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# Progress and Value Workshop

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Istanbul, June 09

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# Our Time Together

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Tonight: Introduction and Icebreaker

Monday: Part One

- Vision, Implementation and Communication

Monday: Part Two

- Meeting the challenge of scale and deepening engagement

# Intro

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*This is not your average P and V*

Objective: To empower participants to adopt and adapt the P and V methodology towards meeting their network's / organization's needs.

# The P and V Methodology

- A convening
- A learning platform
- Is best when it is multi stakeholder.
- Offers a means to deal with dilemmas instead of the solutions themselves
- Works best when the organizers set the stage and foster a dialogue



# A Brief History of the P and V

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- Barcelona, Fussler and the GCO local networks
- Over 700 participants from over 50 countries have participated.
- Workshops held in Asuncion, Barcelona, Beijing, Buenos Aires, Bangkok, Delhi, Dubai, Istanbul, Mexico City, La Paz, Mendoza, Monterrey, Moscow, Rome, Salvador, Santiago, Sao Paulo, Tunis, and Turin.
- Innovations:
  - Response to the finding that reporting failures are generally implementation failures
  - Experiential learning
    - Mini COPs
    - Coaching

# The 10 Global Compact Principles

## Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

## Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

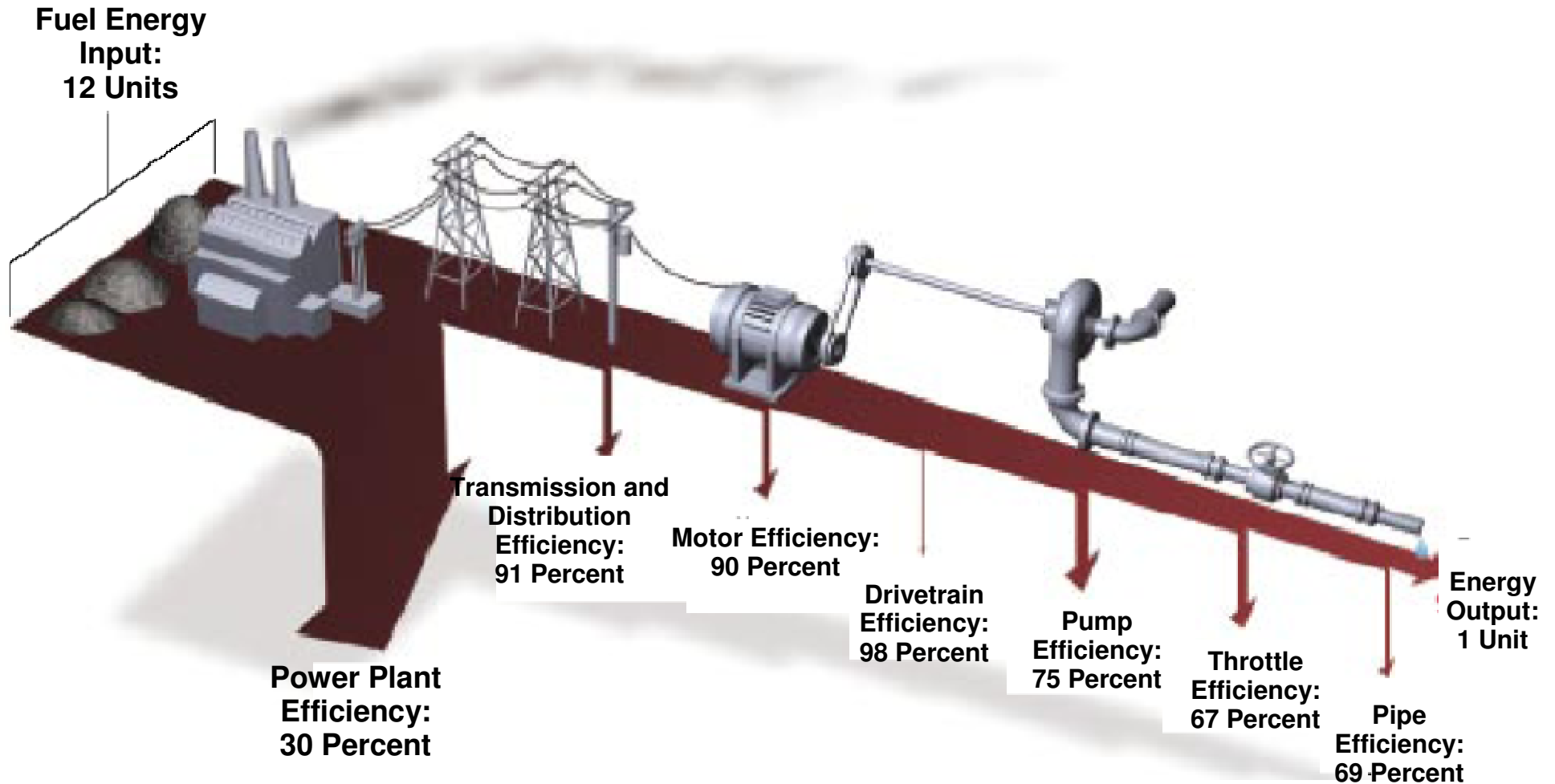
## Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

## Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

# Start with the end in mind



# Another way to look at it...

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Reduce



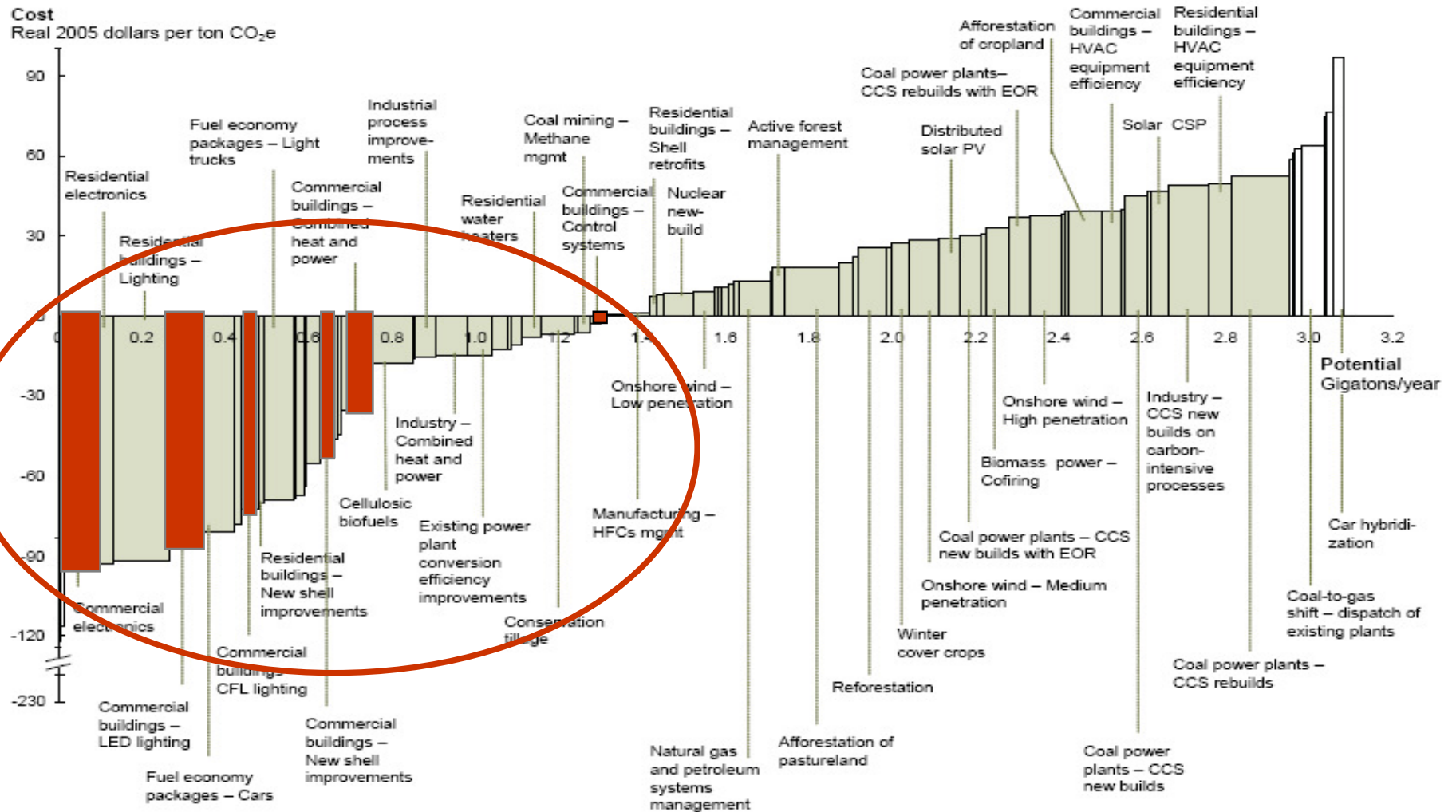
Improve Efficiency (Reuse)



Redesign (Recycle)



# McKinsey Waterfall



# First Steps

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Make the Commitment at the Top. Develop a vision.

Raise Awareness – internally and externally.

Make employees stakeholders of the process.

Systematically assess risks and opportunities.

Set strategic and operational priorities.

