



Nestlé Second Annual Creating Shared Value Forum

London, May 27th 2010

Transcript of:
Conclusions: Global Partnerships for CSV & Development

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Jane Nelson:

What we'd like to do is first of all go to our two core hosts of today and ask Graham first of all you as the Acting Chief Executive Officer of the International Business Leaders Forum, what are sort of some of the key messages that you take away from today? I think the themes of partnership and leadership have come up again and again in different ways throughout the day. But what would be some of your key messages and calls to action as we leave at the end of the day?

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Graham Baxter:

Well thanks Jane and thank you to all of you for your powers of concentration. I forget what the average adult retention span is but it's certainly not eight hours and I think everyone has done remarkably well. I also think that we've been privileged to engage in not one but four quite remarkable events within the span of one day. Since I was last on this stage I've counted 28 pre-eminent speakers and that's not counting the amazing facilitation moderation activity.

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So I'm truly humbled by the level of discussion and the quality of presentation and debate. It has certainly passed the critical tests around transparency, equity and mutual advantage which I laid out at the start. So we've been doing something here by way of partnership in our own activities. I think we've been modelling it in a very real way.

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I suppose I could make a slightly snide observation that it's a pity not to see more representation from government which is not in any way to be disrespectful to those members from the United Nations and other multinational, multilateral organisations who are represented here. But it is an interesting observation that it is apparent that business and the sort of society community is willing by and large to engage in open and constructive debate. And it is sad that quite often it's hard to get government to engage in a similar level of open and constructive dialogue.

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We will of course keep trying to engender that because as I think everyone here who has been engaged in the debate has agreed, government has an absolutely critical role to play in defining the frameworks and setting the standards. And without them frankly we're talking into a vacuum. But hopefully some of those 2,000 who are on our webcast are actually government ministers sitting in their offices just sort of tuning in somewhat passively.

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I think one of the - I couldn't possibly summarise the mass of information and discussion which has passed here today. I can observe one or two perhaps themes which I see recurring over and over again. First of all, fairly self evidently, the need for us all to work together on these complex problems. There are some very interesting new partnerships which are clearly emerging. And indeed these partnerships are reflected in the

work that IBLF does with various sectors including this one.

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We find over and over again a willingness by leadership, leading businesses and leading members of civil society and government, to come together and to define where there is a vacuum, standards, guidelines, best practise, and then to hold themselves to account with respect to those guidelines. It's not a replacement, it's not an alternative to regulatory process or legitimate government, but it is a valid activity for leaders to engage in and I think we've seen plenty of examples of that today.

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My second observation and perhaps my last for now would be this thing about from global to local. All of the subjects that we have been discussing during today come alive when they make a difference on the ground to people's lives. They are delivered by and through people, people working in business, people working in civil society and indeed to communities which are in fact people.

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That is not to say that there isn't a very valuable and important role for business and civil society to engage in the public policy debate at the global level, but I think many of us recognise the frustration and potential weakness in operating at that stratospheric level. Of course we should keep trying but in reality we don't have time. We've heard over and over again as we've wrestled with these massive challenges of sustainability, a sense of urgency, a sense of need to get on with it. And actually that resonates very well in my experience with the business timescale. Time is money, one of another of the very true adages of business, and business is always impatient to move forward, to take action, which is just as well in this context.

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So it's very interesting to see the way that business is in action in local circumstances where it operates where the need is greatest irrespective of the large global frameworks which may follow, which may well be necessary for longer term solutions. So I think there's a rather fortunate resonance here which I've heard over and over again today between the urgency of the problem and the application of business like timescales, which of course goes along with the cycle of measurement because performance must be measured, which then leads to learning and sharing and then onwards around the circle again until we get it right.

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So it's been an overwhelmingly successful day from my selfish perspective and IBLF has been delighted to be involved in the organisation of the day. We see ourselves having a role as we go forward from here. I've just heard so many opportunities for us to stay engaged, be it in terms of building the capacity in human beings to be better at partnering, be it in providing brokering services to partnerships which will focus exclusively on the partnership rather than on the outcome, to help the

individuals to work together in a more constructive and creative manner.

