

# Shared Value Initiative India

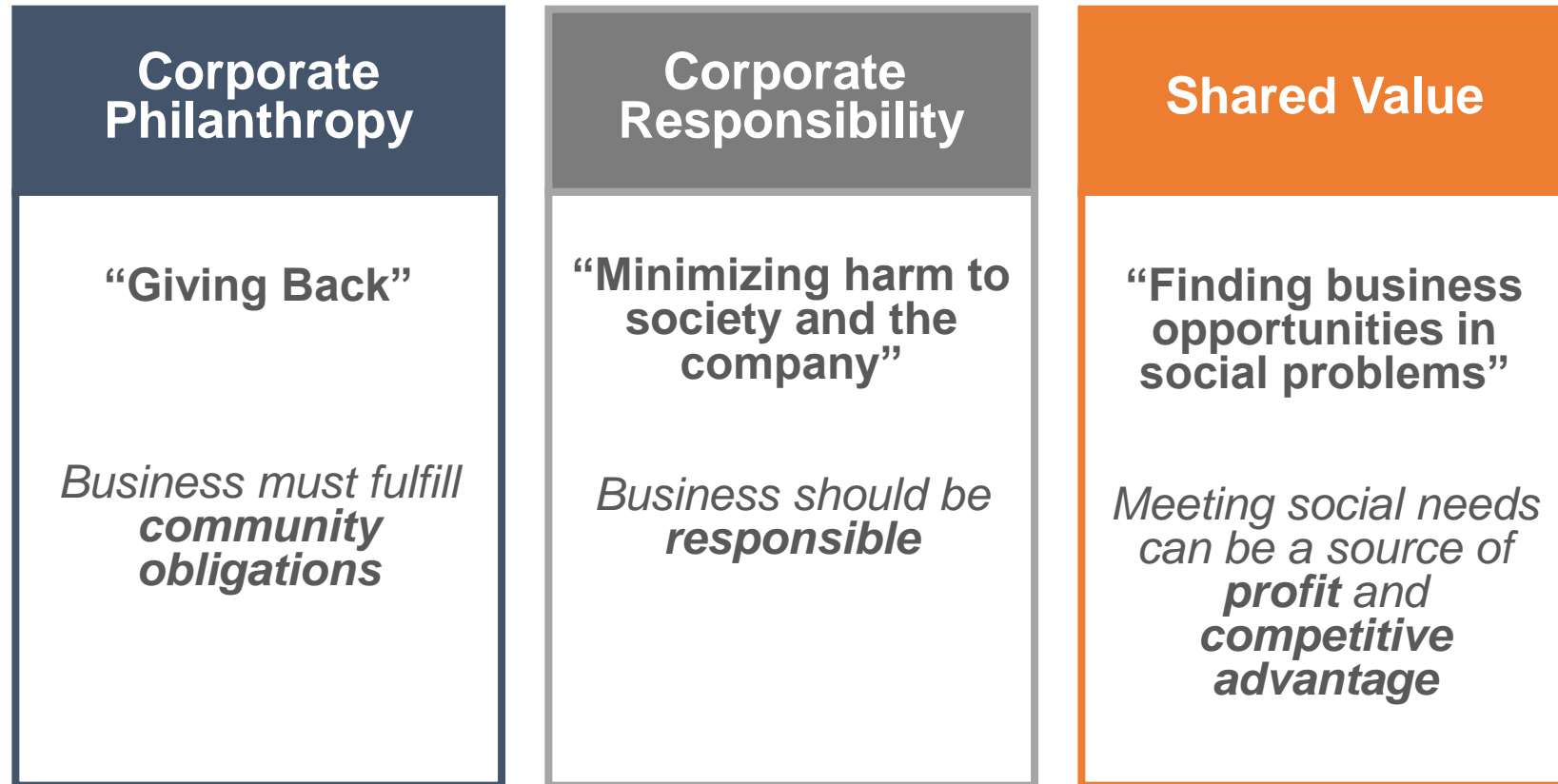
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<http://sharedvalue.in>

## Business can engage with society in three ways



*Past efforts have emphasized the friction between business and society instead of the synergy*

