The Strategic Role of Corporate Philanthropy

GENEVA PHILANTHROPY SERIES
The evolving role of business in society

- Philanthropy
  - Donations to worthy social causes
  - Volunteering

- Corporate Social Responsibility (CSR)
  - Compliance with community standards
  - Impact mitigation

- Creating Shared Value (CSV)
  - Integrating societal impacts into economic value creation
Philanthropy, footprint mitigation and CSV are all valid “tools” in achieving sustainability

Any business has positive and negative societal impacts…

… Changing the levels of impact:
  – Either creates more business value (shared value)
  – Or lowers business value (philanthropy, footprint mitigation)

The goal: business creating high societal value at minimal cost
Companies create shared value in three ways

1. RECONCEIVING PRODUCTS & MARKETS
   - Target unmet social needs

2. REDEFINING PRODUCTIVITY IN THE VALUE CHAIN
   - Drive resource and labor productivity

3. IMPROVING THE COMPETITIVE CONTEXT
   - Improve conditions, affecting firm’s growth and productivity potential

Source: FSG interviews and analysis
Traditional and emerging role of corporate “philanthropy”

1 | Traditional

- Motivation: “moral obligation”
- Scope: often fragmented, finite ability to share profits

2 | Enabler of shared value

- Motivation: incubate social business models, address cluster conditions
- Scope: scalable in line with growth and productivity gains of the shared value strategy
The strategic role of shared value “philanthropy”

Catalyzing Social Innovation

Develop innovative products and services that meet social needs, particularly when the business model is untested or the market ecosystem underdeveloped

Verizon Foundation
Barclays Social Innovation Facility

Improving Framework Conditions

Create a stronger competitive context, including: reliable local suppliers, flexible infrastructure, access to talent, and growing demand

New Employment Opportunities
Danone’s Ecosystem Fund

© FSG |