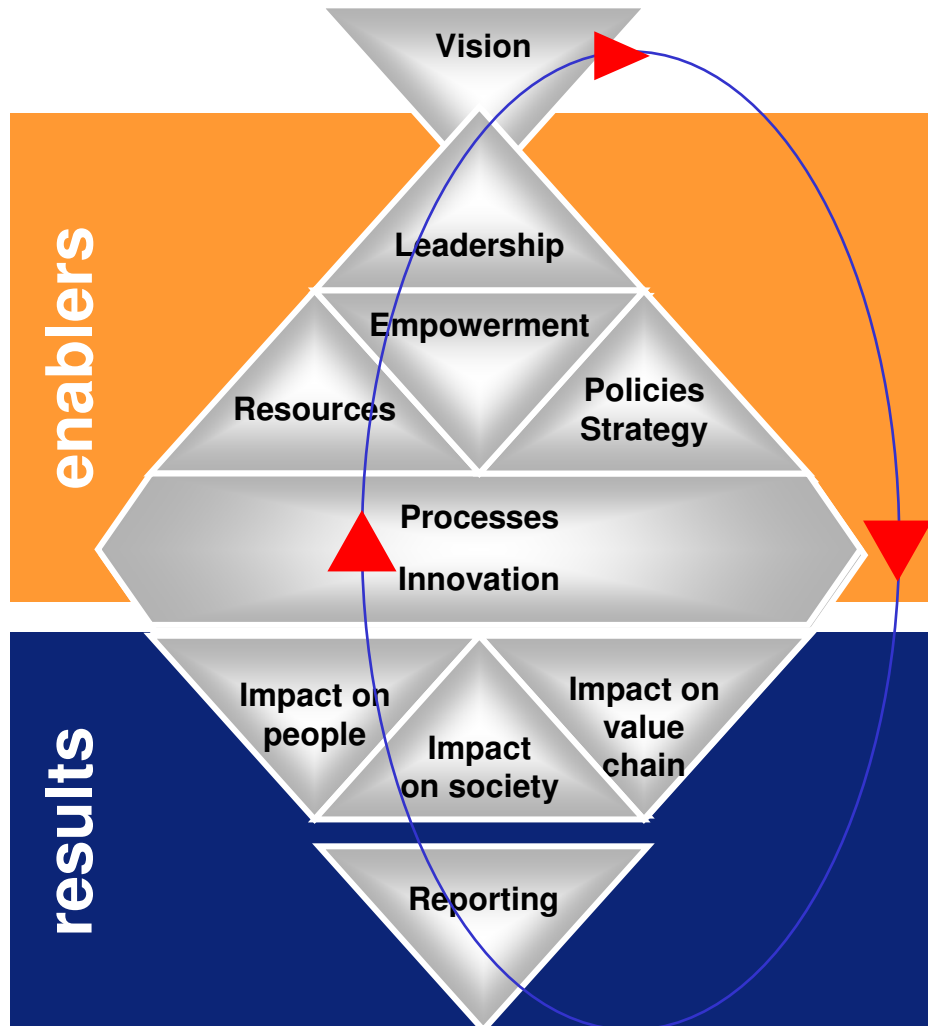
Develop/adjust policies and create mechanisms to follow through.

Measure and assess performance.

Communicate results – within the company and to stakeholders.

Share experiences. Help others learn.  
Become champions of corporate responsibility.

# The Global Compact Performance Model



## •Vision

- What organization do we want to become?

## •Enablers

- Who will get us there and by which means and practices?

## •Results

- What improvement and impact will we make?

## •Reporting

- How do we measure and communicate our achievements?

# Vision

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What does CSR, CC, Sustainability  
mean to me and my company (organization)?

# Porter's Strategic CSR

- GRI Over 100 CSR issues
- Aggressive Civil Society campaigns on issues that may not be strategic to the company
- Generic CSR initiatives



# Corporate Involvement in Society: A Strategic Approach

<b>Generic Social Impacts</b>	<b>Value Chain Social Impacts</b>	<b>Social Dimensions of Competitive Context</b>
<p data-bbox="520 732 793 769">Good citizenship</p> <p data-bbox="520 1045 747 1117"><b>Responsive CSR</b></p>	<p data-bbox="842 732 1108 862">Mitigate harm from value chain activities</p> <p data-bbox="842 959 1129 1154">Transform value-chain activities to benefit society while reinforcing strategy</p>	<p data-bbox="1199 732 1562 954">Strategic philanthropy that leverages capabilities to improve salient areas of competitive context</p> <p data-bbox="1268 1045 1453 1117"><b>Strategic CSR</b></p>

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**In Search of...**

Responsible, Sustainable and Inclusive

**The Global Compact Performance Model**

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# Our Day Together

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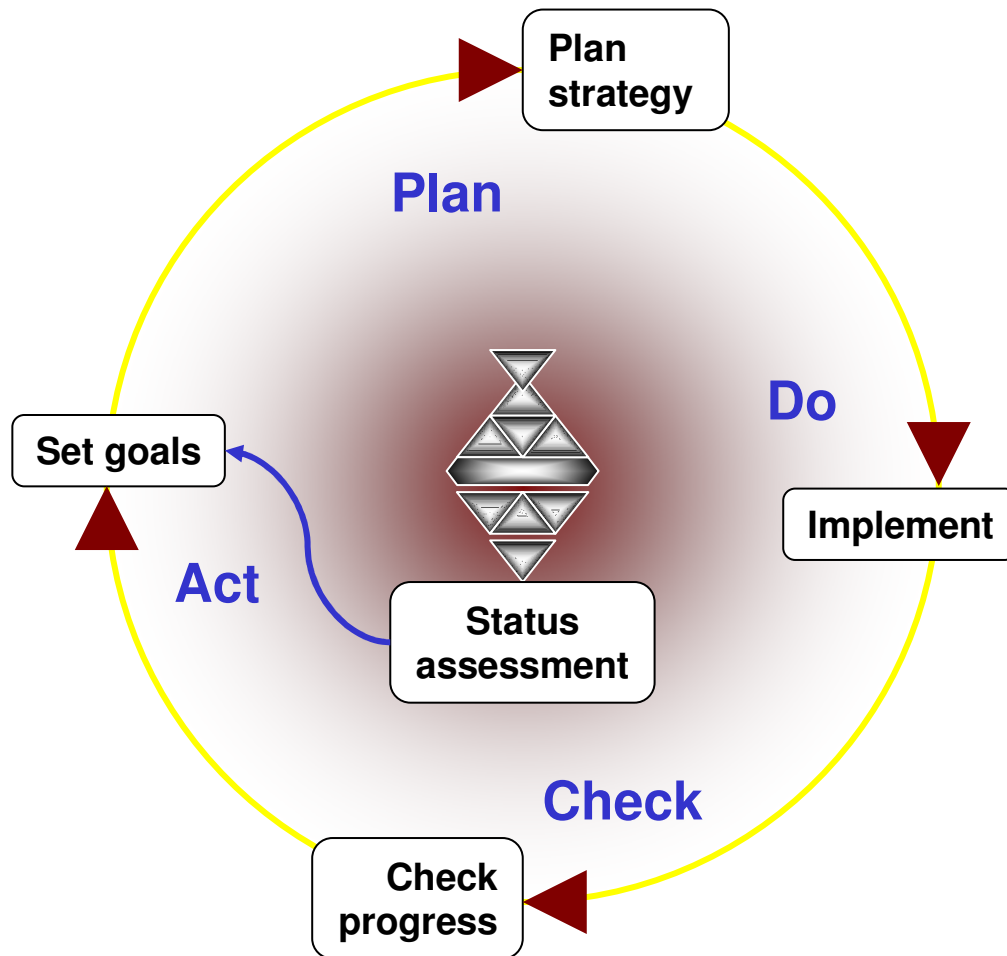
## Part One

- Vision, Implementation and Communication

## Part Two

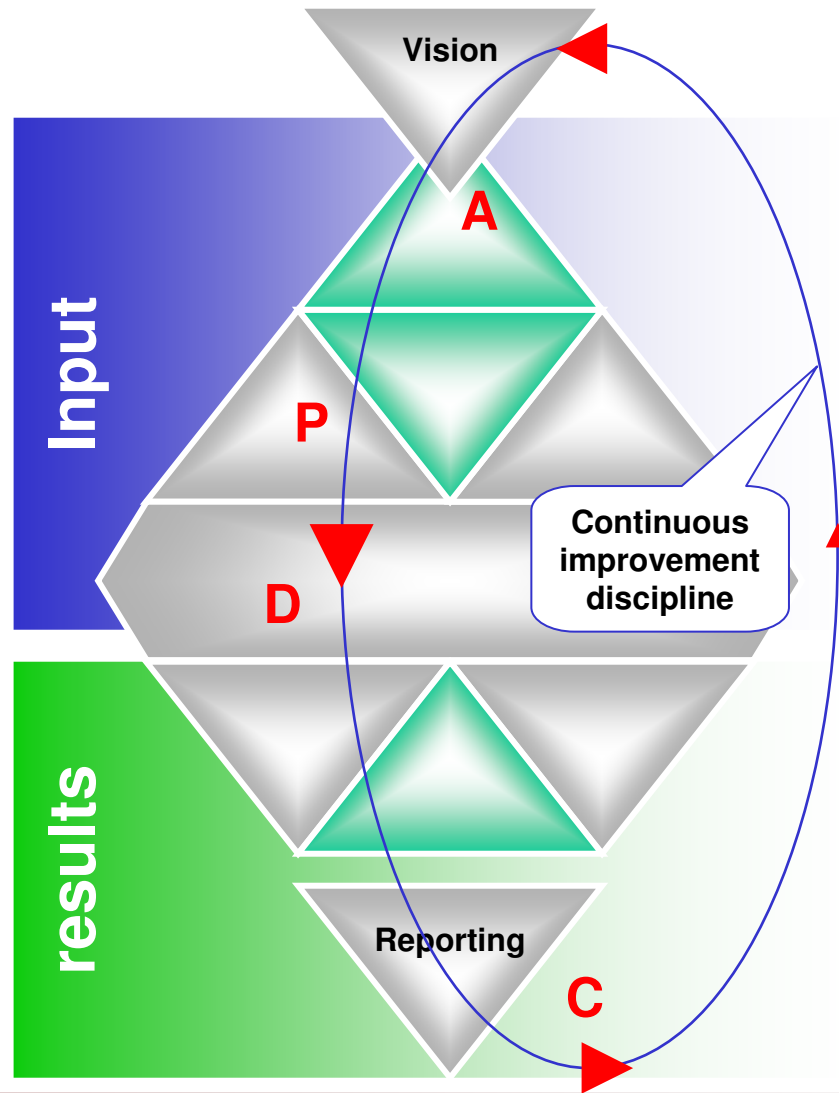
- Meeting the challenge of scale and deepening engagement

# A cycle of continual improvement



- **Plan**
- **Do**
- **Check**
- **Act**

# The Global Compact Performance Model



## 4 categories of leadership / management

### Vision

what organization do we want to be? Are we Built to Last?