# What is Shared Value ?

- Shared value is defined as policies and practices that enhance the competitiveness of companies while improving social & environmental conditions in the regions where they operate
- It is a business strategy focused on companies creating measurable economic benefit by identifying and addressing social problems that intersect with their business

- **Shared Value IS:**

- Strategies that simultaneously create value for the business and for society

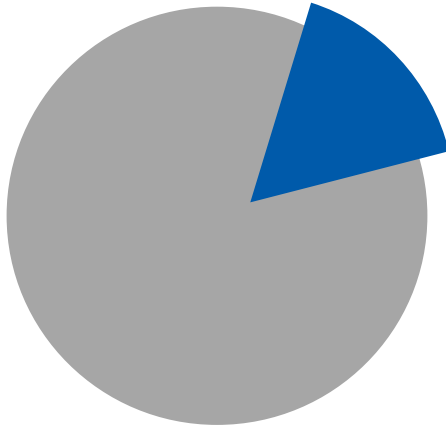
- **Shared Value is NOT:**

- Sharing the value **already created**
- Personal **values**
- **Balancing** stakeholder interests

# Shared value is self-sustaining and scalable

## *CSR and Philanthropy*

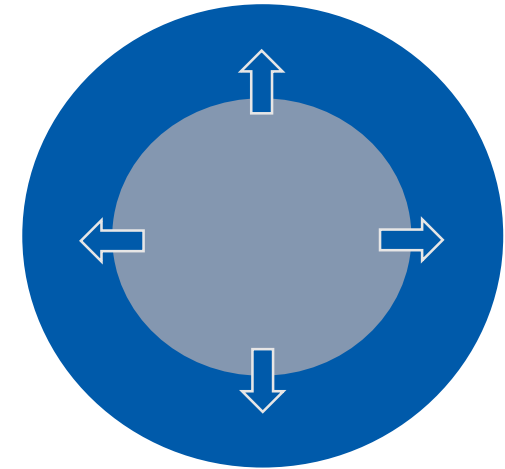
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- *Redistribution of value to meet societal needs*
- *Impact dependent on scale of finite resources*

## *Shared Value*

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- *Creating new opportunities for the business by meeting societal needs*
- *Impact scalable because shared value is self sustaining*

# Societal and corporate success are inextricably linked

Business has an essential role to play in solving social problems

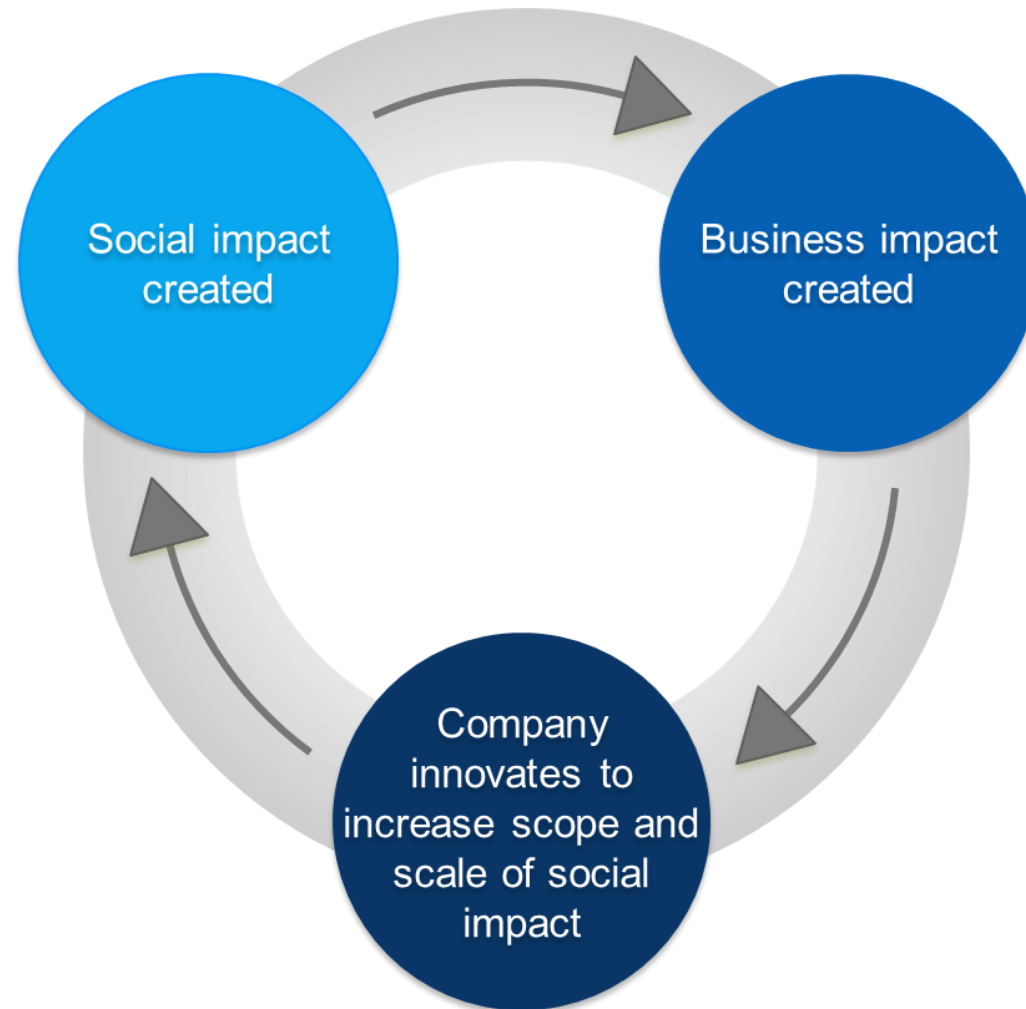
- Only companies can create **prosperity** that funds government and civil society
- **Companies can create solutions** to many social problems in ways that governments and NGOs cannot
  - Companies have the **incentive to take risk**
  - Competition fuels **innovation, efficiency, and adoption**
  - For-profit models are **scalable and sustainable**