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And in certain circumstances to encourage and reward through prizes which we help to administer, the Rio Tinto Sustainability Prize, the World Business Development Awards, which will again be awarded this year in September in New York, and so on, to try to do what we can to encourage and reward in some way leadership in this space which as you know is at the heart of our belief of what's needed. But we've heard some terrific examples of leadership. We haven't solved all the world's problems today yet maybe but we've still got another couple of hours to go so let's hope we can make it before we leave. Fascinating.

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Jane Nelson:

Thank you Graham. And do you want to say something very quickly; one of the panellists today commented on the fact that business hasn't been at the table enough on the global discussions about the Millennium Development Goals. And with the UN summit coming up in September I know a number of the business groups are actually going to work together to have a more common voice from business as business managed to do in Copenhagen.

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Graham Baxter:

Yes thanks Jane. And of course Jane herself has been instrumental in reminding business of its contribution that it already does and can do more to make in a couple of publications as the Millennium Development Goals have matured. And any of you who haven't seen them can certainly download them from our website and I would commend them to you.

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But yes there is a lot going on. Maybe we're not making as much noise and it's not so widely appreciated as it could be, but at the private sector session at the United Nations at the end of September a group of us will be coming together, IBLF, the World Business Council for Sustainable Development, Business Call to Action and Business Action in Africa to name but a few. And there will be there organisations and companies who have identified that through their business actions, with small adaptations of their business models, they are able to demonstrate constructive and sustainable outcomes with respect to the MDGs. And thereby to encourage others in the five years that remain to put their shoulders to the wheel. That will be I think an important and significant coming together. It has actually happened on the previous anniversaries of the MDGs but the voice, in my perception, has grown considerably through that period of time.

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Just one comment Jane while you've given me that opportunity to remember, the one area where notwithstanding the considerable encouragement of Nestlé to get the voice of

business directly involved, is this area of food security. And I was struck when I was at the private sector meeting with the FAO in Milan ahead of the main meeting in Rome, that this seemed to be the first time that business had come together to address these critically important issues of food security.

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So that surprised me actually coming from an extractive sector background where this interaction has been much more prevalent. And I think that probably indicates that there is a lot more to be done in terms of getting business engaged in that particular area.

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Jane Nelson:

Good. And we'll come back to that later. Paul you're living, creating shared value every day, pushing it through your value chain of 280,000 employees around the world. What are some take aways from today from your perspective?

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Paul Bulcke:

Jane thank you. I think this day was most motivating and the highest quality of the discussions is just confirming one thing. During all the discussions there was one thing coming back, just what you said Graham at the end, that is the private industry or the private initiative, how that can be part of the solution and not part of the problem.

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And somewhere we see a shift I hope that this verbalised through creating shared value is bringing back the role of business in society. Professor Porter said the renaissance again of the role of business in society. Actually it is going back to what it always has been or should be, be seen like this, that creating value for society at large. And that is the whole concept of creating shared value. It is it should be a fundamental part of each company, of each I would say economical activity. It has to bring success to the company and yet at the same time to society at large.

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And that was the first discussion we had this morning about leveraging business for development. And there again you saw the mention of how do you implement it again. And that is going from the m... and conceptual to the real thing where you say sometimes the rubber hits the road. And that is what we as a company are all about; it's getting every day realisation of what we mean by Creating Shared Value.

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We heard also the partnership coming back in every topic we discussed. The partnership is intimately linked with the creating shared value concept because it is a way of a company linking up with society at large, and to do that over time. And that over time brings then again this whole thing about long term thinking. And you see and it can come back to that in rural development and nutrition and water, it is all long term dimensions yet short term action, what a company should do.

