The Pears Business Schools Partnership

A review and celebration

May 2013

The Pears Business Schools Partnership

pears foundation

University of Oxford
Skoll Centre for Social Entrepreneurship
Saïd Business School

Cranfield University
School of Management

London Business School

Foreword

Business and society are often viewed as two separate entities, governed by different rules, aims and ambitions.

When we first considered what became the Pears Business Schools Partnership, it was to encourage future business leaders to deepen their thinking and understanding about the intersection between these two sectors.

The summary case studies gathered in this booklet give a glimpse of the rich content and insight on this issue that our business school partners have gathered, shaped and incorporated into the classroom.

Our hope and belief is that these case studies will assist in equipping MBA students for a lifelong engagement with social issues.

I am grateful to our partners and everyone who contributed to this project, and hope they are as proud as I am of what has been achieved.

Trevor Pears CMG

Executive Chair
Pears Foundation

pearsfoundation.org.uk

Introduction

Starting in 2009, The Pears Business Schools Partnership has been a four year collaboration between Cranfield School of Management, London Business School, Saïd Business School and Pears Foundation to promote sustainable and responsible business in society by engaging and inspiring the next generation of leaders.

We've engaged on issues including corporate responsibility, social entrepreneurship and intrapreneurship, sustainability, core business practice, and individual philanthropy and other innovative models for change through:

- The development, publication and teaching of illustrative case studies on the positive value businesses and business leaders are contributing to society
- The staging of an annual lecture by a leading business figure who is innovatively using the power of business to make a positive difference

This review contains summaries of the 30 thought provoking case studies we've developed, all of which have been taught to business school students and are now available for use by teachers examining the role and practice of business in society.

The full case studies and supporting material will be available to download from the case clearing house, ECCH (www.ecch.com) and over the page you will find details of the lectures held to date and the one planned for May 2013.

A review of the impact and learnings from the partnership is currently under way, to help inform the development of further thought and activity in this area, so we can build on the work already begun within the partnership.

The Pears Business Schools Partnership Lectures

November 2010

Stephen Green, then outgoing chairman of HSBC Holdings plc, called for a new approach to philanthropy by the UK business sector, debating the role of business in society with a 350 strong audience of MBA students, senior business figures, philanthropists and foundations at the London Business School.

January 2012

Sir Andrew Witty, Chief Executive Officer at GlaxoSmithKline, made a powerful case for businesses to connect more strongly with society and its values and reap the business benefits of doing so. He spoke before an audience of over three hundred business leaders, academics and students at Cranfield School of Management, with the speech broadcast live to business schools in Denmark, Spain, Belgium, Brazil and France.

May 2013

Jessica Jackley, Co-founder of Kiva and ProFounder, will give a lecture entitled, 'An Entrepreneurial Journey: Thriving on the Unexpected' reflecting on her involvement with Kiva and ProFounder, both leading microfinance organisations developing platforms to provide new ways for small business entrepreneurs to access start-up capital. The lecture takes place at Saïd Business School.

Agility Logistics – Military contracting in a war zone

This case study gives two different perspectives on the same set of facts about a relationship between the US Department of Defense and their military logistics supplier gone wrong. Kuwaiti-based supplier Agility Logistics was one of the key providers of logistics coordination in the combat-ridden Middle East region, providing the majority of transport, storage, and supplies to the US Department of Defense in Kuwait and Iraq.

Celia Moore
Quang Nguyen
London Business School

Agility had grown from its roots in the late 1970s as a small, state-owned company to being one of the primary players in global supply chain management, a publicly traded company with annual gross profits in excess of US$2.1 billion on revenues of US$6.4 billion. In large part this growth and profitability was due to contracts with the US Department of Defense to furnish supplies and transport to the tens of thousands of troops who had descended upon the region after the second US conflict in Iraq.

Agility had become one of the US Defense Logistics Agency's 'Prime Vendors'—single, full-service suppliers who could bring private-sector efficiency and expertise to bear, in a move designed to save the US government money through simultaneously outsourcing, centralising and automating supply chain management. Since 2003, Agility had won numerous awards for excellence in its provision of logistics and supply services. But in November 2009 the company received a grand jury indictment, charging it with multiple counts of excessive pricing and fraud in the execution of its prime vendor contracts.

The case study looks at the difficulty of managing complicated ethical issues across national and cultural boundaries, and in stressful environments such as regions embroiled in military conflict.

Aureos Capital

This case study examines the development of Aureos Capital, which is a global private equity management company founded in 2001, and which has a history of investing in small to medium-sized businesses in emerging markets.

Tim Jenkinson
Ruediger Stucke
Saïd Business School

Aureos grew out of the Colonial Development Corporation (CDC), which was established by the UK Government in 1948, and which was the world's first development finance institution (DFI), with funding coming from the UK foreign aid and development budget. The CDC, renamed the Commonwealth Development Corporation as former colonies became independent, entered into a joint venture with another DFI – the Norwegian Investment Fund for Developing Countries – leading to the creation of Aureos.

