Clusters and Shared Value: Drivers of Competitiveness

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Bogotá Chamber of Commerce
Bogotá, Colombia
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Agenda

1. Company Strategy

2. Clusters and Competitiveness

3. Creating Shared Value
Thinking Strategically

The worst error in strategy is to compete with rivals on the same dimensions.
Business Strategy
Drivers of Company Performance

- Industry Attractiveness
- Sustainable Competitive Advantage

• Company economic performance results from two distinct causes
• Companies need to also focus on the health of the industry, which can be as important as a company’s own position
Understanding Industry Structure

- Part of strategy is to drive a **positive transformation** in industry structure
Positioning
Types of Competitive Advantage

Differentiation (Premium Price)

Competitive Advantage

Lower Cost
- Operating Cost
- Utilization of Capital
Sources of Competitive Advantage

The Value Chain

- The value chain is the **activities** involved in delivering value to customers
- Strategy is reflected in the **set of choices** about how activities are configured and linked together
Operational Effectiveness Versus Strategy

Operational Effectiveness

• Assimilating, attaining, and extending best practices

Doing the same things better and better

Validating and Executing

Strategic Positioning

• Creating a unique value proposition

Doing things differently to deliver distinctive value

Making Choices
Tests of a Successful Strategy

• A **unique value proposition** compared to competitors
Defining the Value Proposition

What Customers?
- What end users?
- What channels?

Which Needs?
- Which products?
- Which features?
- Which services?

What Relative Price?
- Premium? Parity? Discount?

A novel value proposition can expand the market
Finding a unique value proposition often involves a new way of segmenting the market
Tests of a Successful Strategy

- A **unique value proposition** compared to competitors

- A **distinctive value chain** involving clear choices about how the company will **operate differently** to deliver its value proposition
Tests of a Successful Strategy

- A **unique value proposition** compared to competitors
- A **distinctive value chain** involving clear choices about how the company will **operate differently** to deliver its value proposition
- Making clear tradeoffs, and choosing what **not to do**
Tests of a Successful Strategy

- A **unique value proposition** compared to competitors

- A **distinctive value chain** involving clear choices about how the company will **operate differently** to deliver its value proposition

- Making clear tradeoffs, and choosing what **not to do**

- Integrating activity choices across the value chain to **fit together** and **reinforce each other**
Tests of a Successful Strategy

- A **unique value proposition** compared to competitors

- A **distinctive value chain** involving clear choices about how the company will **operate differently** to deliver its value proposition

- Making clear tradeoffs, and choosing what **not to do**

- Integrating activity choices across the value chain to **fit together** and **reinforce each other**

- **Continuity** of strategic direction with continuous improvement in realizing the unique value proposition
Finding a Unique Strategic Position

- Understanding **industry structure**
- Finding a **novel value proposition**
  - Creative segmentation
- **Reinventing** the value chain
- Capitalizing on **changes** in technology, customers, needs, regulation, and other areas

- Successful strategies involve a core strategic insight that is **improved and expanded** over time
Shifting the Nature of Industry Competition

Zero Sum Competition

- Compete head to head on price
- One company’s gain requires another company’s loss
- Competition dissipates industry structure and profitability

Positive Sum Competition

- Compete on distinctive strategic positioning
- More than one company can be successful
- Competition expands the customers served, the needs that are met, and the overall value pool
Agenda

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What is a Cluster?
Tourism in Cairns, Australia

Public Relations & Market Research Services

Food Suppliers

Property Services

Maintenance Services

Travel Agents

Tour Operators

Hotels

Attractions and Activities
e.g., theme parks, casinos, sports

Restaurants

Airlines, Cruise Ships

Local Retail, Health Care, and Other Services

Local Transportation

Souvenirs, Duty Free

Banks, Foreign Exchange

Government Agencies
e.g., Australian Tourism Commission, Great Barrier Reef Authority

Educational Institutions
e.g., James Cook University, Cairns College of TAFE

Industry Groups
e.g., Queensland Tourism Industry Council

Sources: HBS student team research (2003) - Peter Tynan, Chai McConnell, Alexandra West, Jean Hayden

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What is a Cluster?
Bogota’s Software Cluster

