



Corporate Responsibility Association (CRA)

Three Driving Trends in Strategic Value Creation

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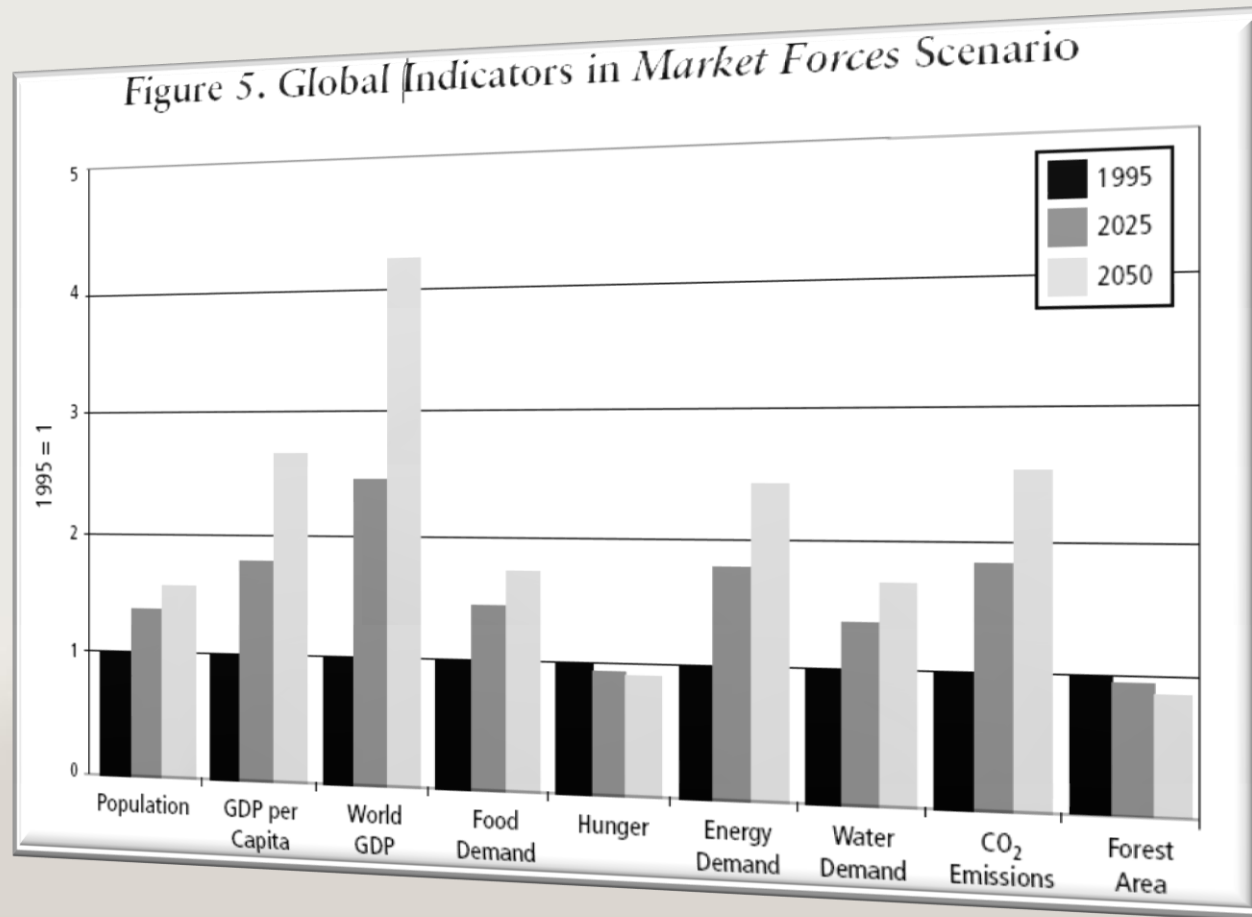
Brian Cunningham, MBA – *Senior Strategist*
STRATEGIC IMPACT PARTNERS