## All profit is not equal

- Profit involving shared value enables **society to advance** and **companies to grow faster**
- Profit at the expenses of society is **self-defeating**
- Incorporating societal issues into strategy and operations is **the next major transformation** in management thinking

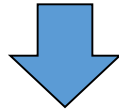
*Shared value thinking represents  
the next competitive frontier of capitalism*

# Shared value creates a virtuous cycle



## Adding a social dimension to strategy

- Shared value opens up new needs, new markets, and new value chain configurations
- This creates new strategic positions, and new opportunities for extending existing positions



- Companies should incorporate a social dimension to their value proposition
- Shared value can reinforce and even anchor a company's strategy

**The social dimension of strategy can be more sustainable vs. competitors than conventional cost and quality advantages**



# Shared value operates at three levels

1

## Reconceiving Needs, Products, and Customers

- Meeting societal needs through products
- Addressing underserved customers

2

## Redefining Productivity in the Value Chain

- Driving productivity through better utilizing resource, employees, and business partners

3

## Enabling Local Cluster Development

- Improving skills, supplier base, and supporting institutions in the communities where a company operates

These levels are overlapping and mutually reinforcing

# Reconceiving products and markets

- Shared value can be created by producing goods and services that directly benefits the underserved sections of the society

## Example – VisionSpring



- VisionSpring's mission is to ensure affordable access to eyewear across the globe. The company identified the need for vision treatment at the bottom of the pyramid
- Reconceived products and created distribution channel in the developing countries to make affordable eyeglasses accessible
- Reaches people through two different models:
  - Partnership Model: Partner with hospitals, NGOs & Corporations across India. Works at the village level and trains thousands of village level entrepreneur in dispensing eyeglasses
  - Hub & Spoke Model: Started its standalone optical stores and got associated with leading eye hospitals to set-up their stores on their premise. Also partners with eye hospitals for effective community outreach activities
- The company has distributed nearly 2,763,000 eyeglasses & have created \$280 million in economic impact
- People using their glasses have reported an increase of about 20% in their income and 35% increase in their productivity

# Affordable healthcare facilities



## Example – Narayana Hrudayalaya

- The hospitals group is model for accessible & affordable healthcare that provides healthcare facilities at a nominal cost, especially the cardiac surgeries
- On an average, a heart surgery in this hospital costs \$2000 whereas a similar surgery would cost 2-10 times of the cost in other hospitals
- Economies of Scale: Larger number of operations and sharing of resources lowers the cost per operation
- It has 32 hospitals in 20 cities with 6498 beds and 1861 doctors
- In addition, to cardiac surgery facilities, the hospital also performs other surgeries like bone marrow transplant, neurosurgery, etc. and provides other facilities like teleradiology and free telemedicine