### Enablers

Who will get us there and how?

### Results

how will we know our impact, improvement and when we reach our goals?

### Reporting

how do we communicate our achievements?

Human Rights Environment Labor standards Anti - corruption

**Core Business Elements:**  
**M1 – Strategy**  
M2 – Operations  
M3 – Communications

**Global Compact principles**

**MODULE 1**

**Relevant COP Elements:**  
**M1 – Commitment**  
M2 – Systems, Activities  
M3 – Performance Outcomes

Vision

Leadership

Empowerment

Resources

Policies  
Strategy

**MODULE 2**

Processes  
&  
Innovation

Impact on  
people

Impact  
on society

Impact on  
value  
chain

**MODULE 3**

Reporting

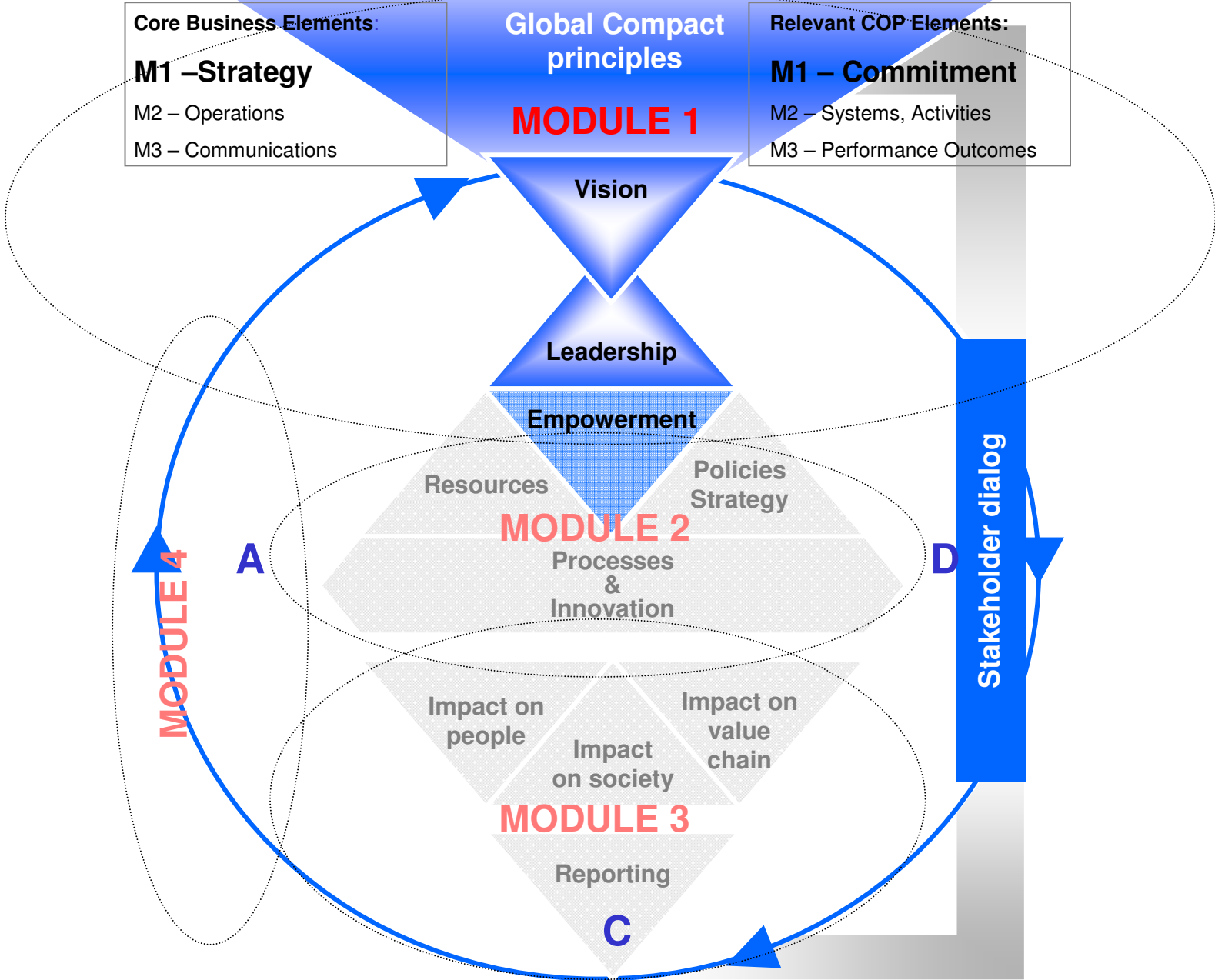
**MODULE 4**

**A**

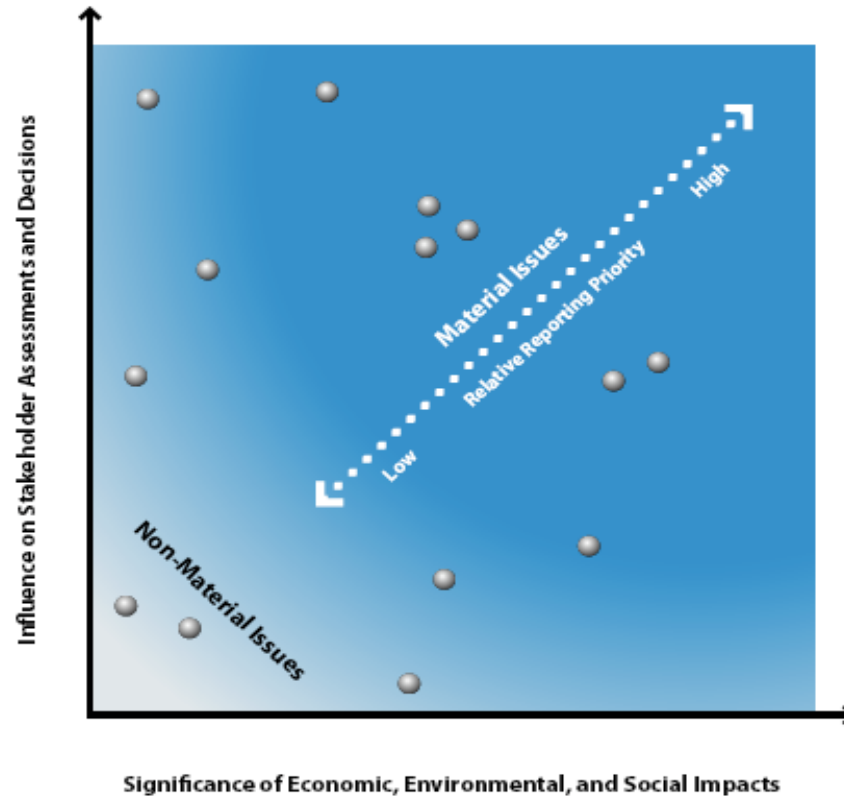
**D**

**C**

Stakeholder dialog

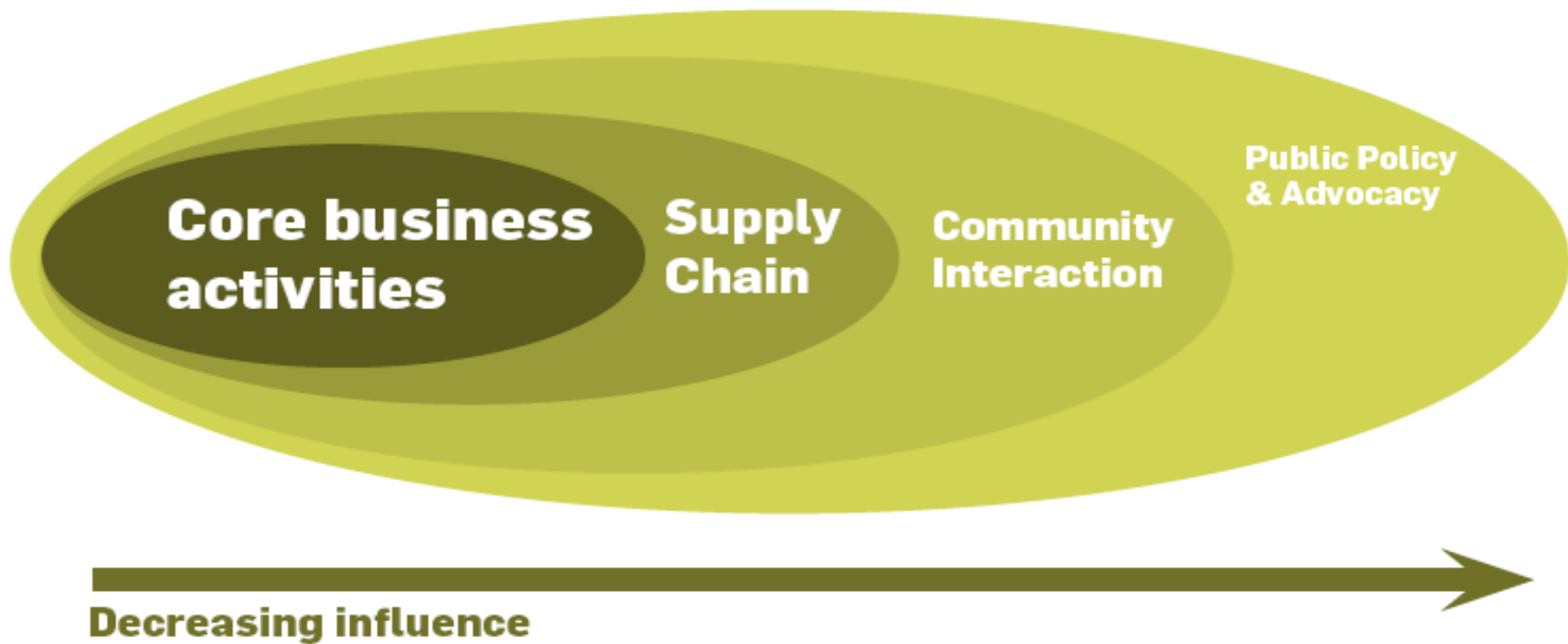


# Materiality



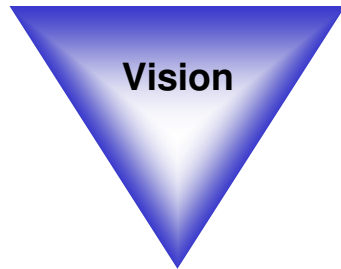
# Sphere of Influence

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# Vision

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*A shared ambition to achieve a highly desirable future (or survive a close and immediate threat)*

## Trigger events

- Public relation or competitive crisis
- Visionary management with core values and a purpose greater than profit alone

## Characteristics

- Vision is a key responsibility of management, but is not formed in ivory towers
- It is best grounded in dialogue with employees, key stakeholders and the younger generation
- It is realistic, but over-reaching

# Traditional Group Exercises - First Step

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- Our company
  - Type
  - Sector
  - Size
  - Turnover
  - Place

# **Worksheets**

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- **What are your company's current business goals?**
- **What are your company's current business challenges?**
- **What do you see as emerging business opportunities?**
- **In what ways does your company affect society and stakeholders, both in a positive and negative way?**
- **What E,S,G, (Environmental, Social and Governance) issues are you currently addressing?**
- **What core competency does your company possess, how might it be harnessed for better triple bottom line performance?**

# Worksheets

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Please consider the following questions for each issue you determined above in order to craft a short CSR vision / strategy statement.

## Potential Risks

- Are competitors taking action to address ESG issues?
- Can these issues affect the company's operations and financial performance?
- Is stakeholder power increasing in this issue? Are they expecting the company to be more accountable?
- Does the company have a responsibility to demonstrate leadership on this issue? Could its competitive position be jeopardized if it fails to do so?
- Other risks to your company?

## Potential Opportunities

- Can the company create business value and improve performance by making this issue a strategic priority? (Consider benefits to reputation, long-term operations, cost reduction, increased sales, better quality of products)
- Can the company improve its societal impact by internalizing these issues?
- Does it create scope for engagement and collaboration with key stakeholders that can boost learning, innovation and improve competitiveness?
- Can the company improve its competitive position by demonstrating excellence on this issue? Will this help improve the performance of others and raise the bar for the industry as a whole?
- Other opportunities that are relevant to your company?