Aureos is now a specialised player in emerging markets, with investments in South Asia, China, Latin America, and Central Asia: unlike some other well-known companies that have been trying to extend their brands into such markets, Aureos has long had a presence in them. Its emphasis is on investing in established, cash-positive businesses, with a focus on expansions, buy-outs and consolidations, rather than start-ups. With an extensive network of investment professionals in 28 offices, and currently managing over $1bn across its various funds, Aureos is now one of the largest players in its field.

The case study looks at how the company still focuses on having responsible investment practices: it has developed its own Aureos Sustainability Index, for example, to measure the wider effect of its investments. The Index is an interactive tool, which gives a rating to every Aureos investment, based on six categories of development impact.

Beyond BP

This case examines the impact and implications of the BP Deepwater Horizon incident. Unlike earlier incidents such as the Exxon Valdez which occurred in the era before the Internet, globalisation, and satellite TV channels, the BP Deepwater Horizon Gulf of Mexico oil spill played out in the full glare of CNN and Internet chat-rooms in the spring / summer of 2010.

David Grayson

Cranfield School of Management

The on-going case provokes debate and learning about corporate responsibility (CR) and the conflicting views of the differing responsibilities of global corporations, national governments, media and civil society. It can also, however, be used to illustrate learning about leadership, strategy, crisis-management, organisational behaviour and how organisations learn from extreme events.

Teaching business and human rights

Chris Marsden

Cranfield School of Management

This teaching module introduces students to the increasingly important relationship between business and human rights.

Multi-billion dollar investments by global mining companies derailed by community protests over perceived threats to traditional water rights, debates about whether international companies should invest in Burma (Myanmar), controversy surrounding how communications technology companies should act when ordered by authoritarian governments to hand over customer data – nowadays businesses across the world are confronted with a growing number of human rights issues they cannot ignore.

Business school students need to understand what responsibilities businesses have when it comes to human rights, but the relationship between business and human rights is not yet widely taught. This teaching pack is designed to give business school faculties sufficient teaching materials and resources to enable non-specialists to introduce the subject into the classroom. The module has been designed to be taught in just two seventy-minute classes, with additional material available for those who want to explore the issue further.


Power Point Slides
Sleeping Audience Members
Power Point Slides
Sleeping Audience Members

China Mobile

This case study looks at a ground-breaking public-private partnership between the world's largest mobile phone company, China Mobile, and the provincial government of Guizhou.

David Grayson
Mattia Anesa

Cranfield School of Management

Improving access to healthcare in rural areas is a high priority for the Chinese authorities, and from 2012-14 the Chinese government is expected to invest $133 billion in the country's healthcare system. Under the state-sponsored health insurance scheme, the New Rural Co-operative Health Care Initiative, patients had to pay the full cost of treatment up-front, before seeking reimbursement for a proportion of their fees. In remote areas with poor transport, this could be a time-consuming and lengthy process, and many families were discouraged from seeking treatment.

But under the new public-private partnership, begun in 2009, China Mobile has developed a single, province-wide, standardised and automated system, which enables participating healthcare providers to verify directly the entitlements that patients have, meaning that substantial, up-front payments are no longer required. The system has eradicated the need for complicated repayment systems, and, being automated, it has also increased transparency and reduced the risk of misappropriation of resources.

Focusing on Guizhou, a province with a large rural population, the case study looks at how this initiative fits into China Mobile's broader corporate social responsibility commitments, as well as looking at other mobile health (m-health) initiatives. As the case study makes clear, though, the project was not without its critics.

Embedding Cradle to Cradle at Desso

This collection of cases analyses the path taken by Desso, a leading floor-coverings business from the Netherlands, to embed sustainability into its business. The company has identified "Cradle-to-Cradle" as the driver for the implementation of a strategy based on innovation.

Mattia Anesa
Paolo Antonetti
Todd Cardarelli
David Grayson
Oksana Koryak
Stan Maklan
Harvey Maylor
Carlos Mena
Palie Smart
Soroosh Saghiri

Cranfield School of Management

This choice is transforming the whole company including both operations and value chain. A change which has been led by a new approach to sustainability: from a mind-set of doing less harm to one focused on making products with a positive impact on society and the environment. Desso has gone through the latest global economic crisis with outstanding results in terms of profitability and has increased its market share.

The company is now positioning itself at the forefront of corporate sustainability. The interlinking cases examine the way that different parts of the business have had to be aligned with the new philosophy.

Eight19

This case study looks at the company Eight19, which was established to develop leading-edge photovoltaic cells, with an eye to the market for off-grid uses of energy in developing economies, and specifically for pay-as-you-go solar power.

Tom Ryan
Jeff Skinner

London
Business School

Such technology could have a significant impact on the lives of people in sub-Saharan Africa who currently live without electricity, as well as being hugely profitable. Eight19 was founded in 2010 by a group of eminent physicists from Cambridge University, to develop and manufacture third-generation solar cells based on printed plastic technology, which could be used to fabricate inexpensive, flexible, robust and lightweight solar modules.