Private Investors and Venture Capital Funds

Hardware Solutions

Insurers

Infrastructure
(Communications, Servers, Data Storage, Management of networks and systems)

Human Resources & Investigation
(Universities, Job training centers, Cintel, Uniempresarial)

Support Services
(Personnel recruitment and specialized training, marketing and sales, process mngmt, legal and financial counseling)

MinTIC – ViveDigital
MinCIT – Program Transform Productivity
DIAN (Internal Revenue Service)
Colciencias
Bogotá’s Secretary of Economic Dev.
Bancoldex
Innpulsa
SENA

Applications
Tailor-Made Software

IT and Ancillary Services

Main Domestic Clients:
Financial
Government
Telecommunications
Industry

Bogotá Chamber of Commerce
Invest in Bogotá
Proexport
Associative Groups
(SinerTic, Alliance, Karion)
Trade Organizations
(Fedesoft, ACIS)
Tech Centers
(ESI Center, SinerTic, Andino, ParqueSoft)

Source: Cluster Bogota and authors.
## Institutions of Collaboration (IFCs)
### The Australian Wine Cluster

<table>
<thead>
<tr>
<th>Institution</th>
<th>Establish Year</th>
<th>Focus</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Winemakers’ Federation of Australia</strong></td>
<td>1990</td>
<td>Public policy representation of companies in the wine cluster</td>
<td>Member companies</td>
</tr>
<tr>
<td><strong>Cooperative Centre for Viticulture</strong></td>
<td>1991</td>
<td>Coordination of research and education policy in viticulture</td>
<td>Cluster organizations</td>
</tr>
<tr>
<td><strong>Australian Wine Export Council</strong></td>
<td>1992</td>
<td>Wine export promotion through international offices in London and San Francisco</td>
<td>Government; cluster organizations</td>
</tr>
<tr>
<td><strong>Grape and Wine R&amp;D Corporation</strong></td>
<td>1991 as statutory body</td>
<td>Funding of research and development activities</td>
<td>Government; statutory levy</td>
</tr>
<tr>
<td><strong>Wine Industry Information Service</strong></td>
<td>1998</td>
<td>Information collection, organization, and dissemination</td>
<td>Cluster organizations</td>
</tr>
<tr>
<td><strong>Wine Industry National Education and Training Council</strong></td>
<td>1995</td>
<td>Coordination, integration, and standard maintenance for vocational training and education</td>
<td>Government; cluster organizations</td>
</tr>
</tbody>
</table>

Why Clusters Matter?

• Clusters **increase productivity** and **operational efficiency**

• Clusters stimulate and enable **innovations**

• Clusters facilitate **commercialization** and **new business formation**

• Clusters reflect the fundamental importance to productivity and innovation of **linkages and spill-overs** across firms and associated institutions
Evidence on the Impact of Clusters

- Specialization in **strong clusters**
- **Breadth** of industries within the cluster
- Strength in **related clusters**
- Presence of a region‘s clusters in **neighboring regions**

- **Job** growth
- Higher **wages**
- Higher **patenting** rates
- Greater **new business** formation, growth and survival

Colombia National Cluster Export Portfolio, 2011

World Export Market Share, 2011

Change in Colombia Overall World Export Share: +.053%

Coal and Briquettes (+.19%, 2.7%)
Oil and Gas Products
Jewelry, Precious Metals and Collectibles (+.23%, .28%)

Communications Services (-.14%, .08%)
Publishing and Printing (-.10%, .13%)

Agricultural Products
Hospitality and Tourism
Leather and Related Products

Change in World Export Market Share, 2001-2011

Colombia Overall World Export Share: 0.17%

-0.10% -0.05% 0.00% 0.05% 0.10% 0.15% 0.20%

-0.10% -0.05% 0.00% 0.05% 0.10% 0.15% 0.20%

Change in World Export Market Share, 2001-2011

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Related Clusters and Economic Diversification

Note: Clusters with overlapping borders or identical shading have at least 20% overlap (by number of industries) in both directions.
Colombia’s Share of World Exports by Cluster, 2011

Note: Clusters with overlapping borders have at least 20% overlap (by number of industries) in both directions.
Clusters as a Tool for Economic Policy

- A forum for collaboration between the private sector, trade associations, government, educational, and research institutions
- Brings together firms of all sizes, including SME’s
- Creates a mechanism for constructive business-government dialog
- A tool to identify problems and action recommendations
- A vehicle for investments that strengthen multiple firms/institutions simultaneously
- Fosters greater competition rather than distorting the market
- Enhances the efficiency and effectiveness of traditional economic policy areas, such as training, R&D, export promotion, FDI attraction, etc.