MOST Value Creation: Shaped by Our Context

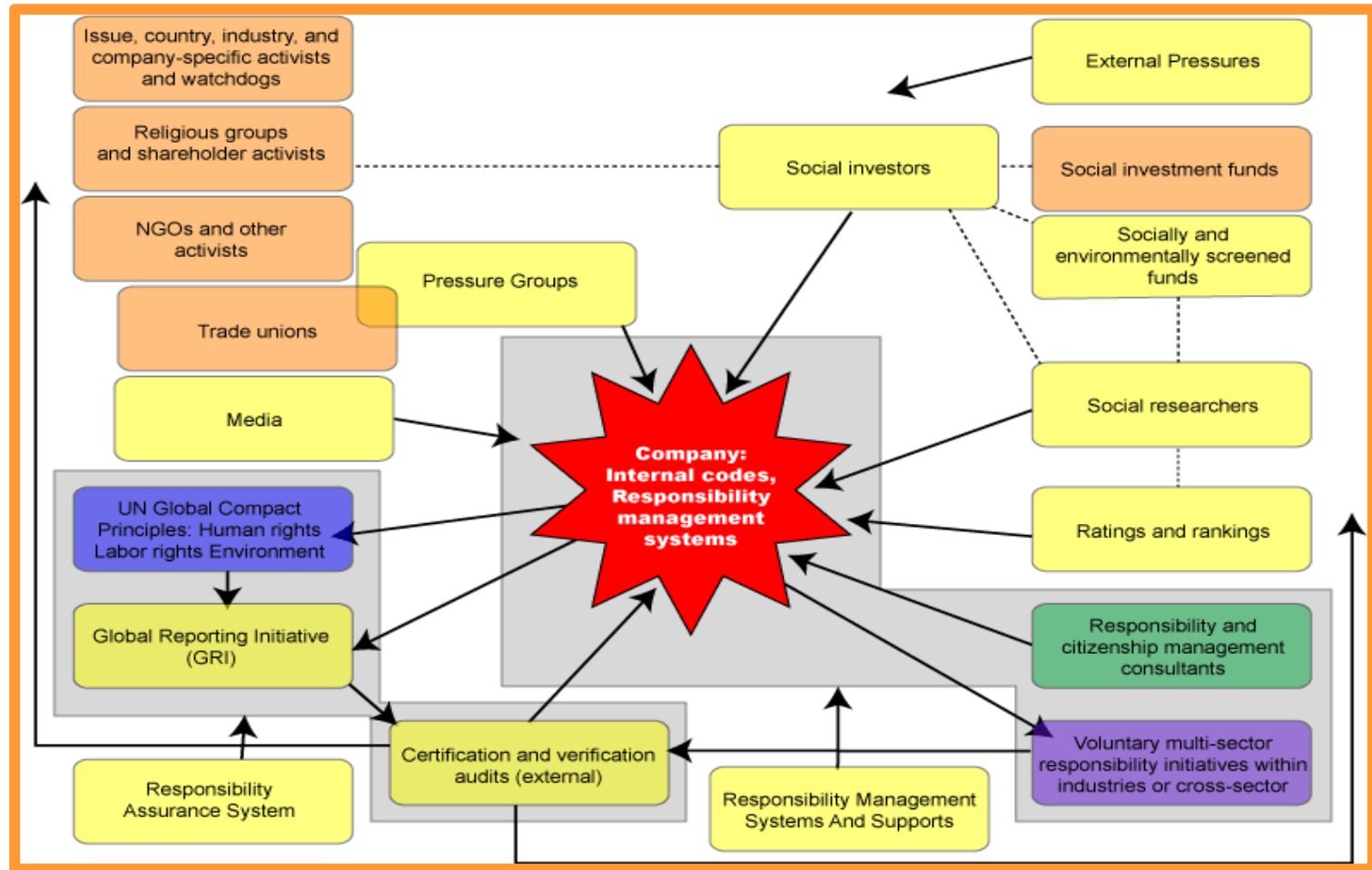
"Great Transition: The Promise and Lure of the Times Ahead"