The company, based on the Cambridge Science Park, takes its name from the time it takes sunlight to reach the earth – eight minutes and 19 seconds. Solar power has long been seen as an appealing but uneconomic source of electricity, but many countries are now investing in large-scale solar power farms as part of their policy of becoming greener and lowering reliance on fossil fuels.

And in rapidly developing areas of Asia and Africa, where a combination of population growth and industrial development is placing huge demands on the existing electrical infrastructure, off-grid energy applications represent an interesting opportunity: in many emerging economies the population density outside major cities is low, and so building a distribution grid requires vast investment.

The case study looks at how the company went about proving its 'value proposition' – both in terms of the benefits of solar power per se, and of a pay-as-you-go business model in particular.

Formula 1 in Bahrain

This case study examines the controversy surrounding the Formula 1 Grand Prix held in Bahrain in 2012. The Bahrain government had been accused of serious human rights violations and the Formula 1 teams and their sponsors were put under pressure to withdraw from the Grand Prix, accused of complicity in the violations and effectively supporting the regime.

Chris Marsden
Mark Jenkins
David Grayson

Cranfield School of Management

The Grand Prix went ahead despite the pressure and the controversy, with both Formula 1 and many of the corporate sponsors damaged reputationally as a result. The case asks – how should companies have responded to the accusations leveled at them and how should they prepare themselves for facing similar situations in the future?

In this case, Formula 1, its teams and sponsors were caught unawares by the furore surrounding the Bahrain Grand Prix. They hadn't given much, if any, thought to human rights and their impact on them and certainly didn't consider they had any responsibility in relation to them. The case posits the opinion that the teams and their sponsors have a duty to know and understand their responsibilities regarding human rights and should do all they can to at least reduce harm and where possible to improve matters.

Fair Finance

This case study examines Fair Finance, a private bank for poor people in London. The bank was started by Faisel Rahman, a Londoner of Bangladeshi origin who at the age of 21 had supervised a £120m microfinance programme in Bangladesh for the World Bank. He realised that the principles of microfinance in the developing world could be adapted to meet the needs of the financially excluded in the UK.

Leonora Buckland

London
Business School

Eschewing the traditional logic of mainstream banks that the poor could not be trusted to repay loans, Fair Finance offers personal loans of up to £2,000 at affordable rates to help people out of the clutches of extortionate lenders, microcredit loans of up to £10,000 to entrepreneurs unable to access mainstream finance for their business ideas, and debt advice to over-indebted residents and housing association tenants facing eviction.

By March 2010 Fair Finance had lent over £2.5m to financially excluded Londoners, saving over 1,500 residents from eviction, and helping to create over 150 businesses. With an average default rate between 2005 and 2009 of just 8%, Fair Finance demonstrated that it was both lending responsibly and with judgement, and that lending to the poor could be sustainable. Fair Finance works by developing close relationships with its customers, its competitive advantage being the deep roots it builds in local communities. It has gone back to the model of early, local banking in which loan judgments were made on a customised, personal basis.

The case study looks at Fair Finance's move towards becoming a fully sustainable business that is no longer dependent on government subsidy and philanthropic support.

Steve Killelea – Global Peace Index

David Grayson

Cranfield School of Management

The case examines the work of Steve Killelea, an accomplished entrepreneur and philanthropist focused on sustainable development and peace.

Hugely skilled in international marketing, business and product strategy, he has developed two highly profitable global companies with exceptional track records. Steve has always had a strong passion for sustainable development, and in 2000 established The Charitable Foundation (TCF), which specialises in working with the poorest communities around the world.

TCF is one of the largest private overseas aid organisations in Australia. It aims to provide life changing interventions reaching as many people as possible with special emphasis on targeting the poorest of the poor. TCF is active in East and Central Africa and parts of Asia. Steve is also the Founder of the Global Peace Index (www.visionofhumanity.org), the first ever tool for measuring the peacefulness of countries and identifying the correlations of peace. The Global Peace Index is now considered the benchmark for measuring the peacefulness of nations. Steve's latest initiative, the Institute for Economics and Peace, specialises on the linkages between business, peace and economics.

The Institute is an independent not-for-profit research institute dedicated to empowering the academic community, civil society, private sector, international institutions and governments with the knowledge to proactively use peace to achieve their desired goals.

HCT Group

Katie Hill

Saïd Business School

In 2010, HCT Group, one of the UK's leading social enterprises, successfully raised over £4m for its capital growth plans, to extend its public and community bus transport services. As a charity first and foremost, HCT had limited ways of raising finance, but it was able to come up with a financial package that was ground-breaking in many ways.

First it was large, by sector standards. Second, it brought together four different investors with varying perspectives, to structure an acceptable tailored investment package at below-market rates. Third, the deal provides an illustration of a composite package involving different asset classes. Lastly, it demonstrates the advantage that a social enterprise with a long track record has when seeking to raise capital.