- Sound cluster policy addresses all clusters, and does not pick winners
Clusters in Developing Economies

Principles

• Improving the general business environment is essential, but **cluster development** is necessary to attain middle-income levels

• Developing economies should **upgrade traditional clusters** (including agriculture), never abandon them

• **Existing MNCs** in the country should be treated as **nodes** for cluster development
  – The best way to **retain** companies is for them to be part of a cluster

• Attracting **foreign direct investment** should focus on existing and emerging clusters, not generalized appeals to locate in the country

• **Free Trade or Export Processing Zones** should be organized around clusters, with governing regulations designed to **encourage linkages** with the local economy

• A formal **process for cluster development** is an important component of economic development
  – Private sector led
  – Government roles in convening, supporting, and participating
  – Seed funding for cluster assessment and the formation of cluster-based IFCs
## Cluster Initiatives
### The Role of Government

<table>
<thead>
<tr>
<th>Government should</th>
<th>Government may</th>
<th>Government should not</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support <em>all</em> existing and emerging clusters</td>
<td>• Initiate/ Convene</td>
<td>• Pick favored clusters</td>
</tr>
<tr>
<td>• Participate</td>
<td>• Co-Finance</td>
<td>• Pick favored companies</td>
</tr>
<tr>
<td>• Enable data collection and dissemination at the cluster level</td>
<td></td>
<td>• Subsidize or distort competition</td>
</tr>
<tr>
<td>• Be ready to implement recommendations</td>
<td></td>
<td>• Define cluster action priorities</td>
</tr>
</tbody>
</table>
Clusters provide a framework for **organizing the implementation** of many public policies and public investments directed at economic development.
Chamber of Commerce of Bogotá
Cluster Growth Strategy

• Created a **private sector-led** cluster upgrading program with matching support from all actors (government, institutions of collaboration, academia)

• Built on **existing and emerging** regional cluster strengths rather than chasing hot fields

• Focused on clusters where the Bogota region has **potential competitive advantages**

• Created **institutional capacity** to coordinate activities

• **Aligned other economic development policies** with clusters, including targeted workforce development, export promotion and specialized infrastructure and research initiatives

• Linked cluster programs with **shared value promotion**
The Role of an Institution for Collaboration
Bogotá Chamber of Commerce (CCB)

Cluster Development Program

- Coordinating development of a common agenda
- Creating institutional capacity
- Co-financing activities
- Creating networks of firms
- Facilitating exchange of information
- Defining standards
- Building relationships and cultivating trust

Initial Clusters:
- Tourism
- Creative Industries
- Software and IT
- Apparel
- Leather and Footwear
- Cosmetics
- Graphic design
- Jewelry
Agenda

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The Role of Business in Society

• Only business can **create economic prosperity**, through meeting needs at a profit

• Societies everywhere are facing significant **social, environmental and economic development** challenges

• Government and NGO’s **lack sufficient resources and capabilities** to fully meet these challenges alone

• Corporate social responsibility efforts are greater than ever, but the **legitimacy of business has fallen**

  ![downward arrow]

  **We need a new approach**
The Role of Business in Society

Evolving Approaches

Philanthropy

- Donations to worthy social causes
- Volunteering
The Role of Business in Society

Evolving Approaches

**Philanthropy**

- Donations to worthy social causes
- Volunteering

**Corporate Social Responsibility (CSR)**

- Compliance with community standards
- Good corporate citizenship
- “Sustainability”

  - Mitigating risk and harm
  - Improving trust and reputation
The Role of Business in Society
Evolving Approaches

**Philanthropy**
- Donations to worthy social causes
- Volunteering

**Corporate Social Responsibility (CSR)**
- Compliance with community standards
- Good corporate citizenship
- “Sustainability”
- Mitigating risk and harm
- Improving trust and reputation