Report of the Global Scenario Group; Stockholm Environment Institute

Tellus Institute - Boston, MA



The Wide Landscape of Value Perception



(Original conceptual illustration by Sandra Waddock, Professor of Management
Wallace E. Carroll School of Management, Boston College)

M!ST Strategic Value Creation

Transformation of your top line

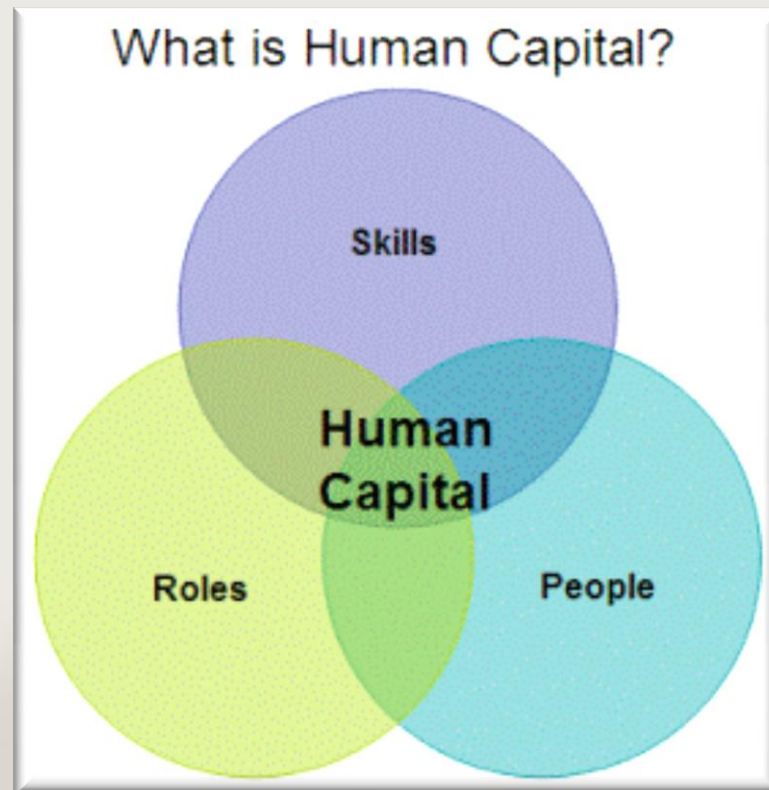
- ✓ Compression of the sales cycle
- ✓ Improved sales closing ratios
- ✓ Lower cost of new customer-client acquisition
- ✓ Seamless progression of customer-client relationships on a continuum
- ✓ More sustainable customer-client relationships

Strengthening of your core

- ✓ Increased process productivity and efficiency
- ✓ Empowered and mobilized employees
- ✓ More dynamic stakeholder engagement
- ✓ Differentiated, impactful brand leadership
- ✓ More resilient reputational equity
- ✓ Solidified perception of market value
- ✓ Enhanced corporate valuation

Human Capital and the New Social Contract: *The Organization Redesigned*





Does Human Capital Development Extend Beyond Borders?



What
Matters

MOST Remember Rana Plaza?



