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# Business at its Best: Driving Sustainable Value Creation

Five Imperatives for Corporate CEOs

Executive Summary

# Executive Summary

## What does a business look like at its best?

This report makes the case that a business at its best is a company that has overcome the traditional strategic and operational divisions between advancing the performance of the enterprise and promoting the wellbeing of citizens and communities. It's a company that recognizes an opportunity to play a positive role in addressing fundamental societal issues—seeing those issues not merely something as problems to be addressed through charity alone, but instead as the seeds of innovation and growth.

**This mode of business, Sustainable Value Creation, is a core business strategy focused on addressing fundamental societal issues by identifying new, scalable sources of competitive advantage that generate measurable profit and community benefit.**

And, as this report makes clear, it's more than theory: Leading companies from a variety of industries are already pursuing groundbreaking initiatives at the convergence of core strategy and societal benefit. For example, in rural Mexico, PepsiCo faced business constrictions on supplies of corn provided to its factories because regionally supplied products often fell below quality standards. Analyzing this strategic issue, senior leadership recognized that important root causes were in the existing skills of local providers and an inadequate farming and transportation infrastructure.

PepsiCo contributed to the overall development of low-income farming families in corn-producing communities by means of technical and business training, transfers of technology, and farming contracts, therefore reducing costs and improving product quality—while also raising the standard of living in the community. This is the win-win of Sustainable Value Creation: helping the business and helping people at the same time.

## Accelerating the journey: Five key imperatives

Based on extensive CEO interviews and polling—as well as analysis and experience from the Committee Encouraging Corporate Philanthropy (CECP) and Accenture—*Business at its Best* is organized around five key imperatives for planning, managing, and scaling a Sustainable Value Creation strategy (see figure on next page) and provides for each some practical guidance that can help to accelerate the journey of all companies looking for a more sustainable approach to achieving high performance.

### 1. Recognize the Opportunity:

Successful companies already have proven mechanisms in place to generate profitable ideas both in the short and long term, yet the business opportunities within fundamental societal issues are often overlooked. By rigorously analyzing the root causes of existing core business challenges, companies often uncover underlying societal problems that, if addressed, may lead to new sources of competitive advantage.

Chapter 1 provides guidance in finding those opportunities and also provides an in-depth definition of the Sustainable Value Creation concept.

**2. Recalibrate Your Radar:** Once the relevant societal issues have been broadly identified, achieving the goals of Sustainable Value Creation requires pinpointing the optimal role that the company can play in helping to address those issues. To accomplish this, organizations must invest in a deeper level of understanding of their future growth path as it relates to community needs. Thus, the focus of this imperative is on expanding internal and external networks to tap into trends; it is also on improving the company's ability to screen ideas based on need, uniqueness, strategic fit, and core competencies. (See Chapter 2.)

### 3. Research, Develop, Repeat:

A Sustainable Value Creation strategy requires executives to adopt a management philosophy that is akin to how an R&D department runs: a hands-on approach to conducting the local market research needed to understand societal needs and to accommodating a more iterative development cycle. Leaders must be comfortable with the idea of trying as well as failing and applying lessons to refine the program over time. (See Chapter 2.)

### 4. Rewire the Organization:

As companies realize initial successes with Sustainable Value Creation, they should then look to scale programs across the business. Doing so requires important organizational changes: embedding incentive programs, governance structures, and measurement practices across the company in support of the strategy. (See Chapter 2.)

**5. Reinforce the Value:** This final imperative, discussed in Chapter 3, focuses on the distinctive executive leadership capabilities required to



## Five Imperatives for Driving a Sustainable Value Creation Strategy

drive success with Sustainable Value Creation. CEOs in particular must set the tone and pace of the program and reinforce the value with key stakeholders: employees, consumers, investors, and partners.

### Transforming "business as usual"

Sustainable Value Creation is, in many ways, an extension of the same capabilities at which leading businesses already excel: understanding consumer needs, investing in innovation, mobilizing around change, creating markets, and managing a complex ecosystem of stakeholders.

At the same time, the strategy holds enormous transformative potential for an enterprise beyond "business as usual"—and that dictates the development of additional strategic, operational, and leadership capabilities. Traditional either/or

mindsets—assumptions that companies must choose between competitiveness and sustainability—must be overcome. Decision-makers will need to learn how to target fundamental societal issues that have traditionally fallen outside their scope. More iterative approaches to implementation must be adopted as companies scale their initial successes. Leadership will become a much more hands-on proposition.

The CEOs interviewed for this report stressed that, as with any competitive strategy, seizing the full advantage of Sustainable Value Creation requires immediate action. Business is under increasing pressure to rise to stakeholder expectations, increase transparency, and identify new sources of growth. At the same time, the severity and complexity of societal problems—issues that can hamper a company's ability to thrive—are rapidly increasing.

Sustainable Value Creation presents an elegant resolution: whenever and wherever possible, fuse corporate interests with society's interests. The concept is simple, but the execution of the strategy is complex. It is that complexity that prompted CECF and Accenture to undertake this effort to synthesize advice from top leaders about how to bring the strategy to life in a way that drives better business performance.

Ultimately, Sustainable Value Creation has transformative power both at the level of the individual enterprise—where the strategy serves as a filter through which all new business opportunities and investments are evaluated—and more broadly: helping companies from all industries to engage with their communities as true partners working together for mutual advancement.

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Accenture is a global management consulting, technology services, and outsourcing company with more than 215,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.6 billion for the fiscal year ended August 31, 2010. Its home page is [www.accenture.com](http://www.accenture.com).

## About CECF

The Committee Encouraging Corporate Philanthropy (CECP) is the only international forum of business leaders exclusively focused on raising the level and quality of corporate philanthropy. Membership includes more than 180 global CEOs and chairpersons of companies that collectively account for more than 40% of reported corporate giving in the United States.

Founded in 1999 by the actor and philanthropist Paul Newman (together with John Whitehead, Peter Malkin, and other business leaders), CECF continues to inspire and challenge leaders in the private sector to find innovative ways to meet community needs and to lead the way towards better alignment of business and societal strategies.

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Accenture / CECF, 2011.