Human Rights Environment Labor standards Anti - corruption

**Core Business Elements:**  
M1 – Strategy  
**M2 – Operations**  
M3 – Communications

**Relevant COP Elements:**  
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M3 – Performance Outcomes

**Global Compact principles**

**MODULE 1**

Vision

**P**

Leadership

Empowerment

Resources

Policies  
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**MODULE 2**

Processes  
&  
Innovation

**A**

**D**

Impact on  
people

Impact  
on society

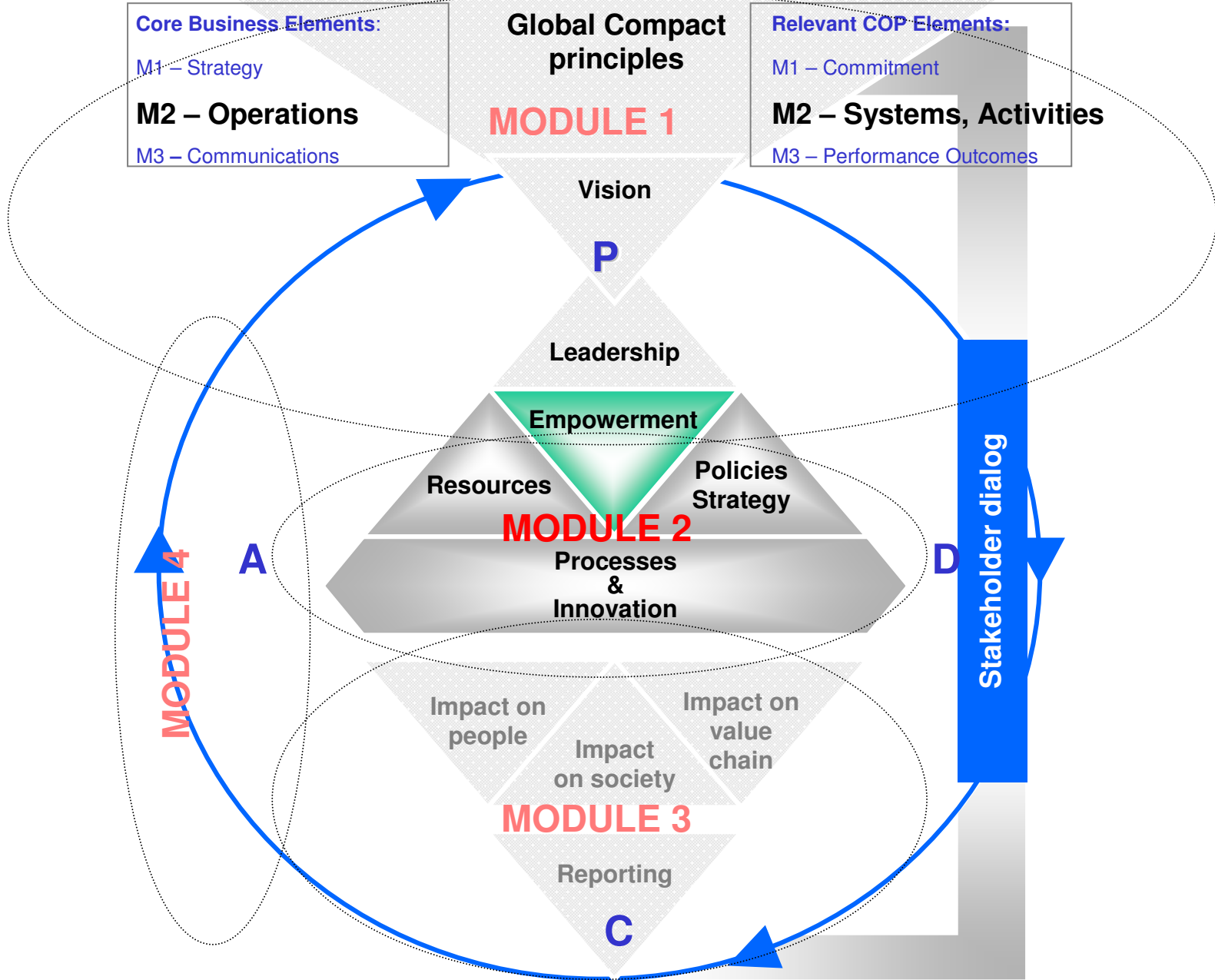
Impact on  
value  
chain

**MODULE 3**

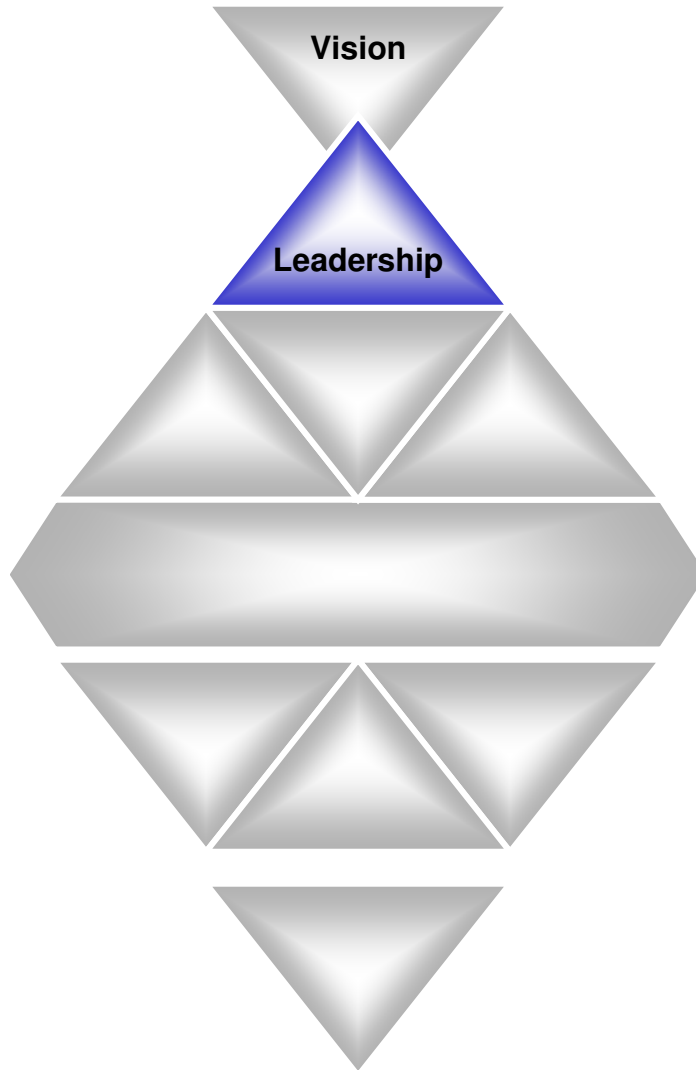
Reporting

**C**

Stakeholder dialog



# Leadership / Management



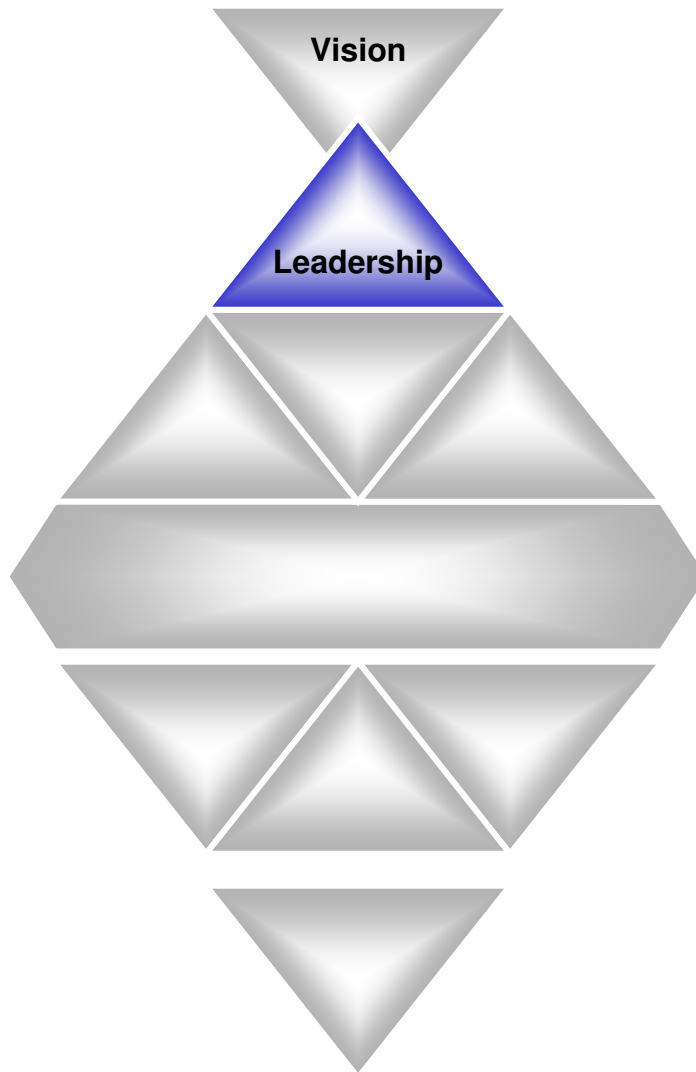
## Leadership is

- Doing the right things
- Everyone's responsibility at various moments and levels