- 00:12:35 We heard also this morning a very interesting topic too. It's the developing world and the reverse dimension of also innovation reverse, innovation that you see coming, that the developing world that was actually before a classification of the developed world saying we are developed and you are trying to step in our footsteps and trying to catch up. That was how we defined the developing world.
- 00:13:01 And what we see now and I think there were some breaking points in Doha around - and in Mexico where the developing world was saying, wait we want to have a say to say too, we want to develop on our own terms. That was the first time really that it was expressed like that. And we don't want to just step in your footsteps and catch up.
- 00:13:23 And that has now realised or has been much more visible. And that's why we see also lots of innovation, lots of new ideas, lots of business models that you have mentioned this morning, that they are coming to come to the western world, that we're going to have in other words to listen much more what's happening there. And the whole creating shared value dimension that we see sometimes from the western world, what is right, what is wrong, it's going to have new perspective that is going to I think really add to the reality of the world in a positive way.
- 00:13:58 And that's where we as Nestlé who are present in all these countries during all these years, we see that happening. And it is fascinating and there's lot of opportunities. That brings me to this rural development where agriculture really is a - I would say a game changer, because it is as I mentioned before, it is linked with food security which is definitely one of the biggest problems we have, also opportunities if we can go about that. It is environmental definitely. Water is also intimately linked with that.
- 00:14:29 And it is also one of the biggest developers and creation of wealth potential that we have close under our nose there that we should go about. If you know that investment in agriculture actually has an effect of development, that is two, three, four times more than investment in whatever other activity in these countries. It has an effect of reducing poverty levels in a much faster way, and they're the short term effects, it's not long term.
- 00:15:01 So definitely agriculture should be much higher on the agenda and that was mentioned also this morning, that governments should have again agriculture much higher on their priority list. Again that has been discussed too, linked with the fact that this is a bit long term, politicians are getting shorter and shorter in perspectives but we again, private companies, can help to put it on the agenda as it should.
- 00:15:26 Power of women has been coming back also during the day, be it in rural development and the importance of women because

they're holding the families together. They do think long term because that's in their nature. They have an increasing role to play and yet do we play it in part of our policies in giving and empowering women to do that?

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Nutrition was another topic that was fascinating because the link between food, nutrition, health and equally also then development of countries is a fascinating equation, that do we and policy makers, do they link these dimensions up? And we have seen also food security and water then afterwards, how that links up. So these are huge complex dimensions. But if you go about the first one right how it has spilled over and the snowball effect of positive value creation for society at large.

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We spoke about micronutrients, a lack of political leadership in nutrition, these are other things. Also the focus - I like the idea of focusing and it was mentioned nine months to 24 months. It doesn't mean you don't think about the rest but focusing on that age span that actually conditions the rest of the individual's life. And then again on focusing on that area how you can have a major effect during also the life of that person. And yet at the same time again how you can create also more productive countries or societies is a fascinating dimension.

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We spoke about education and nutrition. I do believe that is not mentioned enough the education. Nutritional education is a key of the solution of the nutritional needs and health of societies. It is people going about their own nutrition in a meaningful way. I truly believe this is understated and that's why we have actually this programme that we're going to share a little bit later, the Healthy Kids Programme in the world, where we with governments again, partnership, working together to really create people, citizens, who can go meaningfully about their own nutrition and make meaningful choices to themselves.

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I liked also very much the four Ls, the learning, linking, leveraging and leadership. I think that's a very powerful dimension. And actually what we are trying to do with it all to a certain extent opinion leaders here sitting together, is creating that awareness about our important role that we can play here.

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And then on water, water is life, when you talk about life it's emotional and you felt that already in the panel. It was an emotional discussion. It was a very good intense discussion and I believe the fact that water is now high on the agenda was actually to a certain extent private companies or companies per se putting it in the right perspective. So that's where they know so the companies can help to put the agenda, and that in water was definitely the case.

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We speak about human rights. I think the human right about water it's more the access to it and the dimension that Peter

mentioned. Also the discussion about the biofuel is a very pertinent one. I think that is not stressed enough, the destructive dimension of certain political agendas that are short term again, or is just for political profit, can be very dangerous over time.

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Also when we speak about pricing of water actually is it pricing or is it giving value? Perceived value to water is another one because it does mean that if you say we have to price it you have to price everybody and ask money for it. But at least you have to agree the perception that it has value to manage it.

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Then in conclusion I heard that we have to have a few new ministers now, a water minister and a nutrition minister. But I think the problems we discussed actually and as you see the Creating Shared Value for Nestlé we have focused on what is close to our business, where we can create meaningful value for society too which is water, nutrition, rural development are huge complex issues because at the end of the day we all had a little flavour of too short because a discussion where it's so broad, but that we have to be humble too in the sense that first - what is up there we have to be humble and very persistent and also looking for really partnerships to give solutions to these problems because we cannot do it alone.

