of the pyramid (BOP), directly attributable to its target customer base being the middle class. By working in and with communities, Saint-Gobain promotes economic development which it believes will, in turn, promote its business interests. Those who can rise from the BOP to the middle class are potential new customers, able to afford Saint-Gobain's products and services. With its long history, Saint-Gobain recognizes the importance of investing in the long-term.[15]

Saint-Gobain encourages its employees to participate in local community development through its Foundation, participation that is an important part of building a local presence, where over 70% of sales are generated. Over time, these efforts build credibility and trust with local communities.[16]

Saint-Gobain strives to make environmentally sustainable development part of its value proposition to customers.[17] It believes that by making operating processes and construction environmentally sustainable, it can lower its operating costs and increase efficiency.[18] Furthermore, by pursuing sustainability, Saint-Gobain increases its value to customers who demand efficiency. DomoLab is part of the company's strategy to enter new markets, creating a "forward-thinking dialogue" between companies, customers, and other stakeholders.[19]

Saint-Gobain also has an eye to its future workforce. It has observed that members of the Millennial generation are looking for jobs that contribute to society. Making the case that the company has a broad, positive impact on communities becomes a business advantage with respect to finding and retaining talent.[20] Saint-Gobain also strives for a diverse workforce, which it believes gives the company a competitive advantage as it finds that a workforce with diverse experiences, backgrounds, and skill sets is better able to solve problems. Additionally, when investing abroad to build a plant, it's in the company's interest to train the local workforce rather than bring outside people in. One of Saint-Gobain's biggest challenges for the future is evaluating if the company is developing the right talent, and YouthBuild has become a key partner in its plan to improve its general workforce.[21] Ultimately, Saint-Gobain believes its continued success depends on employing inclusive business activities to be ready for new markets and new challenges.

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[Sanofi & Genzyme]

"The link between how we make money and our values is extremely strong. Approach the world globally, recognize your responsibilities, and that drives your profits."[1]

Sanofi, the world's fifth largest pharmaceutical company, develops and manufactures pharmaceuticals, vaccines, and animal health products. Genzyme, a subsidiary of Sanofi, is a US-based biotechnology company that develops and delivers therapies for rare diseases. Patients remain at the heart of the sustainable and inclusive business activities for both healthcare companies. The goal of their inclusive business activities is to ensure the availability of treatment via drug development and access to treatment via fostering the growth of sustainable healthcare systems. Endeavoring to ensure that as many patients as possible have access to essential medicines, vaccines, and a full continuum of care is their stated responsibility but also their greatest challenge. Inclusive business activities are centered around two strategies: (1) partnering with nonprofit organizations and local governments to circumvent financial, geographic, or logistical barriers to treatment; and (2) building an internal business case that justifies research and development (R&D) for patient populations in emerging markets. Genzyme, specifically, does not focus on return on investment (ROI) when evaluating inclusive business; instead it considers factors such as reputation, customer expectations, and global responsibility.

COMPANY OVERVIEW

Sanofi is a French multinational pharmaceutical company that engages in the research and development, manufacturing, and marketing of pharmaceutical drugs. There are three business segments: pharmaceuticals (82% of sales, 2014), vaccines (12% of sales), and animal health (6% of sales). The company covers seven major therapeutic areas: cardiovascular, central nervous system, diabetes, internal medicine, oncology, thrombosis, and vaccines. Sanofi is the world's largest producer of vaccines through its subsidiary Sanofi Pasteur.

As of 2014, Sanofi operated in 107 sites in 40 countries and employed more than 110,000 people.[2] The company has reported a slight decrease in net income due to competition from generic drugs, with reported revenues of 37.8 billion USD (2014). About 32% of these revenues were generated in emerging markets, the company's largest geographic market.

Founded in 1981 in Boston, Massachusetts, Genzyme evolved from a start-up to one of the world's leading biotechnology companies that develops and delivers therapies for rare diseases, thyroid cancer, and multiple sclerosis. Genzyme was acquired by Sanofi in 2011 and remains headquartered in Cambridge, Massachusetts. Genzyme employees work in over 65 countries, with patients in over 100 countries. It has developed an expertise in rare genetic diseases known as lysosomal storage disorders (LSDs).