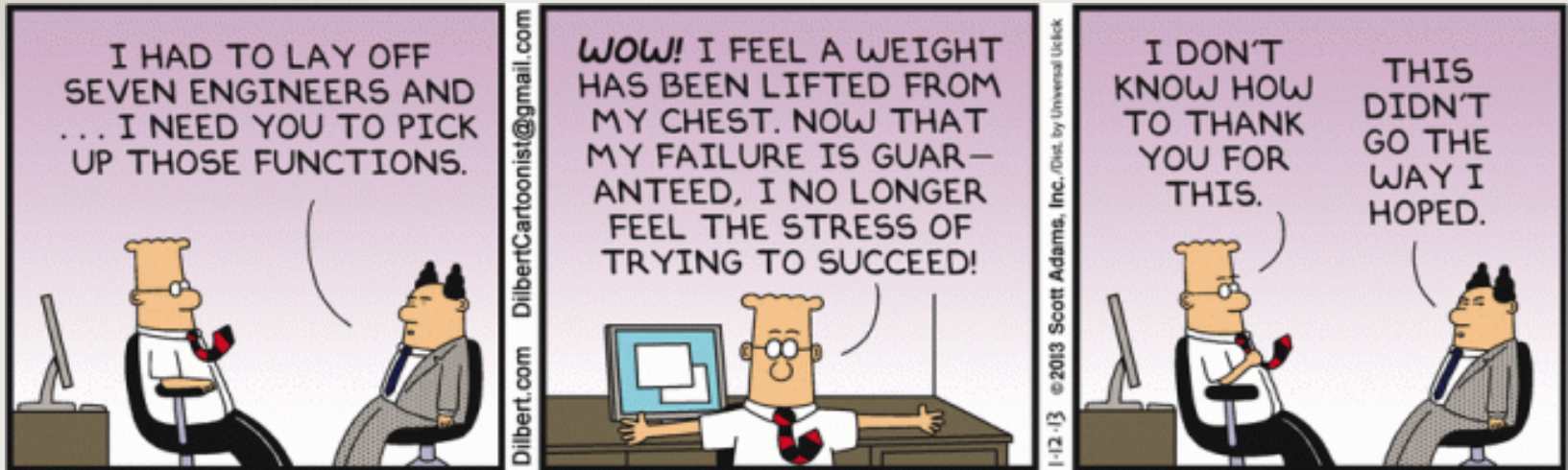
What
Matters

MOST Human Capital as Human Rights



What
Matters

MOST Human Capital and Finding Purpose



What
Matters

M!ST

Human Capital and the New Social Contract



What
Matters

M!OST A New Focus on Potential?



