



Perspectives on CSR –
a-connect insights from a
recent diagnostic project at a
Fortune 500 client

Read about CSR best-practices and how
corporations apply them.

We are currently supporting a **Fortune 500 Corporation** in the Life Science industry in developing a **unique and differentiating CSR strategy**. To do so, we are deploying a bespoke international team of three expert IPs during a 14-weeks period.

The current effort follows an **in-depth diagnostic project**, which we have performed earlier this year for the same client in a similar time frame and team intensity. There, we took a very close look at the CSR (best-)practices at leading corporations in the Life Sciences, (Agri)Chemical and Food industries. Our extended network, consisting of our IPs as well as other “friends of a-connect”, was crucial in delivering very detailed and highly relevant insights for our client.

Many of the companies we studied are both highly motivated and equipped to solve complex social & environmental issues. However, their motivations for CSR activities are very different, as the following exemplary quotes express:

- “We want to enhance our **reputation**, by doing good and talking about it”
- “We need to meet our **stakeholders’ expectations**”
- “We want to be **altruistic** and share a part of our profit”

“We are convinced that doing business needs to be **inclusive, sustainable and ethical.**”

Corporations apply a portfolio of options in CSR, ranging from classic philanthropy and zero-profit activities to shared value programs.

Classic **philanthropy** stands for a pure giving-based approach. An average of 1% of pre-tax profits are granted across sectors, mainly to organizations focusing on Education, Health and Economic Development. **Zero-profit** activities mean that a company provides its products at cost-covering prices to selected target groups.

While philanthropy and zero-profit activities are rather reputation- and risk-driven, **shared value** programs are commercially driven in addition. The objectives are to earn money for the own company and at the same time achieve a significant positive social or environmental impact. There are several options available in shared value:

- **Corporate Venture Capital:** Direct investments in social enterprises
- **Impact Funds:** Investments in funds that invest in social enterprises
- **Corporate Social Innovation (CSI):** Operate a social enterprise with or without partners.

Given we are very active in the Life Sciences and Agri industries, please let us highlight two very impactful **shared value** initiatives driven by corporations in these industries.

NOVARTIS – HEALTHY FAMILY PROGRAM

The goal of this initiative is to build self-sustaining health networks in remote villages. It was piloted in India in 2007, with a scalable network of “health educators” – 1 to 5 per village. Each educator earns 10% commission on the sale of medicines. This has been supplemented with mobile health camps – 1 per 5 villages – for screening, diagnoses, and treatments. The program turned profitable after 2.5 years already. After 5 years, 33,000 villages have been served, 10 million people educated and 760,000 people directly diagnosed and/or treated. The program has now been successfully expanded to Kenya, Vietnam and Indonesia.

SYNGENTA – KILIMO SALAMA SMALLHOLDER INSURANCE

The goal of this program is to mitigate smallholder farmer risk of weather shocks with an innovative agricultural insurance. A network of automated weather stations is operated to monitor conditions. The respective premiums are paid via mobile payment solutions. This turned out to be much more cost-effective than traditional models. By now, Kilimo Salama insures far more than 100,000 farmers in several developing countries.

There is no single right answer for an effective **CSR portfolio mix** for every company. To define the specific portfolio requires clarity on the specific corporate objectives, priority stakeholders, type and size of targeted impact, as well as the planned leveraging of employees, assets and partners.

Philanthropy and zero-profit remain important building blocks of the corporations’ CSR programs. But we see increasing activity in Shared Value, especially in the **entrepreneurial CSI** space, where companies strive to achieve truly sustainable win-win situations. In order to be successful our clients rely on the expertise and thought leadership of our Independent Professionals!



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