A rare disease, often difficult to diagnose and treat, means that a relatively small number of people are affected by it. Rare disease drugs may have greater R&D costs, fewer competitor drugs on the market, and longer patent protection, so Genzyme has a high-margin, low-volume business model due to the high price point and potential profitability.[3] Given the infrequency and often severity of rare diseases, once a treatment has been developed, Genzyme aims to fulfill any unmet need by delivering treatment to patients affected with the condition. Genzyme's business model is different from its parent, Sanofi. Treatment for large patient populations, such as drugs for diabetes or cardiovascular drugs, are high-volume and typically lower margin, but Sanofi's challenge is in disparate genetic profiles of these conditions across the world.

SANOFI & GENZYME'S INCLUSIVE BUSINESS EDGE

Inclusive business at Genzyme and Sanofi means being responsible to all stakeholders by running a

SANOFI
AT A GLANCE

PHARMACEUTICALS
INDUSTRY

OVER
100
COUNTRIES
IN OPERATION

$37.8b
ANNUAL REVENUE
2014 YEAR END

"Patients are connected globally and patients in the developed world are very close to and huge champions of patient organizations in the emerging world. They see us [Genzyme] as mostly a partner...So the way we behave globally has a huge impact on our overall success."[4]

sustainable business that can continue to invest in important research and innovative new therapies, while improving access to treatment through healthcare solutions. Genzyme predicates its values and orientation on the recognition of health as a universal right. David Meeker, the CEO of Genzyme, notes, "...It's highly personal. There's a huge emotional piece here and people are very attentive to values and approach."[5] Genzyme and Sanofi are engaging in partnerships with local entities to ensure treatment delivery and product affordability for patients. Even with free drug programs or other forms of funding, patients' access to treatment can still be impeded by political or logistical challenges, inadequate healthcare facilities, or lack of awareness of the disease or treatment. So, in addition to donating products, Genzyme works to "build and maintain the many avenues necessary for medical care."[6]

Even in countries with established health systems, patients can face delayed or limited coverage, reimbursement difficulties, or other barriers to care. For such cases, Genzyme Humanitarian Programs provides therapies free of charge, while simultaneously working with governments and other local entities to help identify sustainable, long-term financial resources for treatment. Genzyme relies on organizational partners, including Project HOPE, ANERA, Direct Relief, and others, for their local expertise and relationships, which help Genzyme support patients and navigate the challenges of access.[7] More than 1,700 patients in 70 countries have received free therapy since these programs were introduced.[8]

A major success for Genzyme has been finding ways to subsidize the cost of treatment for patients. Partners, including The Gates Foundation, remain vital to this initiative. Although the Foundation focuses mostly on infectious diseases, it also works to bring health interventions to vulnerable populations.[9] A second major partner is local government. After the drug has been delivered to patients in a certain country at low or no cost through its Humanitarian Program, the next step for Genzyme is to partner with the local government to build a functioning healthcare infrastructure. According to Meeker, "It's not until a government, no matter how poor, how big, or how small, makes a commitment to these areas that you begin to move to sustainability. They begin to pay attention, the disease gets championed, and the right things begin to happen."[10]

Sanofi has the responsibility, and the concern, to improve access to these treatments, regardless of a patient's location, finances, or other circumstances.[11] In India, diabetes afflicts over 65 million people, with another 77 million pre-diabetic.[12] Sanofi has engaged in many initiatives to improve the quality of life of diabetes patients in India. It has partnered with Apollo hospitals to support the Apollo Sugar Clinics facilities throughout India. This partnership is designed to provide better care to diabetes patients in different regions in India and improve outcomes. To increase its diabetes-related presence in India, Sanofi will build its second foreign production facility in Telangana, India, by 2019. The facility will be equipped to manufacture insulin cartridges, making insulin more affordable and accessible throughout the country.[13]

THE BUSINESS CASE FOR SANOFI & GENZYME

In emerging markets, there has been a marked increase in chronic diseases like diabetes and cardiovascular or inflammatory diseases, but these diseases differ biologically. The genetic profiles of patient populations in emerging markets differ from those of Western patient populations, whom are the intended recipients of many drugs and vaccinations. For example, diabetes in India

"Do the right thing and the money follows."[14]