- About tough choices

## Management is

- Doing things right
- How to ensure coherence between vision and all other enablers

# Leadership / Management



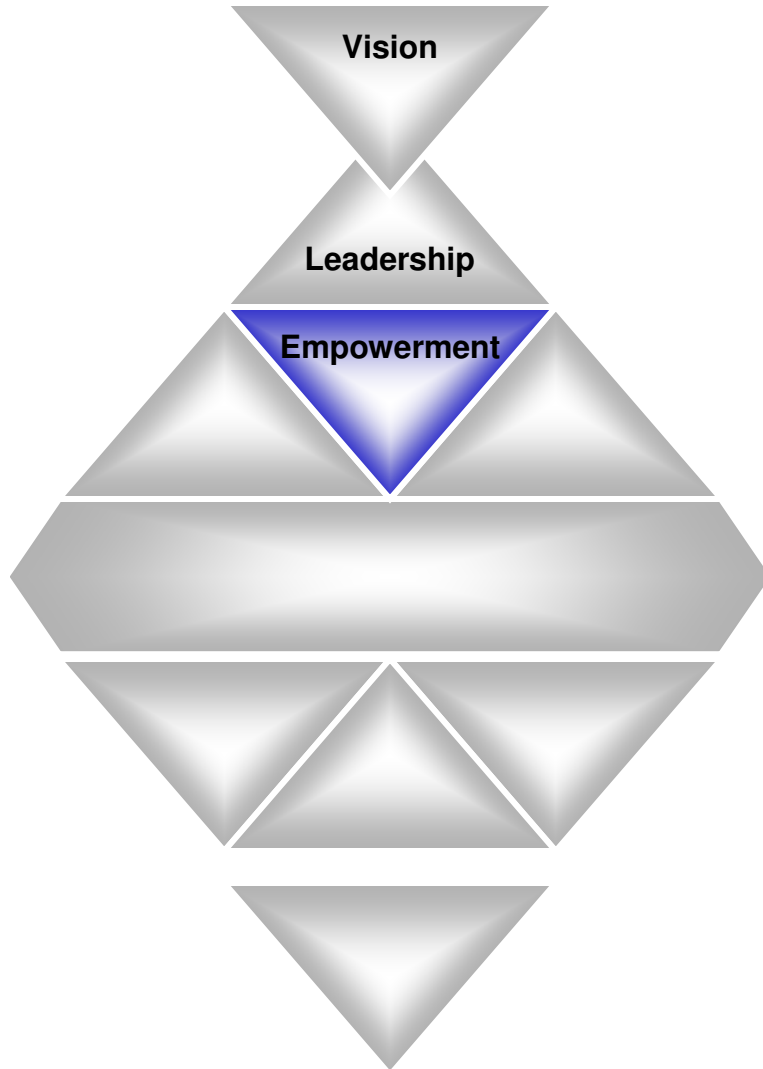
The marriage of the two is **Strategy**

Strategy is:

Premeditated choices on what to do and how to do it in order to meet our vision.

- Is a credible path of change towards the vision
- Focuses on what drives value
- Seeks a unique combination, difficult to imitate
- Is attentive to intangible value drivers
- Is a shared story of progress

# Empowerment

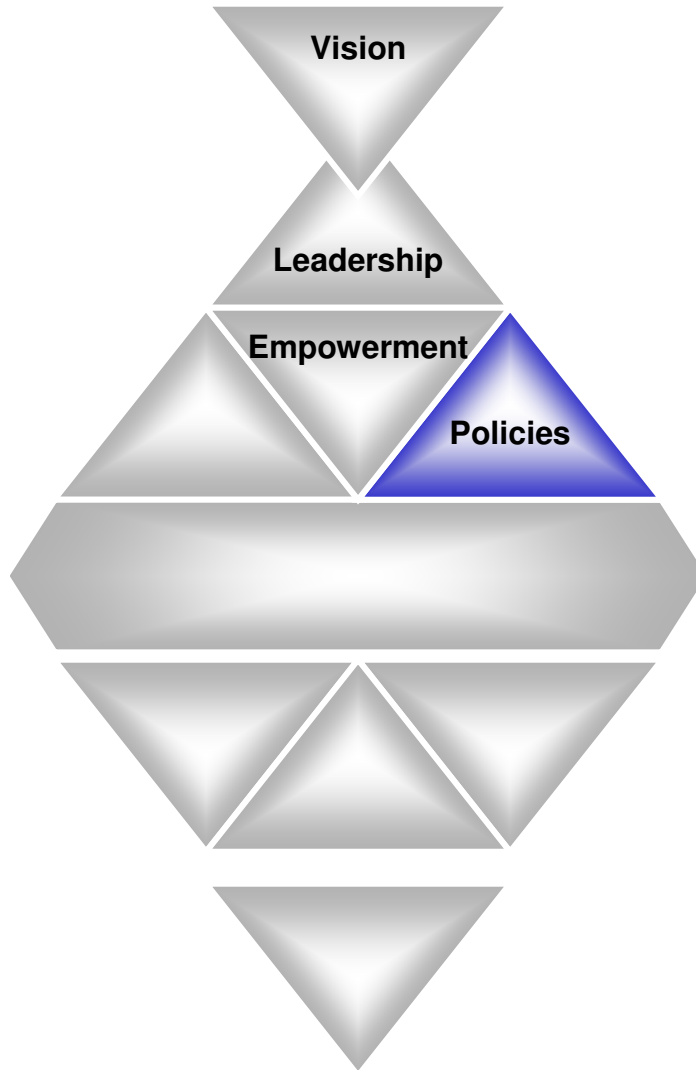


Releasing the full potential of people through

- Training and learning
- Dialogue and listening
- **Personal** and team objectives
- Rewards for performance and breakthroughs
- Recruitment profile
- A spirit of partnership