**Creating Shared Value (CSV)**
- Addressing societal needs and challenges with a business model
CSR versus Shared Value

**Fair Trade**

- Paying a **higher price** to farmers for the same products
- **Certification** as a fair trade company

**Transforming Procurement**

- Collaborate with farmers to **improve quality and yield**
- Supporting investments in **technology** and **inputs**
- Higher prices for **better quality**
- Higher yield increases **quantity** produced
- **Environmental** impact also improved
• Social deficits and environmental impact create economic costs for companies
• Community weaknesses affect company productivity
• Social needs represent the largest unserved market opportunities
Levels of Shared Value

I. Reconceiving needs, products, and customers
   – Meeting societal needs through products and services
   – Serving unserved or underserved customers
Shared Value in Products
Dow Chemical

• Dow recognized that global social issues represent its largest market opportunities

• Created the “Breakthroughs to World Challenges” Program
  – Each business unit was challenged to apply Dow’s tradition of “solutionism” through innovation to a range of global problems inspired by the Millennium Development Goals

• One of Dow’s business units developed Omega-9 canola and sunflower seeds that produce cooking oil with no trans fats and low saturated fats

• The technology yields twice the oil per hectare for farmers than soybeans, raising farmer and farmland productivity

• The oils have longer shelf life and usage life for food processors

• Has become one of Dow’s largest selling product lines, with 2012 total revenues of approximately $700 million
Shared Value in Products and Markets
Banco de Crédito e Inversiones (BCI), Chile

• BCI launched in 2007 the “Nace” fund to provide credit to scale entrepreneurs who did not qualify for conventional financing

• Unique lending criteria targeted entrepreneurs with a high level of commitment and perseverance, as well as high quality business plans

• In addition to capital, Nace provides tools and advice to clients for business planning and networking

• Since its inception, the program has extended $160 million in credit to 7,500 entrepreneurs with a comparable default rate to BCI’s conventional SME clients

• An estimated 15,000 new jobs have been created

• Nace profits have grown by a factor of 25 and the program is considered to be an important opportunity for continued growth at the bank
Levels of Shared Value

I. Reconceiving **needs**, **products**, and **customers**
   - Meeting **societal needs** through products and services
   - Serving **unserved** or **underserved** customers

II. Redefining **productivity in the value chain**
   - Utilizing resources, energy, suppliers, logistics, and employees **differently and better**
### Shared Value in the Value Chain

<table>
<thead>
<tr>
<th>Firm Infrastructure</th>
<th>Operations</th>
<th>Outbound Logistics</th>
<th>Marketing &amp; Sales</th>
<th>After-Sales Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g., Financing, Planning, Investor Relations)</td>
<td>(e.g., Assembly, Component Fabrication, Branch Operations)</td>
<td>(e.g., Order Processing, Warehousing, Report Preparation)</td>
<td>(e.g., Sales Force, Promotion, Advertising, Proposal Writing, Website)</td>
<td>(e.g., Installation, Customer Support, Complaint Resolution, Repair)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inbound Logistics</th>
<th>Procurement</th>
<th>Technology Development</th>
<th>Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g., Incoming Material Storage, Data Collection, Service, Customer Access)</td>
<td>(e.g., Components, Machinery, Advertising, Services)</td>
<td>(e.g., Product Design, Testing, Process Design, Material Research, Market Research)</td>
<td>(e.g., Components, Machinery, Advertising, Services)</td>
</tr>
</tbody>
</table>

- Procurement that **enhances supplier capabilities and efficiency**
- Improving **energy, water and resource efficiency** across the value chain
- Minimizing **logistical intensity**
- Improving employee **health and safety**
- Enhancing the productivity (and through this wages) of **lower income** employees
- Recruiting to reflect the **diversity of customers** and the **communities** where a company operates
- Others…
Shared Value in the Value Chain
Fibria, Brazil

• Fibria, the world’s leading manufacturer of chemical pulp, utilizes planted eucalyptus trees and integration of native habitat to **dramatically reduce the land required** and sustainability in wood fiber cultivation

• The company also encourages **small-scale producers** near its mills to plant eucalyptus in conjunction with other crops, assisting them with technical training and inputs

• Fibria achieves far greater **land and water efficiency** than traditional plantation methods

• Small scale producers currently contribute **27% of the raw material volume** utilized in Fibria mills, improving efficiency

• Over **4000 households** have significantly increased employment and incomes
Shared Value in the Value Chain
Manuelita Palm Oil Company, Colombia

• Manuelita’s palm oil extraction company in the Eastern Plains of Colombia involved **high energy cost**, and methane emissions from the production process were a major environmental problem.