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Jane Nelson:

Thank you. Well thanks very, very much Paul. Before I attempt to give a few closing comments myself we've got two more opportunities to vote. First of all we want you to go back to the first question that we had today. And I'd also like to take this opportunity to thank Sophia Tickell for getting us off to a good start this morning in her moderation. But we want to see if anyone's views have changed during the course of the day. Whether sustainability issues are now embedded in corporate strategy, strongly disagree, disagree, neither agree nor disagree, agree or strongly agree. And we're starting now.

Voting

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Oh dear. And if we look where we were before I think we've got a clear message there that I'm probably sort of reflecting the complexities of the issues and that despite the intention for it to be embedded more in core business, we certainly still have a way to go until it is fully embedded in core business. But I think certainly some of the indications we've seen today and some of the examples, not only from Nestlé but others mentioned throughout the day of the leaders who are embedding it, but there are clearly many companies that are not yet and we've got some ways to go.

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The second set of questions we want you to look at quickly, every year we are going to be running this Creating Sustainable Value Forum. We've already had one strong recommendation from Ruth for next year's forum, to hold it in Africa. We would like you all to vote on no more than two votes, of topics that

you would like to see covered in next year's Forum and for the company and the advisory board to look at going forward.

00:22:08 So if you want to start voting now on education, gender equality and empowerment, governance which came up a lot today, new developments in food security or capacity development. If you have other ideas that you think are not there please feel very free to speak to John Bee (?) and others who have organised the forum with your ideas. But vote for these ones now please, starting now.

00:22:43 There you go. So developments in food security, definitely the strongest. Capacity development and the need for different types of capacity development, both individual and institutional, coming up strongly. And then education and governance and I hope we all certainly can see as you said, women's empowerment and gender equality a key issue. And we've probably sort of embedded through all the others. So thank you for that and before handing over to Paul and Peter to present the first Creating Shared Value prize I'd just like to make a few closing comments myself.

00:23:22 And I think picking up on what other colleagues have said, to me there are sort of four key challenges and opportunities for leadership that have come out of today I think again and again and again in comments and panels. And the first is for increasingly complex but very urgent and important interconnections and linkages between the subjects that we've talked about. And it's come out again and again the linkages particularly between climate change, water and the development and poverty alleviation agenda. And yet a lot of the communities of climate change and poverty alleviation and water are still separate communities. And so actually having stronger linkages between those three areas has come out again and again.

00:24:10 I think closely linked to that the linkages between water security, energy security, food security and human security, and looking at greater connectivity between those.

00:24:21 On the nutrition front the linkages, one of my sound bite take aways will be between the billion bottoms and the bottom billion. And the linkages between the different types of malnutrition, under nutrition and obesity, and also the link between nutrition and the board of food security and agricultural agenda.

00:24:43 I think also the complex linkages but the need to think very systematically between sort of market based solutions and market incentives on the one hand, and good governance and smart policies on the other hand. And thinking in a very systemic way between those two.

00:25:01 And then also a theme that came out which both Graham and

Paul have mentioned is the linkage between these issues which at the one level are very much global issues and global goods, but so many of the solutions are at either the country level or below the country level at the very local level.

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So I think that sort of first set of challenges and opportunities play out in terms of increasingly needing leaders, I mean a next generation of leaders who can think systemically between these different issues, but at the same time you'll still understand and be able to prioritise the need for targeted interventions. And certainly on the corporate side companies being able to focus on the areas that are most relevant to their bottom line and to the broader issues and contexts in which they're operating.

That's I think the sort of first of challenges is these complex linkages.

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The second is that, and it's come up on I think every single panel, some fundamental disconnects that we're currently seeing. And Michael Porter started this morning with the comment of the disconnect between the financial markets and the real economy. I think linked to that both the disconnect but the need to connect and the pressure on short term performance. And at the same time the long term commitment to sustainable value creation. And business leaders actually having to be able to deliver on both of those. I mean it's not an either / or and being able to both deliver and articulate both of those and those visions.