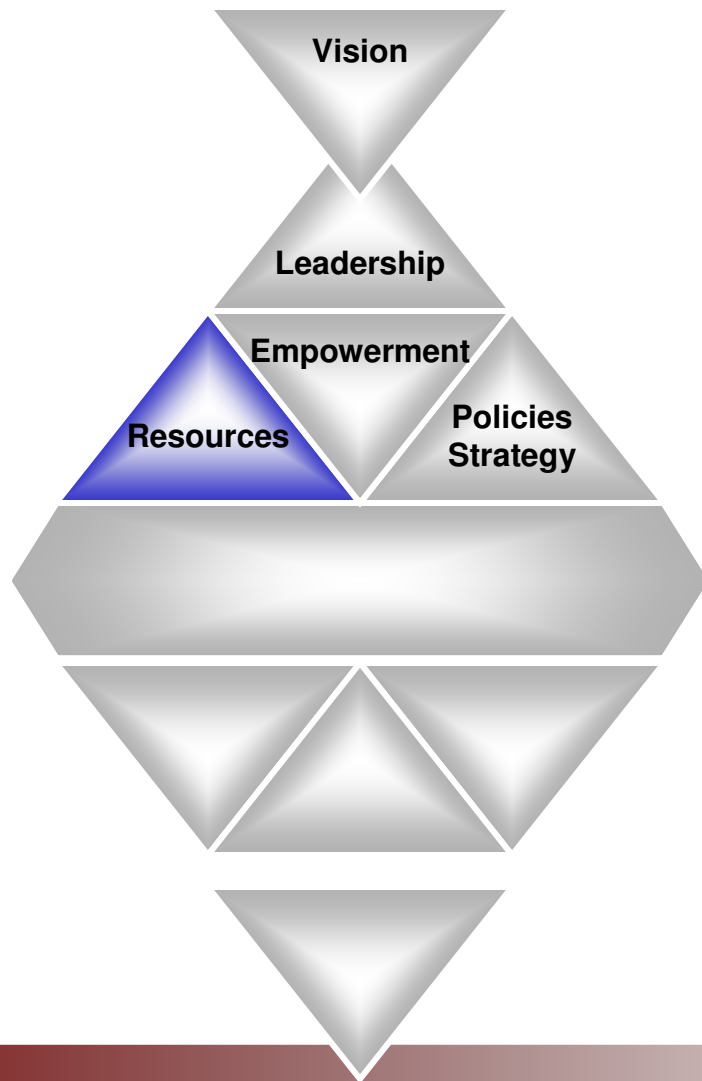
**Power, like knowledge, can be delegated without losing it**

# Policies



- Set of rules that steer towards vision and away from risks
- Must be coherent
- Understand how to resolve dilemmas

# Resources and competencies

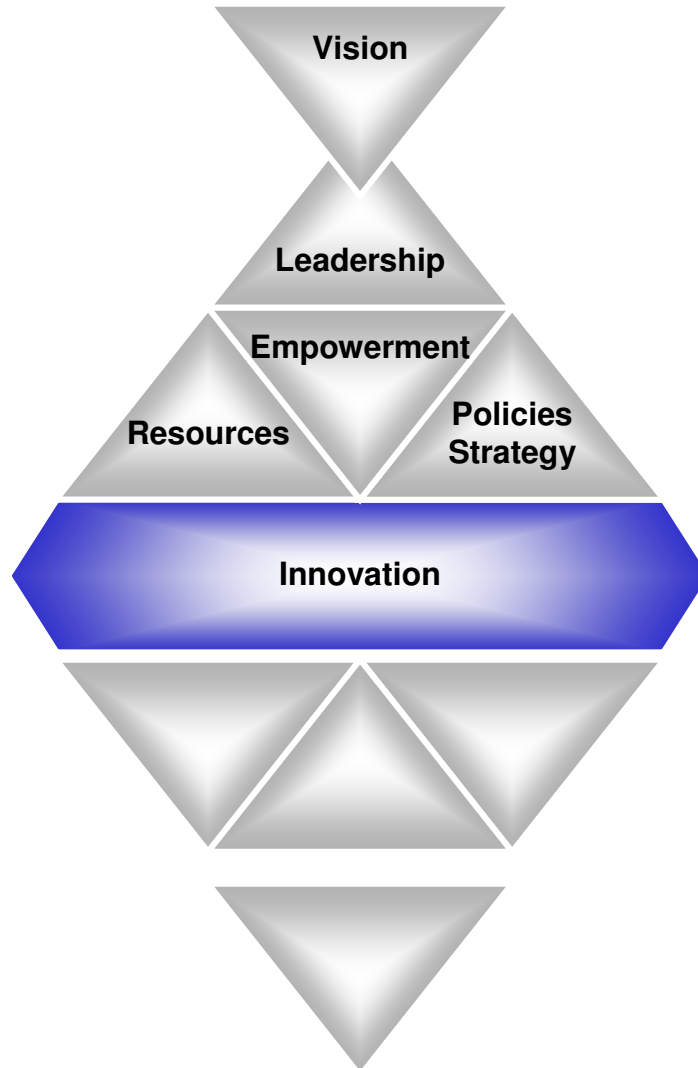


What do we have to invest?

- Time
- Knowledge
- Technology
- Assets
- Money

Core competencies

# Innovation and Integration



Quality processes are

- ✓ “Innovation occurs when someone uses an invention or an idea to change how the world works, how people organize themselves, or how they conduct their lives.”

At 3 levels

- ✓ People in their jobs
- ✓ Processes
- ✓ Organisation (subsidiaries, suppliers)

# Innovation and Integration - ADKAR

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99% of all great ideas fail due to poor development and diffusion  
Innovation has two sources of failure (O'Sullivan, 2002):

## Cultural infrastructure

- 1. Poor Leadership
- 2. Poor Organization
- 3. Poor Communication
- 4. Poor Empowerment
- 5. Poor Knowledge Management

## Failure within the innovation process

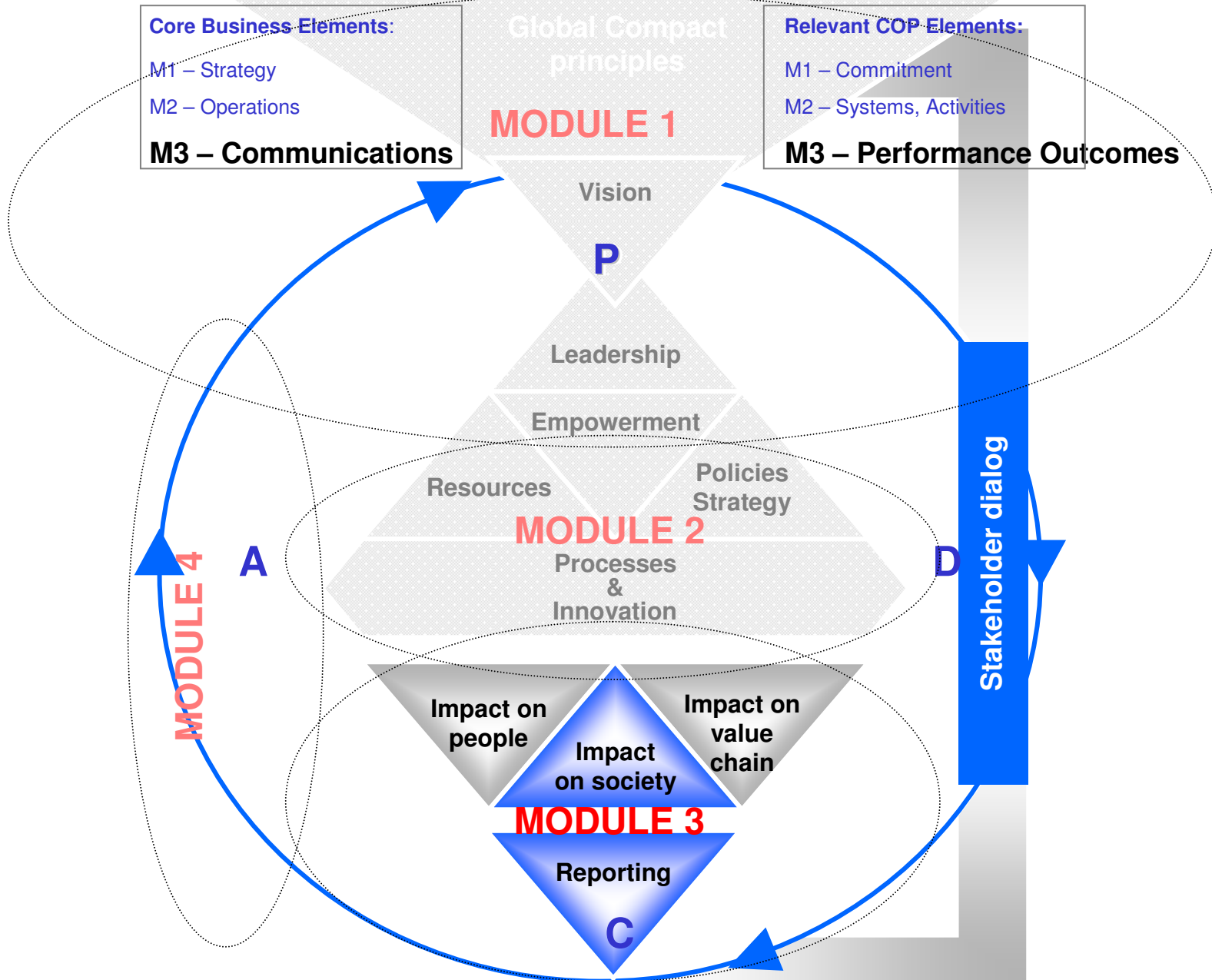
- 1. Poor goal definition
- 2. Poor alignment of actions to goals
- 3. Poor participation in teams
- 4. Poor monitoring of results
- 5. Poor communication and access to information