The purpose of the case study is to examine how corporate finance tools and investment skills can be applied to a social enterprise. How far can different investors' perspectives of an attractive deal be accommodated in one financial package, and how was this achieved in the case of HCT? What compromises were involved in bringing the deal to fruition? How could HCT Group raise the necessary finance under terms that were financially acceptable and which fitted its governance requirements, whilst maintaining its social commitment?

Finally, how, from the investor perspective, could financiers secure a package that met their varying requirements, while still being acceptable to HCT?


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Helica Gold Project

David Grayson
Ed O'Keefe
Mattia Anesa
Rajiv Maher

Cranfield School of Management

Helica Gold is a simulation game to help students explore the tools and techniques for engaging community and other stakeholders.

The game is set in the imaginary country of the Republic of Helica, which has recently emerged from civil war and held democratic elections but remains troubled by corruption, weak governance and tribal tensions. The game revolves around the discovery and proposed development of major gold reserves by a London based gold mining company, Beaumont Gold, which needs to secure the agreement of the Municipal Government of Sur State, in consultation with communities.

Students play roles within the senior management team of Beaumont Gold, the municipal government and the Keta Sur Tribe, on whose ancestral lands the gold has been discovered, as well as NGO activists concerned about protecting rights and the impact on local communities.

Through the game, students explore the challenge and opportunity from the perspectives of the different stakeholders involved, looking at responsibilities and rights in relation to multinational companies and their relationships with the public sector, civil society and local communities, as well as the social, environmental and economic impacts they are responsible for.

IAS 41 and sustainable development

This case study is concerned with the impact of financial accounting on sustainable development, an underexplored area of research. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have become internationally influential since the early 2000s.

Tomo Suzuki

Saïd Business School

This case looks at International Accounting Standard 41 and discrepancies between the Fair Value model that IAS 41 uses, and the models used in traditional Historical Cost Accounting (HCA). Many companies on the London Stock Exchange (LSE) which operate plantation businesses in South East Asian countries are required by the LSE to comply with IFRS.

But what is the impact of IAS 41 on the financial statements and operations of these companies? Comparison of their accounting treatments seem to show that this impact is considerable: important differences in the assessment of planted palm trees as 'biological assets,' for example, could have a significant effect on the apparent financial position of the companies, and therefore on the potential impression that investors might form of their performance. In the 1990s and 2000s, international organisations such as the IASB, IMF, World Bank and Asian Development Bank recommended that Asian countries implement IFRS, in order to enhance the transparency and comparability of financial statements, which it was believed would be good for the development of the region.

The case study looks at evidence that IAS 41 in fact leads to 'Enron Accounting for Agriculture', and actually undermines sustainable development in the most important industry in the region.

ICTI Care

This case study looks at the challenges facing the International Confederation of Toy Industries (ICTI) in attempting to improve working conditions in toy factories globally.

Dana Brown
Steve New
Saïd Business School

The toy industry, which is defined as comprising traditional toys and games, including electronic toys but excluding video games, had a market value of $66 billion in 2009, with annual growth rates of between 3 and 4%. Supply chain management is a key element of the toy business: the majority of firms employ third-party Original Equipment Manufacturers, which make toys to company specifications.

Like other industries, the outsourcing of production now takes place largely in China. According to a report from the Hong Kong Trade Development Council, in 2011 70% of toys for the global market were made in the Pearl River Delta Area alone. Manufacturing in Asia has been dominated by one major factor: cost. It is the startling economic advantages of outsourcing which have led to the growth of industry in the region. But at the same time, there are increasing concerns about working conditions in global factories. Campaigns and threats of consumer boycotts have led some big manufacturers – most notably Nike – to implement their own codes of conduct. But some suppliers have argued that while multinational firms have introduced such codes to raise working conditions on the one hand, their core business practices have focused on continually squeezing suppliers on price on the other: many have seen these as conflicting objectives.

This case study examines the question of who, in an environment where many different businesses are active, ultimately bears responsibility for the conditions that workers face.

innocent Drinks

This case study looks at the controversy surrounding innocent Drinks' 2009 decision to sell a £30 million minority stake to Coca Cola. Having virtually created the UK smoothies market, innocent had come from nowhere to become the fastest-growing company in the UK food and drinks industry.

Celia Moore
Luis Fischer
Mike McCarthy

London Business School

The company's founders had famously bought £500 worth of fruit, turned it into smoothies and sold them from a stall at a small music festival in London, with a sign saying 'Do you think we should give up our jobs to make these smoothies?' One bin was labeled 'YES' and another labeled 'NO', and customers were asked to vote on the question with their empty bottles.