• The company began capturing the **methane gas** emitted during production and invested $8.5 million in a **bioreactor** for gas processing.

  • Manuelita energy costs **fell by 80%**
  • Methane gas emissions **fell by 85%**
Levels of Shared Value

I. Reconceiving needs, products, and customers
   – Meeting societal needs through products and services
   – Serving unserved or underserved customers

II. Redefining productivity in the value chain
   – Utilizing resources, energy, suppliers, logistics, and employees differently and better

III. Improving the local and regional business environment
   – Improving skills, the supplier base, the regulatory environment, and the supporting institutions that affect the business
   – Strengthening the cluster on which the company depends

• Strengthens the link between company success and community success
Shared Value in the Local Business Environment

Arca Continental

- Arca Continental is the **second largest bottling company** in Latin America, and **one of the largest Coca-Cola bottlers** in the world

- Arca Continental established a program to train and invest in the **micro-entrepreneur retailers** who sell more than 60% of the Company’s products, including **management, sales and marketing** and **merchandising**

- Invests in **low energy use coolers** and **fixture improvements**

- Participating retailers register **sales increases of 25%** or more, with improved customer satisfaction, leading to similar **increases in the sales of Arca’s products**

- Arca Continental **recovers its investment** in 6 months or less

- Beginning in **Mexico**, the program is being extended to **Argentina** and **Ecuador**
Shared Value in the Local Business Environment  
**BHP Billiton, Chile**

- BHP Billiton invested USD $50 million over 4 years in a *supplier development program* that engages local suppliers to develop *innovative solutions to critical aspects of mining*

- Goal of creating **250 world-class mining suppliers** with export potential by 2020

- Originated within the company’s business and the social investment teams jointly, and was launched in collaboration with Government of Chile, NGOs, and non-mining companies

- Engaged 36 suppliers in the initiative, with over $400 million in combined sales and **5,000 employees** between them

- Operated **43 innovation** projects so far, which have *resulted in capacity improvements and innovations*

- Estimated **savings of $121 million** to BHP Billiton
Partnering for Shared Value

**NGOs**
- Hold business accountable
- Seek donations

**Government**
- Regulate how businesses operate
- Tax businesses to pay for social services
- Operate social programs

**Foundations**
- Donate to charitable causes

**Competitors**
- “Brand” solo CSR initiatives

<table>
<thead>
<tr>
<th>NGO</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hold business accountable</td>
<td>Partner with business to <strong>implement</strong> and <strong>scale</strong> shared value solutions</td>
</tr>
<tr>
<td>Seek donations</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulate how businesses operate</td>
<td>Regulate to <strong>encourage</strong> market solutions</td>
</tr>
<tr>
<td>Tax businesses to pay for social services</td>
<td><strong>Jumpstart market solutions</strong> through purchase commitments or incentives</td>
</tr>
<tr>
<td>Operate social programs</td>
<td><strong>Partner</strong> on shared value solutions to delivering social services</td>
</tr>
<tr>
<td></td>
<td>Invest in <strong>infrastructure</strong> to enable shared value approaches (e.g. roads, skills)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donate to charitable causes</td>
<td>Invest <strong>with</strong> companies, NGOs and government to enable shared value solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Brand” solo CSR initiatives</td>
<td><strong>Partner</strong> on business environment improvements</td>
</tr>
</tbody>
</table>
Creating Shared Value: Where is the Opportunity?