# Worksheets

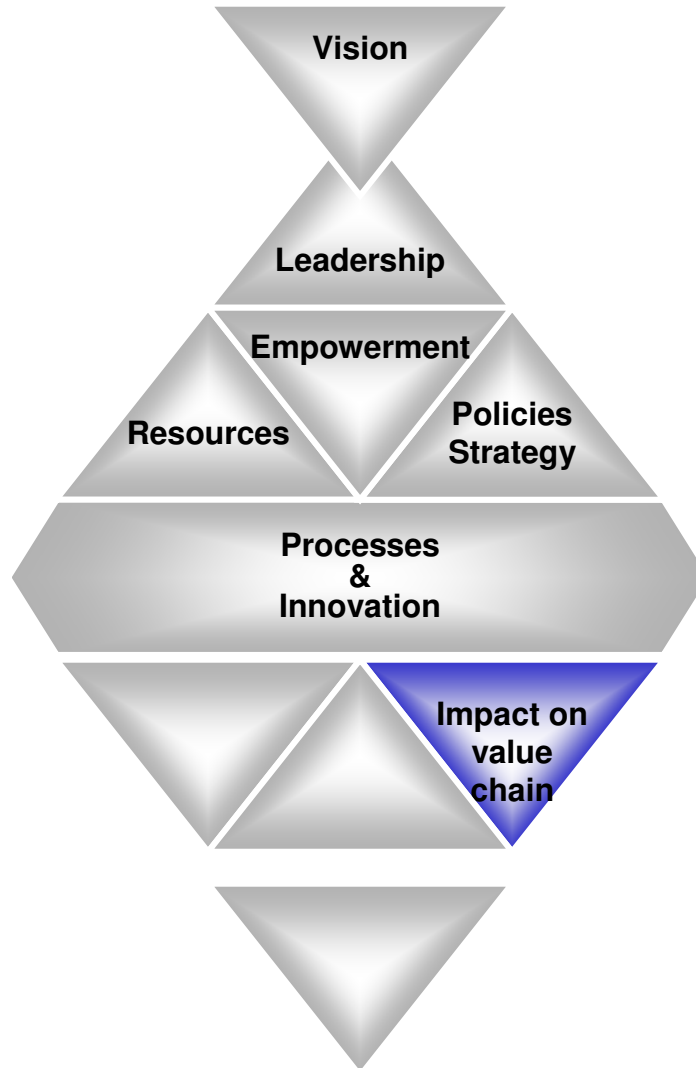
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- Which of the following need to be modified and how? If none exists, which need to be developed?
  - Company charter, code of conduct
  - Training (incl. executive induction and compliance training)
  - Remuneration
  - Supplier and vendor selection and performance
  - Control, audit and monitoring
  - Communications (internal and external)
  - Role description
- What further specific programs, management systems and activities can the organization develop? Consider supply chain, operations, stakeholder engagement, employee and community related programs, membership to sectoral initiatives etc.
- Which team(s) should be responsible for driving these activities and monitoring progress?
- Which senior leadership team(s), business units and other departments must be involved in the design and implementation of this strategy?
- Which stakeholder groups does the organization need to engage and work with to advance this plan?
- Other changes you would consider necessary?

Human Rights Environment Labor standards Anti - corruption

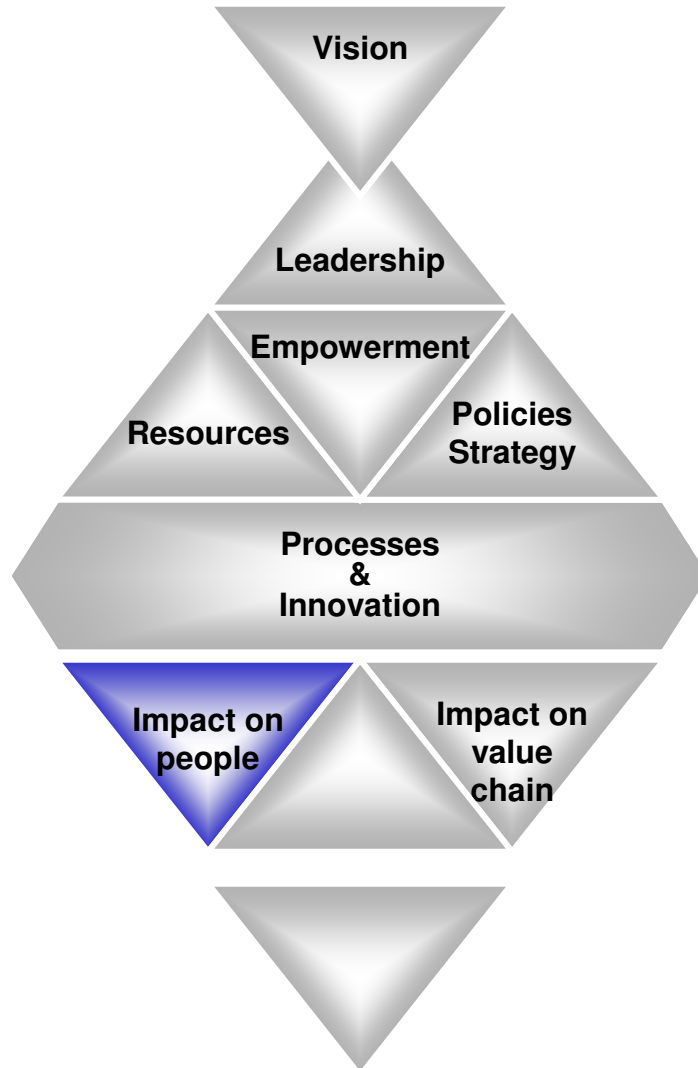


# Influencing or satisfying commercial partners



- More buyers care about the social and environmental “footprint” of their purchases
- Opportunity to seek suppliers and customers with shared values
- Efficiency
- Opportunity to create a niche

# People satisfaction



Basics, [worldwide](#)

- ❖ Health & safety
- ❖ Working hours
- ❖ Equal opportunities
- ❖ Remuneration
- ❖ Freedom of association
- ❖ Participation

Beyond

- ❖ Personal development
- ❖ Purpose and meaning
- ❖ Fit
- ❖ Relationships

# Impact on society – local, global



## Society

- local communities where the company operates
- human right, labor, environmental organizations
- business networks
- the new sector of rating consultancies

Local    ➡ license to operate

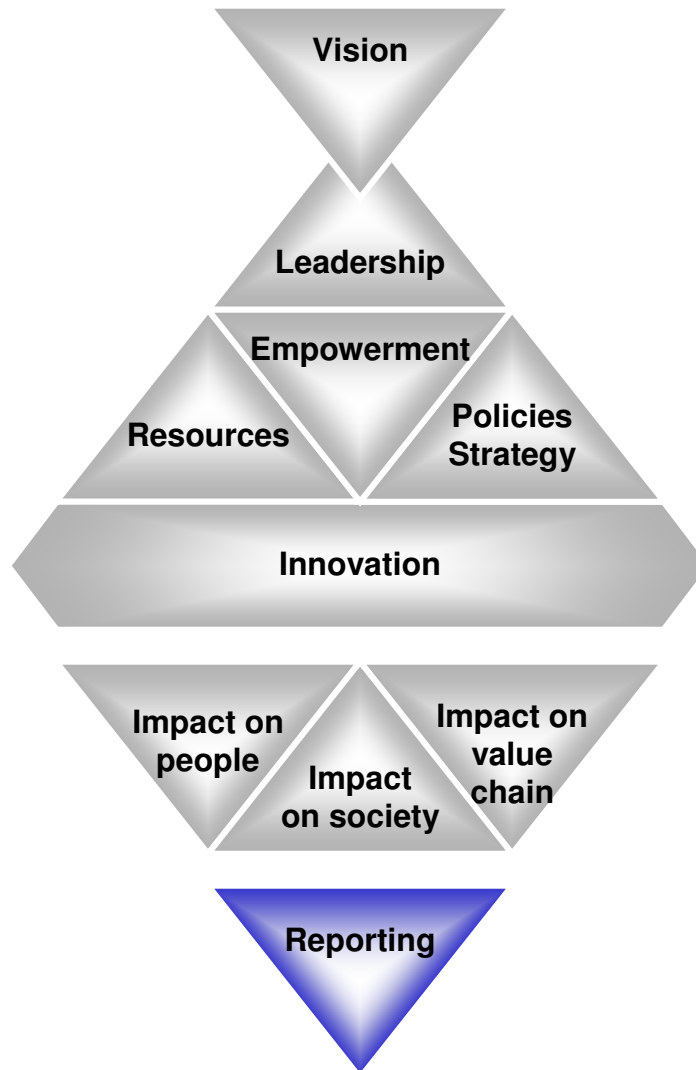
Global   ➡ license to grow

Define boundaries and responsibilities.