GENZYME
AT A GLANCE

BIOTECHNOLOGY
INDUSTRY

40
COUNTRIES
IN OPERATION

100
COUNTRIES
IN TREATMENT PREVENTION

$4.61b
ANNUAL REVENUE
2007 YEAR END

"When you get it right, the overall business will be better, the bottom line will improve."[15]

is not the same type of diabetes as the obesity-driven diabetes in the US. According to Sridaran Natesan, Vice President of Strategic Initiatives and Scientific Relations (North America) at Sanofi, "Lean type 2 diabetes patients in India present distinct disease phenotype and carry higher risk of coronary heart diseases. Current glucose-lowering medications are not effective in mitigating the risk of cardiovascular complications in these patients. We need to put more effort into understanding the molecular mechanisms responsible for high coronary heart disease in this patient population and develop new medicines that really mitigate this risk."[16]

More research must be done to understand the molecular basis behind the Indian variety of diabetes. A diagnostic understanding for every condition for every part of the world requires extensive R&D, and a business case must justify Sanofi's direction of expansion. Targeting new products is also viewed as a great opportunity for Sanofi, but the company struggles to justify this type of market entry without a robust business case. Though the company wants to capture more market share in emerging markets, it recognizes the mechanisms and manifestations of disease can vary by geography and ethnicity. Natesan believes that "to develop drugs that are effective in specific populations, we must understand precisely the molecular mechanisms of the disease in that population. This effort should be led by the national and regional policies and targeted investment initiatives. Pharma investment will certainly follow once we have a reasonable understanding of the science behind the disease."[17]

Drug pricing is a complex process. In the pharmaceutical world, the rarer the disease, the higher the price point. Therefore, Genzyme must balance the costs of drug development with the provision of treatment in a way that is sustainable for the business. While Meeker notes that there are continual profit and loss (P&L) reviews for the activities and investments made, Genzyme does not rely on a specific ROI to green-light investments. Additional considerations that influence the benefits of the investment play a role in deciding which sustainability efforts to undertake.

These considerations include reputation, customer expectations, and political concerns. Meeker believes that Genzyme can "do the right thing and the money will follow," noting that collective action is the more sustainable approach, rather than treating a particular case to improve the bottom line.[18]

Genzyme is challenged by others' perceptions and the expectations of helping patients who cannot afford or access the treatment. Both developing and developed countries perceive patients in dire situations as a global responsibility and look to companies like Genzyme to take action. Working against the backdrop of a challenging political environment hasn't stopped Genzyme from delivering care. As Meeker explained, "We are still supplying drugs to rare disease patients to war zones in Libya and Iraq… There is no government, no healthcare system, and no supply chain that allows you to get in and get things done but there is an expectation that you know the patients are still there, they still need help."[19]

Sanofi and Genzyme have continued to expand their presence into new regions based on identified patient needs; first to Europe, then Asia-Pacific and Latin America, and now the Middle East and emerging markets such as China and India. Current treatments are typically based on the genetic profile of Western patients, making growth more challenging. As a result, developing drugs for emerging market populations is limited by the R&D resources and requires a strong business rationale. Further, the profitability based on drug reimbursement in an emerging country may not exist upfront. For example, Genzyme has provided treatment to rare disease patients in China free of charge through the company's humanitarian program. Given China's improving healthcare system and increasing presence of payers, Genzyme must look for ways to build compensation mechanisms into the healthcare infrastructure of the country by partnering with the local government, among other possible solutions.[20] The strategies that drive inclusive business activities at Genzyme are creating a sustainable business model while best reaching patients through partnering with local healthcare systems. **[ ]**

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Southwest Airlines

"Efficiency is a word that people naturally understand at Southwest and I think there's a lot of sustainability that ties into efficiency." [1]

Southwest Airlines, a major US commercial airline company, executes several sustainable and inclusive business activities across the company. Each activity is focused on the company's corporate citizenship motto: Performance, People, and Planet. A central tenet of inclusive business at Southwest is fuel efficiency.[2] Fuel is the greatest driver of cost and has the largest environmental impact, so initiatives that reduce fuel consumption not only save money but also protect the environment. Thus, fuel efficiency is often perceived as a win-win strategy, driven by business decisions along the supply chain.

While Southwest does not have a specific inclusive business division, Debra Benton, Director of Community Relations at Southwest, noted a company-wide orientation toward corporate responsibility, which supports its business, reputation, and people. Like many airline companies, Southwest faces external constraints, including existing current technology and the transportation infrastructure (airports, flight paths, fuel suppliers), which define what is feasible.