Having received a resounding 'YES' vote, innocent soon found a way of reaching the growing body of consumers who passionately believe in ethical business. With its halo logo, this was a company that was defined, to an unusual degree, by its values. Innocent's smoothie recipes shunned preservatives, their fruit was shipped by sea rather than by air to reduce their environmental footprint, they set up a consumer hotline that was answered by every single employee, they committed themselves to Fair Trade practices with their suppliers, and they decided early on to commit 10% of their profits to charity. But with increasing competition in UK and a deepening economic crisis, there was a growing need to raise finance.

The case study looks at the accusations of selling out that were leveled at innocent following its sale of a stake to Coca Cola, and its concern not to compromise the socially responsible values on which it had built its success.

Katine

This case study looks at an unusual corporate responsibility project in one of the world's poorest villages – Katine in northern Uganda. The project was organised by the Guardian, which has social justice and development issues high on its agenda.

Tim Brooks

London Business School

Instead of its usual Christmas reader appeal, the newspaper was looking for a partner in a much more long-term commitment to a development project, which would see Guardian journalists regularly reporting on progress, warts and all. The Guardian chose a relatively little-known partner, AMREF (African Medical and Research Foundation), which is a truly African organisation, headquartered in Nairobi, and staffed largely by Africans.

Its vision was to take a 'holistic' approach to Katine's problems, based on the United Nations Millennium Development Goals, to address the underlying social determinants of poor health and poverty. It was central to the Guardian's involvement in the project that every aspect of it be reported on, via a bespoke website. The belief was that there was inadequate understanding, on the part of most individual donors in developed countries, of just how difficult it can be to effect change on the ground. The Guardian also set about finding a corporate sponsor to augment its own reader donations, and found one in Barclays Bank.

The Katine Community Partnerships Project was in many ways a success, meeting or exceeding targets in health, education and sanitation, and receiving support from the Bill and Melinda Gates Foundation. As the case study makes clear, though, the project was not without its critics.

Creating your legacy – a class exercise

This contribution describes how to lead a class exercise intended to encourage students to think about what kind of legacy they would like to leave. The exercise introduces students to the idea that we do not always do what is in our own long-term best interest, often chasing money and status to the detriment of our families, communities, and ultimately ourselves.

Celia Moore
S. Wiley Wakeman

London Business School

MBA students spend a great deal of time preparing for their careers, but less time planning for their legacies. Research has demonstrated that humans are susceptible to chasing outcomes and engaging in behaviours that directly undermine our happiness. The goal of the exercise is to expose students to current research and thinking about the ultimate roots of human happiness, and to spend some time thinking about how the choices they are currently making as MBA students have repercussions for their ultimate happiness in life.

The exercise has three parts which can be used independently, or as part of a longer session. Part One focuses on introducing the concept of a personal legacy, and enabling students to realise the complexity of translating a legacy from thought to reality. Part Two focuses on having students learn from their alumni peers, and from earlier generations. Part Three expands on concepts from Part One, while introducing ideas about how we evaluate and experience our happiness and success, while working on the idea of planning for our legacy.

The aim of the exercise is to encourage students to think critically about what sort of legacy they want to leave behind, understand how we might define our legacy and how others have done so, and examine how we evaluate success and happiness.

Fight for Peace and Luta – charity and business working together

This case examines the relationship between a charity and the business it has spawned to help raise money for expansion.

Terri Jayme
Emily Perry
Nader Tavassoli

London Business School

Fight For Peace (FFP) was established in a favela in Rio de Janeiro in 2000 by a Briton called Luke, who used boxing as an incentive for getting children off the streets and away from drugs, endemic violence and poverty. The programme was a success, expanding in Brazil and establishing a similar approach in east London as well as offering training programmes to non-profits in other parts of the world including USA, Kenya and Lebanon.

By 2010 Luke felt the programme was being constrained by the constant need to fundraise, and the limitations sometimes placed as a condition of funding. He wanted FFP to become a self-funding organisation, so developed LUTA, a sportswear brand where 50% of the profits generated would go to FFP.

Luta launched into a burgeoning £4.5 billion sportswear market in the UK. With the increasing popularity of MMA (mixed martial arts), one of the key segments of that market is fightwear. Considering its roots in boxing as a tool for social change, Luta was well positioned to break into the market. However, the challenge has been taking on the big players with a limited budget for marketing and PR. Luta is working hard to gain a foothold while trying to ensure the brand's story is clear to potential customers.

Maxwell School of Management

This case study looks at how business schools are adapting their teaching to take account of the sustainability challenges of the twenty-first century, which are likely to have a profound effect on how companies are managed and what constitutes business success.

Mick Blowfield
with research by
Michael Kong
and
Lara O'Shea

London Business School

These challenges include climate change, growing demand for energy, and increased competition for food, water, land, and non-renewable natural resources as a result of population growth and demographic shifts. Management accounting measures such as return on investment and depreciation, the non-inclusion of externalities in company valuations, and the overwhelming emphasis on financial returns rather than social or environmental impacts, are all aspects of current practice that might need rethinking.