Understand risks of inertia

Understand value of credibility

# Reporting



Determine extent and form of public disclosure

Quantitative : Select meaningful indicators for consistent M and E

- Output performance
- System improvements

Narrative: Tell your story

## Materiality test

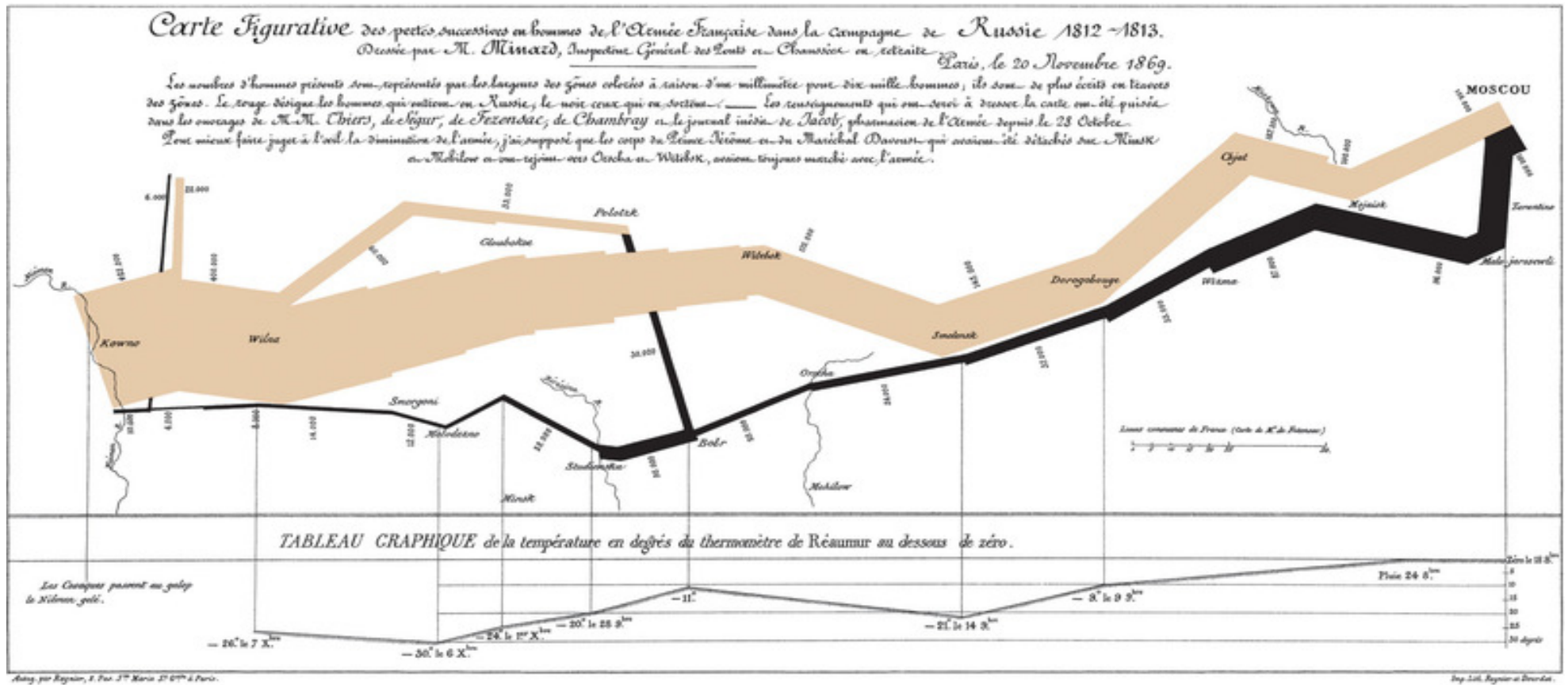
*All aspects (risks, opportunities) that are relevant to make an informed judgment about the value of the business*

# Module 3 – Traditional Group Exercises

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- Challenge:
  - Take all you have created in regards to the first three modules and create a mini COP.
  - Prepare to present your COP (Powerpoint, word or flipchart) for 5 - 10 minutes.
  - Be prepared to discuss your stakeholders and how you are engaging them and what value you see in doing that, also the advantages and disadvantage of the COP format your choose.

# Charles Joseph Minard



Edward Tufte- "may well be the best statistical graphic ever drawn"

# Worksheets

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## **Review the matrix above and consider:**

- What does the organization need to achieve within the first year?
- How can it measure and evaluate progress in a meaningful actionable way?
- How can it gather information?
- How can it communicate to its stakeholders?

## **Areas to consider for measurement and evaluation:**

- Strategic alignment
- Financial results linked to ESG programs and products
- Process and Functional Performance
- ESG “outcome” performance
- Products linked to ESG

## **Considerations:**

- Set boundaries – are we using a rights based approach or a utilitarian approach?
- Materiality / relevance of the commitment, system and performance.
- Accuracy and adequacy of the information – does it help the stakeholder better understand the context, effort and progress?
- Is the information presented using standard weights and measure? Does the communication avoid jargon?
- Is the information credible?
- Is the information timely?
- Is there a coherent flow to the information? Different structures might be:
  - Geographic
  - Issue
  - Commitment, systems, performance
  - Stakeholders
  - Company Structure
- Be optimistic, but honest (remember Admiral Stockdale).

Human Rights Environment Labor standards Anti - corruption

Core Business Elements:

- M1 – Overall company strategy
- M2 – Operations
- M3 – Communications

Global Compact principles

**MODULE 1**

Relevant COP Elements:

- M1 – Commitment, Systems
- M2 – Systems, Activities
- M3 – Performance Outcomes

Vision

**P**

Leadership

Empowerment

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Policies  
Strategy

**MODULE 2**

Processes  
&  
Innovation

**D**

Impact on  
people

Impact  
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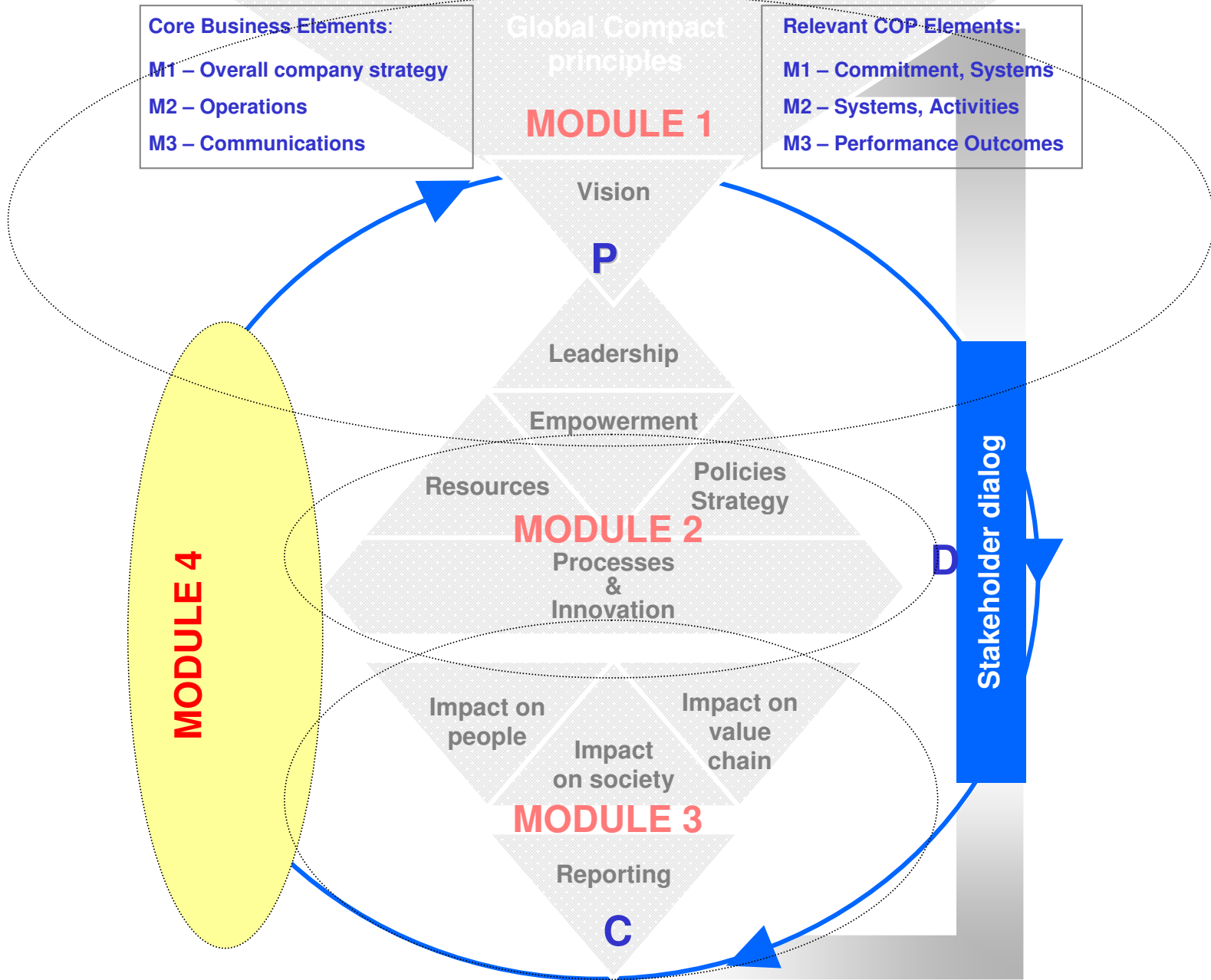
**MODULE 3**

Reporting

**C**

**MODULE 4**

Stakeholder dialog

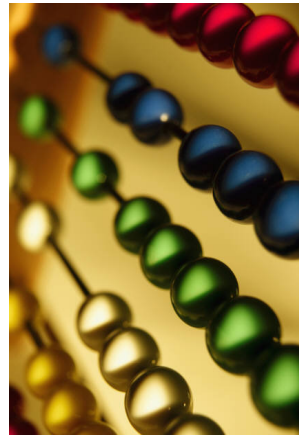


# The Change Escalator

Where are we on each issue?



**Telling Stories /  
Ad hoc implementation**



**Systemic Implementation /  
Best Practice Emulation**



**Innovation**



**Engagement /  
Integration**

## Act to Improve - Common Threads

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- Best practices are always anticipatory – a proactive approach, however, presupposes appropriate reflection on different fact-and-value scenarios.
- Know thyself and be honest with yourself
- Patience, persistence, pragmatism
- Network of like minded - it is a long road, you need all the friends you can get
- Look for the blind spots

## **Part Two: Using the P and V Method**

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- Brief Intro
- Panel Discussion – Lesson learned
- Tools and Resources
- Wrap- up

# Lessons from the Field

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- Drivers and Objectives
- Partners
  - Roles and responsibilities
- Approach
  - Adapt to fit
    - Principles?
    - Initiatives?
    - Templates?
- Venue – piggy-back?
- Duration