COMPANY OVERVIEW

Southwest is the world's largest low-cost airline. It currently operates more than 3,400 flights per day, services 93 destinations, and has about 46,000 employees. The airline is known for "The Southwest Effect," a term coined in 1993 to describe the idea that travel to and from a community increases after Southwest begins servicing that community, due to improved service and affordability. Southwest achieves a competitive strategy that combines strong employee performance with high productivity, boasting the best tarmac "turnaround" time in the industry.[3]

The definition of sustainability is still evolving at Southwest and there are two broad applications: environmental and long-term business. Southwest does not have a specific definition of "inclusion," and often the term is referred to as being a part of diversity. Southwest engineered innovative business strategies and identified fuel efficiency improvements as key inclusive business activities to build stronger communities and protect the planet while maintaining a profit.

SOUTHWEST'S INCLUSIVE BUSINESS EDGE

Inclusive business activities were initially viewed narrowly by Southwest, but eventually expanded to be more inclusive, creating a common strategic vocabulary. In order to achieve a term with broader meaning, Southwest started using the phrase "corporate citizenship." "Corporate citizenship was one of the terms that came up, in that it means that all three, the environment, the performance, and the people of corporation responsibility... [are included in] a more inclusive umbrella term, instead of just sustainability or just corporate responsibility."[4] Corporate citizenship has three elements: **Performance**, **People**, and **Planet**. **Performance** focuses on maintaining financial health of the company from operational efficiencies to shareholder responsibility; **People** focuses on hospitality, service, connecting people to what's important in their lives, and extending that to communities; and **Planet** emphasizes the commitment to using natural resources efficiently while continuing to meet operational requirements.

STRUCTURE AND MEASUREMENT: Inclusive business is not housed within any specific unit and there are several company-wide employee efforts happening concurrently. Southwest's Green Team targets areas of environmental improvement in all aspects of its business, while simultaneously remaining true to Southwest's low-cost philosophy. The Green Team comprises cross-departmental employee volunteers, where each individual either represents a different department or has a personal environmental passion. A second corporate effort is the Outreach Team, which is focused on the environment from the perspective of sponsorship and outreach. Through

2015
AT A GLANCE

PASSENGER AIRLINE INDUSTRY

6
COUNTRIES IN OPERATION

93
DESTINATIONS IN 40 STATES

$19.82b
REVENUE ANNUALLY

budgeted in-kind donations and financial gifts, the Outreach Team supports activities that promote conservation and preservation of natural resources.

Southwest lacks a standardized measurement for inclusive business, instead determining metrics for success by project. For example, each material that Southwest recycles has its own measure of cost. As a brand, Southwest is strengthened by the "halo effect" of being associated with inclusive business activities and has received positive feedback on issues of outreach and global citizenship from customers in its biannual surveys.

APPROACH: Private-private partnerships are one of Southwest's approaches to inclusive business. For example, because Southwest strictly uses Boeing 737s, it has partnered with Boeing to make the planes fuel efficient, lighter in weight, and more environmentally friendly. Further up the supply chain, Southwest works with oil and gas companies, with the understanding that Southwest is only as efficient as the energy technologies that suppliers adopt. Southwest has embarked on long-term investments into alternative fuels, recognizing the longevity of fuel use inherent to its business. Additionally, Southwest tries to ensure fuel fill-ups are scheduled in a city where fuel is more affordable to reduce bottom line costs.

As a member of Airlines for America (A4A), Southwest also supports the A4A climate change commitment and has adopted the A4A's industry-wide goals for fuel efficiency and emissions reductions:[5]

- Continue industry fuel efficiency improvements, resulting in an average annual CO2 efficiency improvement of 1.5% per year on a revenue ton miles (RTM) basis through 2020
- Cap industry-wide CO2 emissions from 2020 (carbon-neutral growth) subject to critical aviation infrastructure and technology advances achieved by the industry and government
- Contribute to an industry-wide goal of reducing net CO2 emissions by 50% by 2050, relative to 2005 levels