The case study looks in particular at Maxwell School of Management, and its attempts to do more to teach its students about sustainability. Taking sustainability seriously as an area of teaching requires a significant investment in terms of new faculty, new research assistants, course development and promotion, and possibly the creation of a chair in sustainability or corporate responsibility.

Given that sustainability in management education is a relatively recent phenomenon, what other issues need to be addressed, if sustainability is to be taught as a serious academic subject? How much, for example, should sustainability issues be integrated within, and how much separated out from, the rest of a business management curriculum?

Natura – social intrapreneurship

Elisa Alt
Heiko Spitzek

Cranfield School of Management

This case study looks at the role of social intrapreneurship (the activities of people inside big corporations who drive sustainable innovation), in relation to organisational change and community relationship management in Natura, the largest cosmetics company in Brazil.

It focuses on a complex regulatory process relating to the Ekos product line, the company's most prominent and innovative brand, and it illustrates the difficulties of organising supplier relationships with a traditional community in the northeast of Brazil. Ekos is a product which builds on the rich biodiversity and culture of the area, which under Brazilian law requires Natura to share the benefits of having access to the genetic heritage and associated traditional knowledge with those communities that supply these resources.

The relationship between Natura and the community of Palmeira do Piauí had received negative media attention, however, and so the challenge was to improve the company's relationship with the community, and to restructure the company's community relationships more generally.

The study looks at the options that might have been open to an employee of Natura in arguing for a change in the way that the company operates, drawing on good practice in intrapreneurial activities, which aim to find areas of mutual benefit where corporations and communities can work together. It looks at the obstacles that the corporate environment can put in the way of social innovation, and ways of 'selling' the advantages of businesses working in partnership with traditional communities, both to the members of such communities and within the businesses themselves.

New Leaf Paper

This case study looks at New Leaf Paper's attempts to change behaviours in one of the most polluting industries. Since being founded in 1998, New Leaf Paper has come to be recognised as a leader in the development and distribution of environmentally superior printing and office papers.

Marc Ventresca

Meng Zhao

Saïd Business School

Most of the New Leaf papers have very high recycled content and are Forest Stewardship Council (FSC) certified and Ancient Forest Friendly. In addition, all are manufactured with electricity that is offset by Green-e certified renewable energy. Working from six locations in the US, New Leaf Paper is now one of the largest environmental paper companies, but its stated goal is not to dominate the paper industry but to change it in fundamental ways, by raising consumer expectations and improving mill design and technologies for producing paper.

New Leaf Paper provides customers, on request, with an environmental benefits statement, a customised New Leaf Paper EcoAudit, which they can use to demonstrate their commitment to sustainability through their paper choices. The contemporary pulp and paper industry is a global one, however, where very large firms dominate. Though New Leaf is now a $25 million company, 90 percent of printing and writing paper in the United States still has no recycled content whatsoever, and the global paper industry is responsible for some 450 million trees being cut down every year. New Leaf sells only 0.07 percent of the paper produced by the industry.

The case study looks at New Leaf's attempts to have its environmentally friendly innovations picked up by the bigger players.

Pampers and UNICEF Part 1: Developing the campaign

This case study looks at an experimental collaboration between Procter & Gamble, the manufacturer of fast-moving consumer goods (including the Pampers brand of nappies), and the United Nations' Children's Fund, UNICEF.

Linda Scott

Mary Johnstone-Louis

Catherine Dolan

Saïd Business School

The collaboration centres around a marketing effort designed to help eliminate maternal and neonatal tetanus (MNT), while at the same time establishing Pampers and UNICEF as standard-bearers for children's health and well-being around the world.

In the poorest and most remote areas of the globe, people remain at serious risk from tetanus, with women being exposed to the disease particularly during childbirth. Tetanus is fatal for about 70% of infants who contract it, and available public estimates indicate that approximately 30,000 mothers annually die from it. At the time that the Pampers/UNICEF partnership began in 2008, someone was dying from MNT every four minutes. This was preventable with a vaccine given during pregnancy, but there remained 47 nations in the world (often in conflict areas) where MNT had not been officially eliminated.

The collaboration grew out of a Pampers marketing campaign: aiming to build a relationship of trust with mothers and soon-to-be mothers, Pampers had come up with the idea of donating a vaccine for every pack of Pampers that was bought. The vaccine could not cost more than ten US cents, so the Pampers team asked UNICEF to present them with a list of vaccines that could be purchased for that amount.

The case study looks at how this has led to Pampers and UNICEF entering into a longer-term commitment, to work together to eliminate MNT globally.

Pampers and UNICEF Part 2: Delivering the vaccine

This case study continues from an earlier one on the involvement of Proctor and Gamble's Pampers nappy brand in UNICEF's maternal and neonatal tetanus (MNT) elimination programme.

Linda Scott

Mary Johnstone-Louis

Catherine Dolan

Caitlin Ryus

Saïd Business School

Pampers' one-vaccine-for-every-packet-sold campaign was a huge success, and had brought the problem of MNT to media attention. In some ways, though, the very success of the campaign had created a problem.