# Crop insurance for farmers

## Example – ICICI Lombard



- In India, the rural economy faces strain due to the variations in the rainfall from season to season that leads to crop failures. It often results in farmers under heavy debts
- On recognizing this need, ICICI Lombard came up with weather-based crop insurance program
- The insurance program protects the farmers from the adverse climate effects that may lead to crop failure
- Filing claims is a hassle free process and payments are released on certifying deviations from normal conditions measured by weather data collected from independent third parties
- By mid – 2010 it had implemented the model in 14 states, comprising 64 districts and covering 26 crop varieties

# Redefining productivity in the value chain

- Redefining how value is created and sustained through supply chains (for example, through repurposing or recycling products to reduce waste, while creating new cost savings or revenue streams)

## Example HUL – Project Shakti



- Hindustan Unilever is implementing shared value by tapping opportunities into their value chain and expanding their reach through
- The project empowers underprivileged rural women by training them in health and hygiene and allowing them to undertake income-generation activities
- Project Shakti Entrepreneurs who are commonly known as Shakti Ammas reach out to over 4 million households across 1,65,000 villages spread over different states
- HUL provides a means of livelihood to approximately 70,000 women entrepreneurs and ensures a source of revenue for itself

## Redefining productivity in the value chain

### Example – Mother Dairy



- Mother Dairy's business philosophy is inherently linked with the co-operative movement in India and is focused on serving farmers, rural societies, and consumers fairly
- The business model adopted by Mother Dairy assures a platform for farmers to sell their products
- They have a simple process of sourcing milk from the farmers by providing the best price for it. Nearly 80-85% of the revenue accrued by the company goes back to the farmer
- Mother Dairy ensures that milk producers and farmers continually receive market price for offering milk, milk products, and other food products
- Addressing the social challenges in the area of agriculture they have positively impacted 250,000 individuals across the country and have spent more than 1600 crores on these activities (as of FY 2013)

# Enabling local cluster development

- Companies can use clusters for supporting their long-term growth through the development of their suppliers and other stakeholders being impacted by their business operations

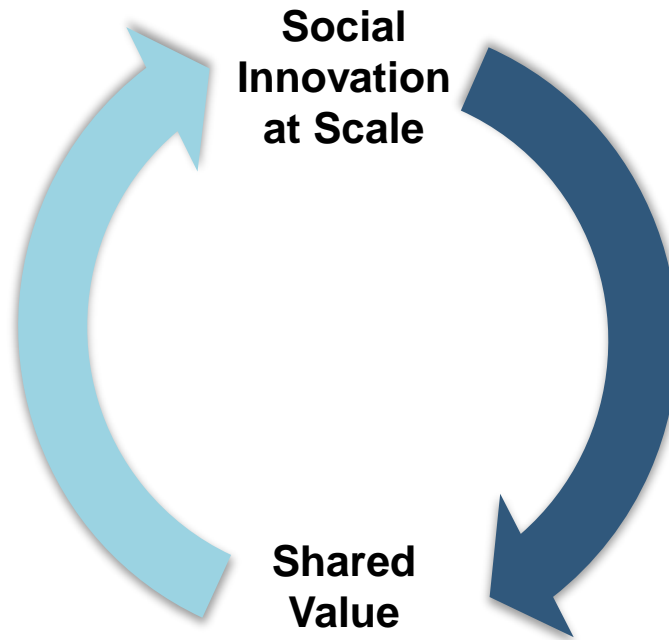
## Example – Godrej Industries



- Godrej Good and Green initiative, which moves beyond business and plans to have trained and provided useful skills to thousands of rural and semi-urban youth.
- In FY 2013, Godrej under its various verticals have trained nearly 16800 people with a particular job skill will impede business growth
- The group has set a goal to train 1 million youth by 2020
- The skill development initiative ensures overall development of society by ensuring a source of income for the youth and commercial success for the business