The New Social Contract: Different by Design



What
Matters

M!OST Human Capital and the New Social Contract



What
Matters



Focusing on People and Potential

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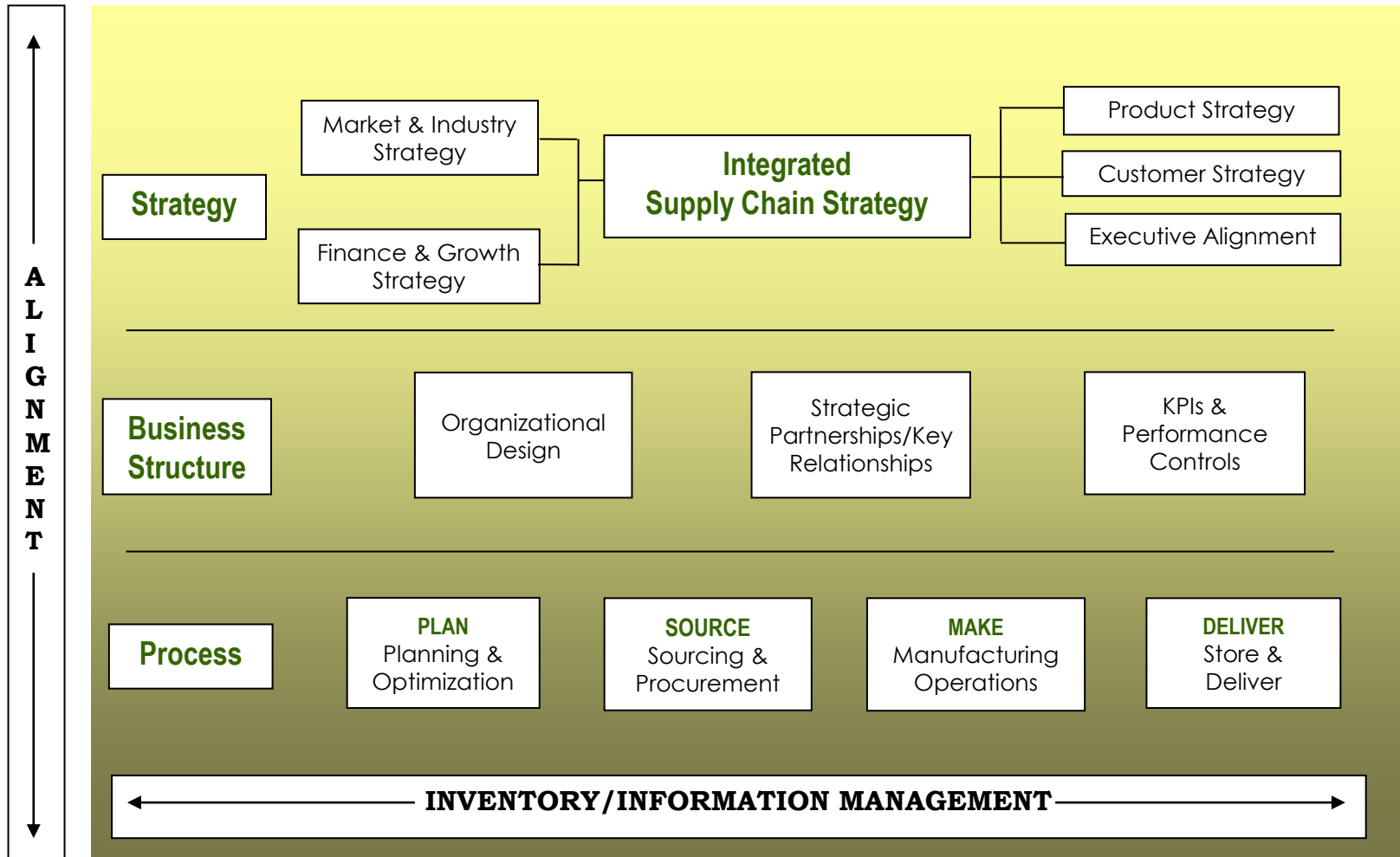
What
Matters
MOST