Nestlé

- Opportunities to create shared value are inevitably tied closely to a company’s particular businesses.
### Shared Value and Company Strategy

#### Whole Foods Markets

<table>
<thead>
<tr>
<th>Value Proposition</th>
<th>Distinctive Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Natural, fresh, organic, and freshly prepared foods and health items with excellent service at premium prices</td>
<td></td>
</tr>
<tr>
<td>• Cater to specialized nutritional requirements (gluten allergies, vegan, etc.)</td>
<td></td>
</tr>
<tr>
<td>• Serve educated customers who are passionate about food and a healthy lifestyle</td>
<td></td>
</tr>
<tr>
<td>• Well-lit, inviting supermarket store formats with appealing displays and extensive prepared foods sections</td>
<td></td>
</tr>
<tr>
<td>• Produce section as “theater”</td>
<td></td>
</tr>
<tr>
<td>• Café-style seating areas with wireless internet for meals and meetings</td>
<td></td>
</tr>
<tr>
<td>• Each store carries local produce and has the authority to contract with the local farmers. Company provides low-interest loans if needed</td>
<td></td>
</tr>
<tr>
<td>• Nutrition information and education provided to shoppers along with products</td>
<td></td>
</tr>
<tr>
<td>• High touch in-store customer service via knowledgeable, flexible, and highly motivated personnel</td>
<td></td>
</tr>
<tr>
<td>• Flat compensation structure</td>
<td></td>
</tr>
<tr>
<td>• Own seafood procurement and processing facilities to control quality, sustainability and price from the boat to the counter</td>
<td></td>
</tr>
<tr>
<td>• Heavy emphasis on environmental sustainability in all activities</td>
<td></td>
</tr>
<tr>
<td>• Emphasis on supporting community development</td>
<td></td>
</tr>
</tbody>
</table>

• Whole Foods is the most **economically successful** food retailer in North America

• Successful strategies in the future will embody a significant **shared value dimension**
## Purpose Based Strategic Positioning

### Traditional Positioning vs. New Positioning

<table>
<thead>
<tr>
<th>Company</th>
<th>Traditional Positioning</th>
<th>New Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nestlé</td>
<td>Food and Beverage Company</td>
<td>Nutrition, Health and Wellness Company</td>
</tr>
<tr>
<td>Pearson</td>
<td>Book Publishing</td>
<td>Improving Educational Outcomes</td>
</tr>
<tr>
<td>Discovery Health</td>
<td>Health Insurance</td>
<td>“Making People Healthier and Enhancing Their Lives”</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Defining the **clear social purpose** underlying a company’s products and activities opens **new opportunities** for growth and profitability, while **motivating and attracting** consumers, business partners, employees, shareholders, and the public.
Redefining Corporate Purpose
Danone

• In the late 1990’s, Danone realized that it had drifted away from its origins as a manufacturer of **healthy foods**

• **Sold off** its beer, meat and cheese units

• Refocused the company on **dairy** and **water**

• Acquired **medical nutrition** and **baby foods** businesses

• Created **Innovation Committees in business units** to provide “healthy food for as many people as possible”

### Vision

*The ‘dual economic and social’ project, creating economic value by creating social value*

### Mission

*Bringing health through food to as many people as possible by refocusing on four complementary business lines and expanding into fast-growing new regions*
Driving Shared Value
Bogotá Chamber of Commerce (CCB)

- In 2012, CCB redefined its institutional value proposition to promote rising prosperity of Bogota by increasing the value generated by companies in the region
- Focused on facilitating the creation of shared value by companies in Bogotá and promoting a new business culture

- Realigned its corporate social responsibility program towards shared value
- Explained the shared value concept to the business community
- Promoted the shared value framework within local government
- Designed a training program for consultants on shared value creation methodologies
- Modified its innovation program to help companies in the process of identifying new customer needs, products, and markets that create shared value
- Adopted a cluster development vision for economic development with companies at the core
- Built a supplier development program with partner companies
- Promoted shared value events, a shared value prize, and marketing campaigns
The Purpose of Business

• The purpose in business is to create economic value while creating shared value for society

• Businesses acting as businesses, not as charitable givers, are arguably the most powerful force for addressing many of the pressing issues facing our society

• Shared value will give rise to far broader opportunities for strategy and economic value creation and will drive the next wave of innovation, productivity, and economic growth

• A transformation of business practice around shared value will give purpose to the corporation