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I think the disconnect we've seen between women being critical in every single one of the issues, and yet the relative lack of power and voice of women. And whether it's gender diversity even on panels, or increasingly sort of going forward getting more women's voices at the table and particularly women from developing countries and the communities most affected.

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I think one of the other sort of disconnects that we're increasingly sort of seeing as between - and again it's come up again and again, the sort of production and sustainable production side of things and the sustainable consumption side of things, and being able to make a stronger link between those.

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So that's the second set of messages and challenges and again I think we need leaders who can recognise those disconnects and build bridges and triage between those disconnects which are currently obstacles moving forward.

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I think a third sort of set of challenges and opportunities for leaderships we've seen which has come up again and again during the day is this whole question of trust. And the trust deficit. And for leaders, be it corporate leaders, government leaders and increasingly civil society leaders as well, to be very clear about the mechanisms that they're setting up for increased accountability and transparency, whether it's

reporting, whether it's stakeholder engagement, whether it's using social media more actively, but focusing very much on the need to build trust, particularly those who are in sort of established institutions.

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And then fourth and finally and coming back very much to the concept of Creating Shared Value, the dual challenges of both scaling up but as I think Thomas said on the final panel, scaling out. And sort of scaling up in terms of doing more of what we're doing both at a national level and globally, but also scaling out in terms of decentralising and localising a lot of decision making, and making it easier for communities and others at the local level to get engaged in decision making and solutions.

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And I think in both of those areas the role of the private sector and large companies, there is enormous potential which has been picked up I think in every panel and the examples we've seen. And I think it plays out in two ways. First of all to me one of the most encouraging messages of today is this absolutely clear focus on this being about core business operations and corporate value chains. Philanthropy has its role in certain places but this is fundamentally about harnessing the power and the ability of value chains.

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And if we just take our hosts for today, I mean we've heard different statistics during the course of the day but you know reaching 2 billion consumers a day, you know 500,000 farmers. Over 170,000 farmers trained over the last year, many of them women. Over 165,000 suppliers, \$40 million in micro finance to farmers. And as Paul said that's just one company. If we took just the companies in the room here, let alone the Fortune 500, and looked at that multiplier effect of the value chain, and always being aware that there's the negative impacts that need to be managed and the footprints that need to be minimised in terms of carbon and water footprint, but the leverage potential of those corporate value chains is enormous.

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And I think you know two comments, one the micro leads up to the macro, but also as Ruth said and I think as Peter said on the last panel as well, to make the connection between the micro and local level and the policy level. And I think corporate leaders have a particular role to play there in playing an advocacy role.

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So I think that power of the corporate value chain is one strong element. And then the second element which clearly has come out is the potential for these new collaborative platforms. And I think we're certainly seeing them at the global level but what's been very, very clear today is collaborative platforms at the local level, watershed, cross border watershed collaboration for example, agricultural corridors, local clusters being very important areas for collaboration going forward.

00:30:38 So those are just sort of some closing thoughts from my side. I think what it all comes down to very much and it sort of at one level tried to say, but I think extremely important is leadership, and both individual leadership and institutional leadership. And I think within companies, there was a question earlier this morning where will the leadership come from, I think we're increasingly seeing in the companies that really get this and really are mobilising and harnessing their core value chains, the leadership is coming from the CEOs, the Chairman, the C-suite level, but also very, very much from social entrepreneurs and teams within companies, from country managers, many of them from the developing countries that these companies are operating in. But as people have said time and time again that political leadership and government leadership is going to be also critical.

00:31:24 And thirdly I think a type of leadership that is becoming more and more vocal and more and more noticed on the world stage is the leadership of community leaders, social entrepreneurs and others that actually haven't had much of a voice up until now.

00:31:40 And I think it's a good message to segue and bring Peter up to the stage to join Paul to announce the first award for creating sustainable value which is focused very specifically on that third type of leadership, individual, social entrepreneurs, NGOs, who are finding innovative new solutions to nutrition, rural development and water. So thank you from me. If Peter would like to come and join us on the stage to announce the first award. And thank you to all of you.

Applause

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