In 2014, Southwest signed an agreement with Red Rock Biofuels to purchase three million gallons of low carbon renewable jet fuel per year. This renewable fuel will be refined in Oregon from forest residues, helping to reduce the risk of destructive forest fires. The blended product of biofuel and jet fuel is expected to be used at Southwest's San Francisco Bay area operations, with first delivery expected in 2016.[6]

As part of its commitment to inclusive business, Southwest has published the Southwest One Report™ describing its sustainability strategies, which include efforts to reduce greenhouse gas emissions and address other environmental matters such as energy and water conservation, waste minimization, and recycling. According to Megan Lee, Senior Manager for Community Outreach, at Southwest, "Southwest… trademarked our One Report™ [to] combine sustainability and our financial reporting into one integrated report, which is now more and more the trend for other companies. We were at the forefront of that so we get questions; it's not just related to sustainability but also to just overall community investment and outreach."[7]

CHALLENGES: Tensions surrounding inclusive business activities arise at Southwest when "going greener" costs money. In these situations, Southwest must weigh the benefits and the costs. Southwest has replaced the leather seat covers and other interior elements with lighter weight, more environmentally friendly materials, through a program titled The Evolve Project. As a result of the redesign, Southwest reduced the weight of each aircraft by more than 600 pounds, saving fuel and reducing emissions.[8] The upgrade, however, left Southwest with 43 acres of used leather. The company identified an opportunity to do something innovative with this material rather than send it to a landfill. Through a second program called *LUV Seat: Repurpose with Purpose*, Southwest decided to upcycle the used leather seats from the Evolve project into new products that give back to the community while protecting the planet.

Simply disposing of the leather would have cost very little, but Southwest identified a more environmentally

"From the CEO down, there is a belief [in corporate citizenship]. It's important for Southwest and there's a high level buy-in that it is important. We need to do it."[9]

"I think you'll see Southwest has been a leader in trying to advocate for green initiatives, but we're also dependent on airports, government agencies, and other airlines. Working with all those entities, it's a really big shift." [10]

friendly option, reusing or upcycling the material. The *LUV Seat* upcycling project creates new products from the used seat coverings and benefits communities by providing employment opportunities, skills training, and donated products. In July 2014, *LUV Seat* piloted in Nairobi, Kenya. SOS Children's Villages Kenya, a nonprofit partner that serves orphaned children and families in need, along with Alive & Kicking, Maasai Treads, and Life Beads Kenya, received a portion of the used leather to produce goods for distribution to local community groups.[11] To upcycle, there are additional costs such as transportation, customs fees, handling expenses, sponsorship, and administration. For Southwest, however, the costs to transport the material did not outweigh the benefits and social impact in Kenya.

THE BUSINESS CASE FOR SOUTHWEST

Southwest's dedication to People, Performance, and the Planet has fueled many inclusive business initiatives. With an eye toward building stronger communities and protecting the planet while maintaining a profit, Southwest has engineered innovative business strategies and identified fuel efficiency improvements as key components to addressing all three areas of focus. While Southwest has been active and successful in many of its campaigns, fuel efficiency remains its inclusive business keystone. According to Debra Benton, "Fuel is our number one environmental impact and also our number one cost after people, so anything we can do to reduce fuel not only helps from a performance perspective but is certainly going to help us from a planet perspective." Southwest has been active and successful in its campaigns, including engaging in private-private partnerships with Boeing, reporting fuel efficiency stands, and sending leather material to Nairobi for re-use.[12] **[ ]**

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Starbucks & YouthBuild USA

"By staying true to our mission, values, and guiding principles, I believe we've proven it is possible to build a world-class company with a conscience." [1]

Starbucks' mission to build a "world class company with a conscience" drives all aspects of the organization—from its supply chain to hiring practices—always with the intent of making Starbucks a socially responsible company. This approach to business has successfully associated Starbucks with sustainable and inclusive business activities, and inspired socially conscious consumers to choose Starbucks over its competitors. The company's domestic community investments focus on developing economically depressed communities and helping disadvantaged youth.

YouthBuild USA, a nonprofit organization that provides pathways to skill development resources, education, and mentorship to at-risk youth, has partnered with Starbucks to cocreate a Customer Service Excellence Training Program (CSET). This is offered to young people at training centers within participating local programs to help them develop retail and customer service skills. CSET has successfully created a talent pipeline of entry-level barista, food service, and customer service positions. Effectively scaling the program continues to be a goal for both organizations.