Proctor and Gamble believed that the simple and concrete 'one pack = one vaccine' promise was key to the campaign's success. But UNICEF, from the start, had worried that the vaccine in fact represented only a small fraction of the cost of protecting a woman and her babies against tetanus. Now, the enthusiasm for that simple promise had created an unexpected bottleneck for which the solution was not clear. Procter and Gamble had interpreted their consumer promise as meaning that all the Pampers-UNICEF money had to go to pay for serum under the terms of the campaign. None of the funds could be used to buy syringes, or to send vehicles with health personnel into the remote areas where the women lived who needed vaccinating. So, though Pampers money was now earmarked for 250 million doses of tetanus vaccine, the actual vaccination programme was at a potential impasse. Unless they could find flexibility – or another donor – to provide the $180m needed to deliver the vaccines, the campaign would all have been for nothing.

The case study looks at the way that UNICEF dealt with these problems, and the implications for other CSR campaigns.

Bangladesh's Rural Sales Program (RSP)

This case examines the challenges and opportunities of introducing business models into international development issues through the involvement of CARE and Danone Communities in Bangladesh's Rural Sales Program (RSP).

RSP is a network of more than 1,000 of Bangladesh's most marginalised women, each trained by CARE to engage in sales of consumer goods door-to-door across rural Bangladesh. For most of these women, the RSP represented not just their first opportunity to earn an income, but also the first opportunity for any woman in their family history to do so. Danone Communities become involved when it offered to provide funding for scaling up the programme into a social enterprise.

The case examines some of the issues surrounding partnerships between NGOs and corporates, as well as using a market-based model for tackling development issues. It challenges students on whether RSP is a social innovation or a supply chain innovation with a good marketing story, on the challenge of aligning the interest of various stakeholders, the risks and benefits of partnerships of this kind, their sustainability, durability and impact.

Linda Scott

Mary Johnstone-Louis

Catherine Dolan

Saïd Business School

Social Impact Bonds

Alex Nicholls
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This case study examines the emergence, development and global variations of a new funding mechanism for welfare services, the Social Impact Bond (SIB).

The SIB model represents an innovative method of providing welfare and other social services: it is a funding mechanism that aims to bring about a social outcome through the collaboration of governments, service providers and investors. Put simply, a SIB contract is an agreement by government to pay for a specific social outcome once it has been achieved. Service providers aim to achieve this social outcome by delivering an intervention, while investors provide working capital for the service providers. Government payments and investor returns both increase as improvements are made.

The case study looks at the incentives for being involved in an SIB from the perspective of each of the key stakeholders: government commissioners, third sector service providers, private sector investors, intermediaries and beneficiaries. It explores in detail the first pilot SIB at HMP Peterborough in the UK, alongside examples from Canada, Australia and the US. It sets out the key innovations and contributions of the SIB form, while also considering obstacles in terms of the future expansion and development of this novel contractual model. Specifically, the case study aims to show how governments are increasingly reforming welfare practices and service delivery contracts, how social impact metrics can support new funding opportunities and improve organisational performance in terms of social outcomes, and how long-term contracts and flexible funding can enhance welfare services delivery.


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Sustainable Latin America

This case study looks at entrepreneur Stephan Schmidheiny's attempts to instil a culture of corporate social responsibility in his Latin American businesses.

Heiko Spitzeck

Cranfield School of Management

Schmidheiny's GrupoNueva is an investments and operations holding company specialising in forestry, wood processing and water management systems. Schmidheiny is also the founder of Fundación AVINA, which has the aim of fostering sustainable development in Latin America.

As the sole shareholder of GrupoNueva, Schmidheiny has been able to ensure that all the companies he invests in are managed according to a strict consideration of their triple bottom line, placing importance on social and environmental performance as well as on the traditional financial results.

By making an early commitment to corporate social responsibility, GrupeNueva was able to gain access to premium markets that its rivals were excluded from – exporting from the developing world to wealthier regions, they were able to battle the preconception that South American businesses were likely to be dirty, to be sweatshops, or to employ children. In the forestry sector in particular, the deforestation in the Amazon had been a very visible sign of unsustainable resource consumption, associated with high levels of inequity, and corruption.

Against this backdrop, the case study looks at Schmidheiny's campaign of strategic philanthropy, and its lessons for the region. It looks in particular at Schmidheiny's attempts to ensure that his commitment to ethical investment in GrupoNueva could continue after him, when he was no longer personally present to shape the corporate culture.

Tata and sustainable value creation

This case looks at an exercise asking students to imagine that they have been tasked with making a ten-minute presentation to their Board about what the Indian multinational conglomerate Tata is doing about sustainability.

Laurence Cranmer

Steve New

Saïd Business School

Students are asked to structure their presentations around three questions: firstly, what is it that Tata are doing in this area – they are extraordinarily successful in a number of fields, but how are they distinctive? Secondly, does all Tata's talk about sustainability and values really mean anything, or is it just corporate PR? And thirdly, how does Tata's approach compare with how some major western companies do these things?