# Innovation is essential to creating shared value

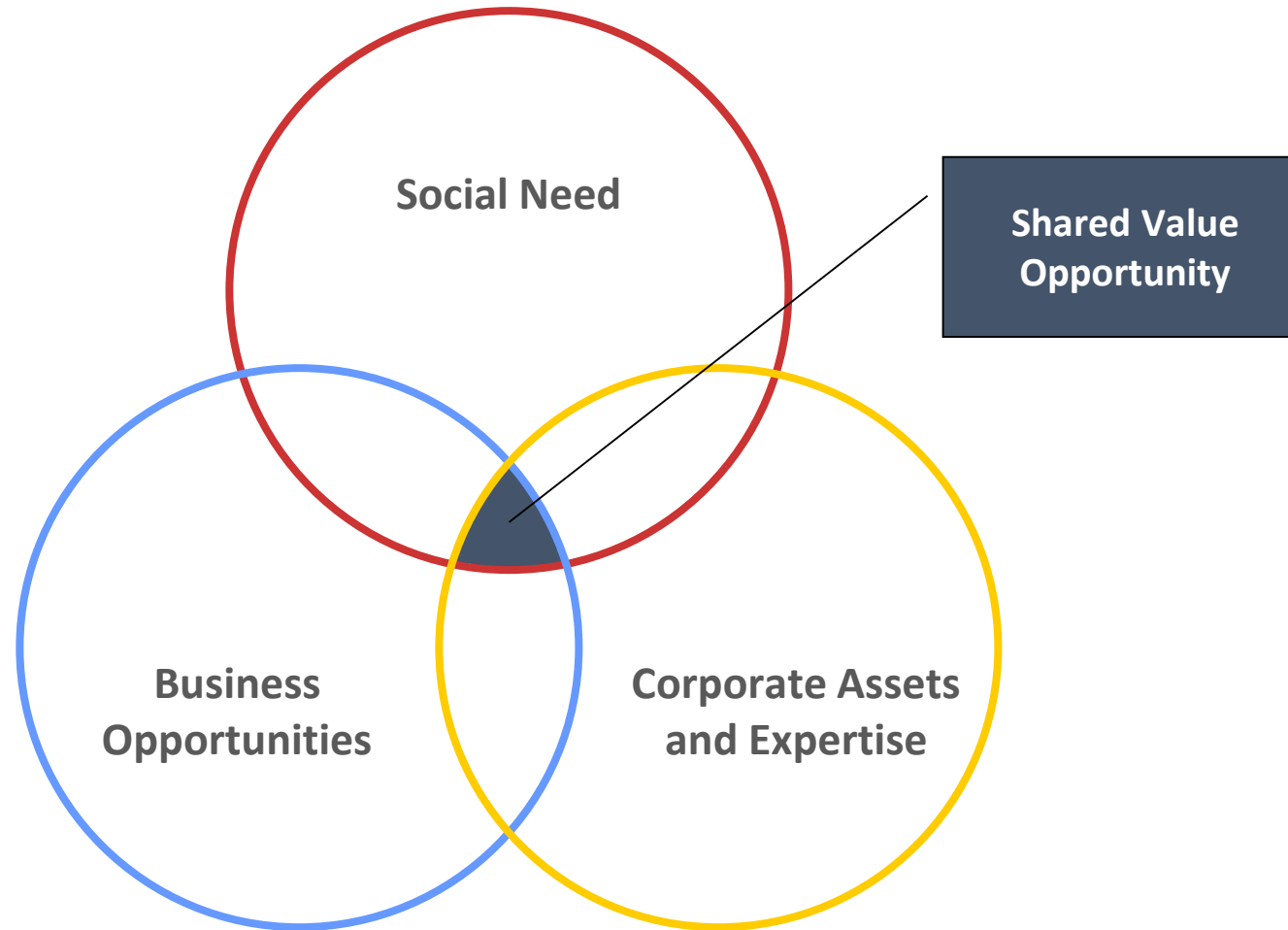
Shared value is essential to invest sufficiently to overcome many social problems



**Social innovation** is essential to break trade-offs between meeting social needs and maintaining profits



# Shared value is found at the nexus of business opportunity, corporate assets and social need



# Thank You



Shared Value  
Initiative



**SHARED  
VALUE**  
INITIATIVE  
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