COMPANY OVERVIEW

Starbucks Corporation opened its first store in 1971 and is now one of the largest specialty coffee companies in the world. Headquartered in Seattle, Washington, the company has over 24,000 retail establishments in 70 countries.[2] In addition to roasting, marketing, and selling coffee, Starbucks sells tea, beverages, fresh food, consumer products, and owns several beverage brands. The company has four operational segments: the Americas; Europe, Middle East, and Africa (EMEA); China/Asia Pacific (CAP); and Channel Development.[3]

STARBUCK'S INCLUSIVE BUSINESS EDGE

The emphasis on both environmental sustainability and community investments as an approach to business sets Starbucks' inclusive business activities apart from others. Dunkin' Donuts, McCafé , and Nespresso, three of Starbucks' key competitors, have expansive environmental sustainability initiatives; however, these companies do not incorporate the community elements of inclusive business into their core business models. The "people" side of corporate social responsibility for Dunkin' Donuts and McCafé[4], in particular, more closely resembles traditional charity work. The Joy in Childhood Foundation (formerly called The Dunkin' Donuts & Baskin-Robbins Community Foundation) focuses its work on "hunger relief, children's health, and safety,"[5] while the Ronald McDonald House Charities provide financial support for families in need.[6] Although the Starbucks Foundation funds some of the company's community investments, the investments complement the company's business strategy, rather than being purely philanthropic.

APPROACH: There are three pillars that shape Starbucks' inclusive business activities: environmental and sourcing stewardship, ethical sourcing, and community investments. Starbucks' annual Global Responsibility Report measures the success of each pillar. While Starbucks is known for its environmental initiatives, the company is less known for its community investments, which have been distinctive in leveraging partnerships.

2015
AT A GLANCE

FOOD SERVICE
INDUSTRY

68
COUNTRIES
IN OPERATION

$19.16b
REVENUE
ANNUALLY

2015
RETAIL EXCELLENCE TRAINING PROGRAM
ESTABLISHED

23,043
COMPANY-OPERATED AND LICENCED
STORES

In 1998 Starbucks entered into a partnership with Earvin "Magic" Johnson to build seven store locations in South Central Los Angeles, that catered to underserved African-American communities.[7] After a 12-year partnership, Starbucks purchased Johnson's stake in Urban Coffee Opportunities (UCO), which had grown to over 100 stores throughout the United States. The following quote from Howard Schultz, CEO of Starbucks, describes the success of this initiative: "The partnership helped create jobs with health benefits, build community gathering places where they're most needed, and empower change makers to innovate and take action in their communities. Thanks to this partnership, Starbucks has deepened our commitment to community development in urban areas and plans additional programs to sustain that commitment."[8] The UCO partnership represented a diversification of Starbucks' brand from one that exclusively catered to high-income consumers to one that embraces socioeconomic diversity.

According to Rodney Hines, Director of Community Investments, Starbucks plans to open "new stores in economically challenged communities where [Starbucks] will be a part of the continued economic development of those communities, but not in an effort to move those communities further along towards gentrification."[9] The company contributes to economic development by hiring locally and sourcing local products. Starbucks' new community investment strategy creates a direct talent pipeline for unemployed youth. To this end, Starbucks entered into a partnership with YouthBuild USA and the Shultz Family Foundation to create the Customer Service Excellence Training Program (CSET), a career development program for at-risk youth. The program provides in-classroom and on-the-job consumer services training for participants. Although all participants are not guaranteed employment at Starbucks, the program prepares them for future educational and employment opportunities. In 2015, Starbucks made a commitment to hire, train, and develop 10,000 youth through the partnership with YouthBuild USA as well as other partners. This quickly grew into the 100,000 Opportunities Initiative, an employer-led coalition that seeks to create economic opportunities for youths who are not in school or working through internships, apprenticeships, and employment.[10]

The CSET, established in 2014, is already showing signs of success. Hines has informally received positive reviews from Regional Directors who have hired workers from the YouthBuild USA cohort. According to Hines, the YouthBuild participants are "hardworking" young people who feel "...appreciative, and almost fortunate, that they've been given an opportunity that they've been striving to have. With it comes a sense of loyalty [to the company], as well as a dogged sense of continuing to want to prove themselves."[11] Sangeeta Tyagi, President of YouthBuild USA, explained that one of the organization's goals for pursuing partnerships is to create job pipelines for the population they serve. The Starbucks partnership works because "One of the elements of all our corporate partnerships, including with Starbucks, is that the companies have workforce needs. They need workers who [...] have the skills and training coming into the company."[12]