The exercise encourages students to get to grips with the whole problem of defining sustainability: they are given a series of website links and references to articles that they can use, and some initial questions that can structure their presentations. These include: is sustainability just a PR-driven add-on to normal business, or a fundamentally new way to think about capitalism? Is there something distinctive about the way that Tata is organised and the way that it approaches these issues? How does it compare, say, to the way that GE goes about it, or the way that Unilever does? And what about the firm's obligations to shareholders, and to other stakeholders? Ultimately, what is the purpose of a business?

Having made their presentation, students are then asked to follow-up on their research, and begin to think about how sustainability could be implemented in a similar company, picking up on some of Tata's ideas.

UBA Group

This case examines the United Bank for Africa (UBA), one of the largest and oldest banks in Africa, with more than seven million customers in 14 African countries.

Kenneth Amaeshi

Cranfield School of Management

It was the first indigenous bank to establish a Corporate Foundation in Nigeria – the UBA Foundation – focused on corporate philanthropy. UBA Group committed itself to investing 10% of its annual pre-tax profits in social investments through the Foundation. But although the Foundation is seen as the Corporate Social Responsibility arm of UBA, it is not an independent foundation, separate from the banking business, but rather a function of UBA's marketing department. Its approach to corporate philanthropy was in the main perceived as 'strategic CSR,' because it appeared to add to the corporate bottom-line, and the Foundation was aware that, if not checked, this perception could ultimately damage the reputation of the Bank.

The case study explores the UBA Foundation's attempts to reposition itself as a centre of excellence and international best practice, and to move from its silo corporate philanthropic activities, to embedding a more holistic responsible business culture within UBA Group: the UBA Academy, which is the training and development function within the Group, is leading an attempt to transform the organisational culture within the Bank. This is all against a backdrop of expectations in Nigeria that it should be multinational corporations based in developed countries that should take the lead in corporate philanthropy. Thus, the philanthropic aspirations of the Bank could be seen as unusual, in an environment where most home-grown businesses are generally driven only by the need to serve private interests.

Kweku Adoboli at UBS

Celia Moore

London Business School

This case study describes the actions of a rogue trader, Kweku Adoboli, who was responsible for the largest trading loss in British banking history.

Adoboli admitted to setting up trades with fictitious counter-parties in an effort to hide, and correct for, overwhelming losses that he had incurred. Investigations later showed that Adoboli had in the past violated various internal policies in order to hide his losses. By the time UBS uncovered the full extent of his unauthorised trades and were able to unwind them, the total cost to the bank totaled roughly £1.5 billion (USD $2.3 billion).

Following the revelation of what had been happening, UBS shares dropped by 8%. UBS was fined £29.7 million for the failure in its controls and systems which had led to Adoboli's unauthorised trading. And in October 2012, while Adoboli was on trial, UBS announced a reorganisation in which it would cut 10,000 jobs over three years and reduce the size of its investment bank. As a result of not monitoring Adoboli's trading, in other words, UBS was forced to cope with a significant loss, fines, layoffs and reputational damage. And at the conclusion of his trial, Adoboli was sentenced to seven years in jail for fraud.

The case study looks at the way that Adoboli's actions were supported by an uncertain organisational structure, weak internal controls, and a dysfunctional corporate culture that valued risk and profit over reliability and integrity.

Vodafone Egypt: Shutting down the network – revolutions and corporate responsibility

David Grayson
Chris Marsden

Cranfield School of Management

The case deals with events in Egypt in early 2011 when mobile phone and internet providers were first ordered by the Egyptian authorities to shut down their services; then ordered to restore services and send text messages to subscribers urging them not to join anti-government protests.

The case explores the options facing Vodafone Egypt's CEO, Hatem Dowidar, and asks what subsequently the global, parent company might do to learn from the crisis their subsidiary in Egypt faced. This recent example raises questions regarding the relationship between governments and large corporations, asking what implications this example has, for the role that corporations should take and what their corporate responsibilities should be in such extreme situations.

It concludes with discussion about the growing use of collaborative action both between companies, and amongst companies and other sectors including civil society and or governments.

The Pears Business Schools Partnership

The Pears Business Schools Partnership is a collaboration between Cranfield School of Management, London Business School, Saïd Business School and Pears Foundation to promote sustainable and responsible business in society by engaging and inspiring the next generation of leaders.

Our aim is to inspire future leaders to make a positive difference through corporate responsibility, social entrepreneurship and intrapreneurship, sustainability, core business practice, and individual philanthropy and innovative models for change.

We are doing that through:

- The development, publication and teaching of illustrative case studies on the positive value businesses and business leaders are contributing to society
- The staging of an annual lecture by a leading business figure who is innovatively using the power of business to make a positive difference

The Partnership would like to thank Theresa Lloyd for all her help in co-ordinating the work we have undertaken. www.theresalloyd.co.uk

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