Starbucks and YouthBuild USA also learned many lessons from this newly formed partnership. The company did not anticipate the operational differences between local YouthBuild program. Expertise and competencies varied across local programs, making it more difficult for Starbucks to implement a coherent strategy across the nation. On the other hand, resolving different interpretations of scalability and scope between companies and non-profits were also key to the initiative's success. Finding an optimal pace to scale that meets the goals of global companies, while also considering the capacity constraints of their resource-scarce nonprofits partners, is a key challenge in cross-sector partnerships.[13]

THE BUSINESS CASE FOR STARBUCKS

Starbucks' CEO Howard Schultz has a reputation for acting boldly on political and social issues and encourages his employees to partake in the conversation.[14] According to Tyagi, "If Howard's personal history wasn't one that made him connect to this population at the depth at which he does [...] this would be a somewhat different conversation [...]

I just think it would have taken longer. It would have been a different path."[15] Schultz's passion for the youth opportunity cause helped drive the success of the YouthBuild partnership.

Starbucks is able to make inclusive business activities profitable by incorporating it into its brand. The company's reputation of being a "world-class company" is integral to its image. Starbucks' customers choose to purchase its products rather than its competitors' because of this reputation. According to Hines, Starbucks is "very cognizant of the perceptions of the brand, and the decisions, the choices, that customers make [...] Discerning customers are becoming more and more [aware] in terms of their purchasing practices, and [choosing] who they trust as a brand [based on] the impact the brand has on the world and on the environment."[15] Although inclusive business activities attract socially aware customers to Starbucks, Hines did not specify which of Starbucks' activities inspire customers to consume the brand.

Environmental stewardship can directly decrease costs and add to a company's profitability in the short term, while community investments require a longer-term approach to inclusive business. The Starbucks and YouthBuild USA partnership is an example of how a long-term strategy for inclusive business activities can create a pipeline for recruiting a workforce of dedicated employees and attract socially conscious consumers. **[ ]**

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Unilever

"Business can play a leadership role in disrupting markets in support of sustainable living, and they will be rewarded by consumers who are also seeking responsibility and meaning as well as high-quality products at the right price." [1]

Unilever is proving that climate change can create business opportunities. The company "has a simple but clear purpose—to make sustainable living commonplace,"[2] which Unilever believes is the best way to grow business in the long term. In 2010, Unilever adopted a Sustainable Living Plan that informs all elements of the company's business strategy, from product development to supply chain. This plan reflects the company's commitment to sustainable and inclusive business activities, charting growth in a way that takes into consideration environmental issues. As Paul Polman, CEO of Unilever, stated: "There is no trade-off between business and sustainability;"[3] and in the case of Unilever, it has created substantial financial value for the company. In 2015, over half of Unilever's growth came from Sustainable Living Brands alone,[4] and since 2008, the company has able to save €244M by reducing its energy consumption during production.[5] Unilever continues to be a success story of how to make sustainability a core feature of the business model.

COMPANY OVERVIEW

Unilever is a multinational consumer goods company that produces food, beverage, cleaning, and personal care products. The company's portfolio is expansive, with over 400 brands, including Axe, Dove, Heartbrand, Knorr, and Lipton, reaching 70% of households globally and operating in over 190 countries. Founded in 1929 by an Anglo-Dutch merger between British Lever Brothers and Dutch Margarine Union, Unilever still has two headquarters—one in the UK and another in the Netherlands. Unilever delivers sustainable products and services as part of its core mission as a company.

UNILEVER'S INCLUSIVE BUSINESS EDGE

Unilever is proving the business case for sustainability. The company has made a firm commitment to inclusive growth that takes into consideration environmental changes. Unilever's inclusive business strategy is executed through the three pillars of its Sustainable Living Plan: Improving Health and Wellbeing, Reducing Environmental Impact, and Enhancing Livelihoods.[6] The plan is applied to the entirety of Unilever brands, in all markets where they operate, and drives all business strategy, including new innovation, marketing, sourcing, and manufacturing. One key development from this plan was the alteration of operations in order to lower the carbon footprint of the company through waste, energy, and water reduction initiatives. These operational shifts resulted in a 20% decrease in CO_2 emissions since 2008 and €244M in savings.[7] Additionally, Unilever has recognized that 54% of consumers now want to buy more sustainably, and it has been financially rewarded for producing these types of goods.[8]

Unilever was also an early mover among multinational corporations (MNCs) to recognize the way climate change is impacting people's lives and business operations. Since implementing its Sustainable Living Plan, Unilever has successfully identified upcoming environmental challenges and closely studied shifts in consumer behavior in order to adapt its supply chain and products accordingly. In particular, it has adopted a client-centric approach that reflects the unique needs of bottom of the pyramid (BOP) consumers, as over half of Unilever's revenue is generated in developing markets.[9] Consumers, especially in emerging markets, respond to the stresses of climate change more quickly than

UNILEVER
AT A GLANCE

CONSUMER GOODS
INDUSTRY

190+
COUNTRIES
IN OPERATION

€53.3B
REVENUE
ANNUALLY

2010
SUSTAINABLE LIVING PLAN
LAUNCHED

"Unilever's vision is to grow the business while increasing positive social impact and reducing our environmental impact." [11]

MNCs are able to create products that address these new challenges.[10] Unilever, however, stands out as the exception. Contrary to other MNCs, Unilever's business strategy considers current environmental challenges and adapts the products accordingly, setting it apart from many of its competitors.

EXECUTION: Among MNCs, Unilever is a leader in creating commercially viable products that respond to immediate climate change challenges. For example, in Brazil, Unilever has responded to water shortages by making shampoos, laundry detergents, and hand soap that require minimal water for production and usage.[12] Likewise, the company has also created ice creams that consume less energy by freezing at higher temperatures. Unilever's goal is to match its "innovation program up to the levels that drive these consumer habits."[13] Consumers are demanding access to more fair trade, energy efficient, and locally sourced goods, and Unilever has adapted its business model to cater toward these shifts. According to Polman, "Change is happening. People are looking for cleaner labels. You see the carbohydrate markets going down. You see people eating healthier food. And these are consumers that are changing faster than many companies.[14]

APPROACH: In addition to internally executing its sustainability plan, Unilever relies on strategic partnerships with NGOs, governments, international organizations, and other industry players to move forward the global sustainability policy agenda. According to Polman, global governance has not yet met the demands the integration of markets has created, therefore businesses play an important role in de-risking the political process.[15] Unilever targets a few key market players to create the necessary tipping point to move the agenda forward, "and once you create a tipping point, the other companies will join."[16] Unilever has worked on many public advocacy and social campaigns, including eliminating deforestation, increasing sustainable agriculture practices, improving the livelihoods of smallholder farmers, and working toward universal access to clean water. It is able to champion these causes through strategic partnerships with NGOs, governments, and international organizations, as well as the creation of industry-led self-regulation commitments, such as the Roundtable on Sustainable Palm Oil (RSPO).[17]

THE BUSINESS CASE FOR UNILEVER

It is still difficult for many companies to make a profit selling products that are specifically targeted to BOP consumers. The profit margins on these goods and services tend to be smaller than those targeted toward middle and higher income consumers. Scaling products to the point where they are profitable and constitute a significant percentage of a company's market share remains a challenge for many MNCs. As a result, many companies where inclusive business includes sustainable products as part of its traditional business line will often end up quietly transferring it over to their corporate social responsibility (CSR) initiatives.

Unilever stands out as an exception, and has managed to sustain a wide variety of products as part of its inclusive business activities and core business model. The expansive size of Unilever's customer base allows it to scale new products more quickly than competitors. Unilever has also recognized that climate change is tangibly impacting lives in emerging markets, and there is demand for sustainable products to help manage these new constraints. Unilever's client-centric approach has enabled it to recognize the immediate needs of people confronting climate change, and its massive supply chain infrastructure and customer base allows it to efficiently and profitability deliver these products. **[ ]**

“We are creating a much stronger ecosystem that takes our risk away, but it also creates enormous opportunities to broaden our products. Because once you work in partnerships often with governments or with civil society, it creates other opportunities to grow your business.” [18]

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