SABAF®



Influence of Supply Chain Process on Value Creation



Global Supply Chain Elements

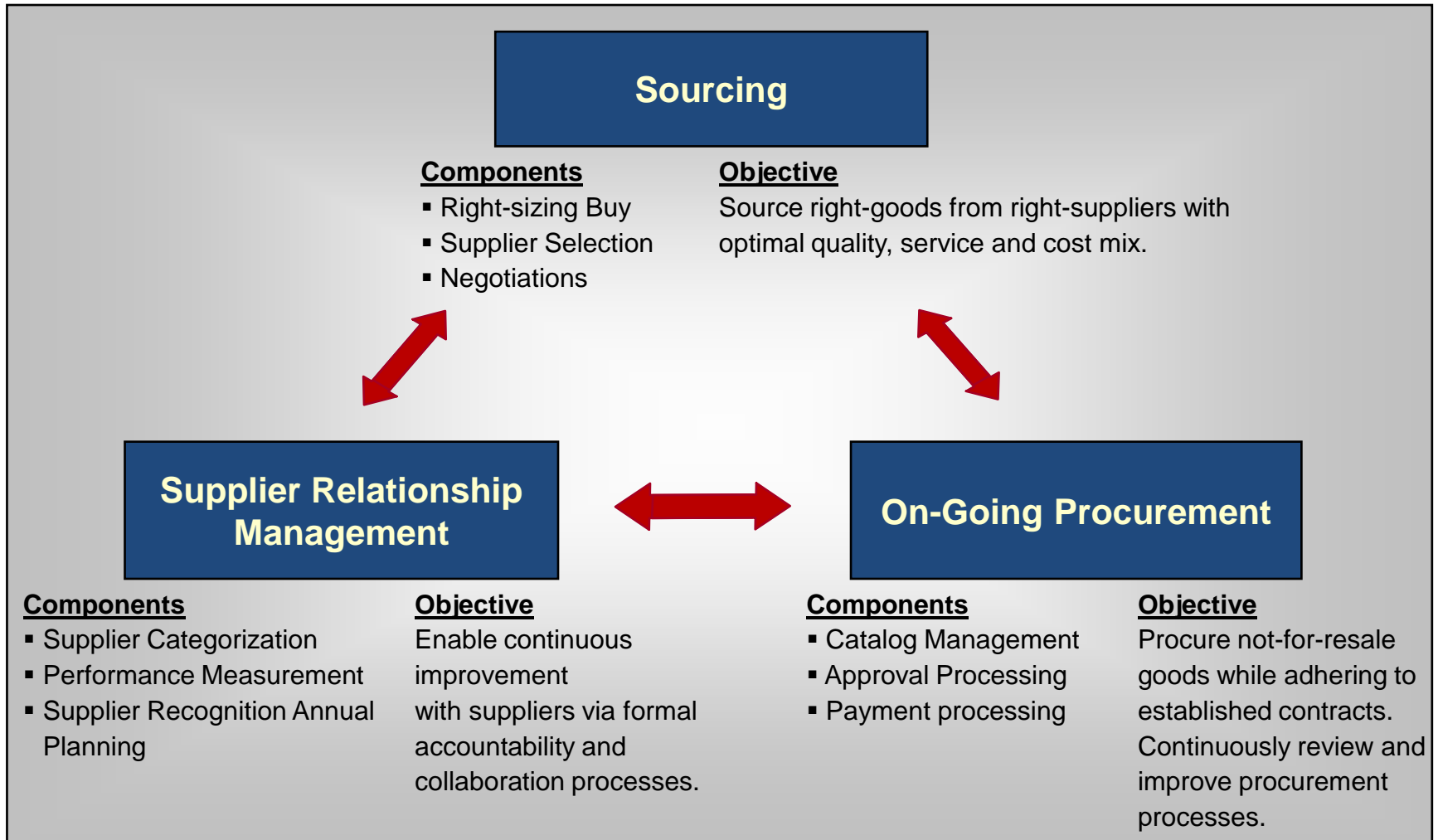
Strategy

Sourcing
Inbound Logistics
Manufacturing
Outbound Logistics
Technology

Procurement

Cost-Time-Quality





Supplier Risk Management

Financial Issues

Solvency/Stability

Legal

Anti-Bribery
and Regulatory

Governance

Standards
and Compliance

CSR

Sustainability
Ethics
Code of Conduct

✓ **Financial/Legal - Alternatives Exist:**

Performance Improvement Plans

Negotiations and Settlements

✓ **Governance/CSR - Loss of:**

Reputation - Organization and Supplier

Business and Revenue

Federal Contracts

Business Continuity

Supplier and Organization Integration: The World of Operations Acronyms

- ▶ **Supplier Relationship Management (SRM)**
Comprehensive /collaborative approach to managing interaction with third party suppliers.
- ▶ **Supplier Performance Management (SPM)**
Setting the expectations for deliverables from suppliers.
Confirmation and agreement regarding performance criteria.
- ▶ **Service Level Agreements (SLA)**
Delivery according to established budget, schedule and quality parameters.
Base line for contract content.

Supplier and Organization Integration: The World of Operations Acronyms

► **Key Performance Indicators (KPI)**

Specific measurements consistent with the organization's strategic goals and objectives.

Base line for objective business review sessions (OBR).

► **Total Cost of Ownership (TCO)**

Methodology focused on the outlying factors of cost beyond price.

Base line for negotiation process.

► **Key Risk Indicators (KRI)**

Establishment of mutually agreed upon risk categories and measurements.

Objectively managing and mitigating financial, legal and governance risk.

1

Continuing Development and Maturity of the CRO Role

Innovative Responsibility-Oriented Solutions

2

Collaboration Between Suppliers and Organizations

3

Industry-Specific Change and Accompanying Consciousness

Pharmaceutical; Food and Beverage; Auto; Oil and Gas

4

Significant Impact on Operations Strategy and Management

5

Changes to Contract Language and Performance Measurement

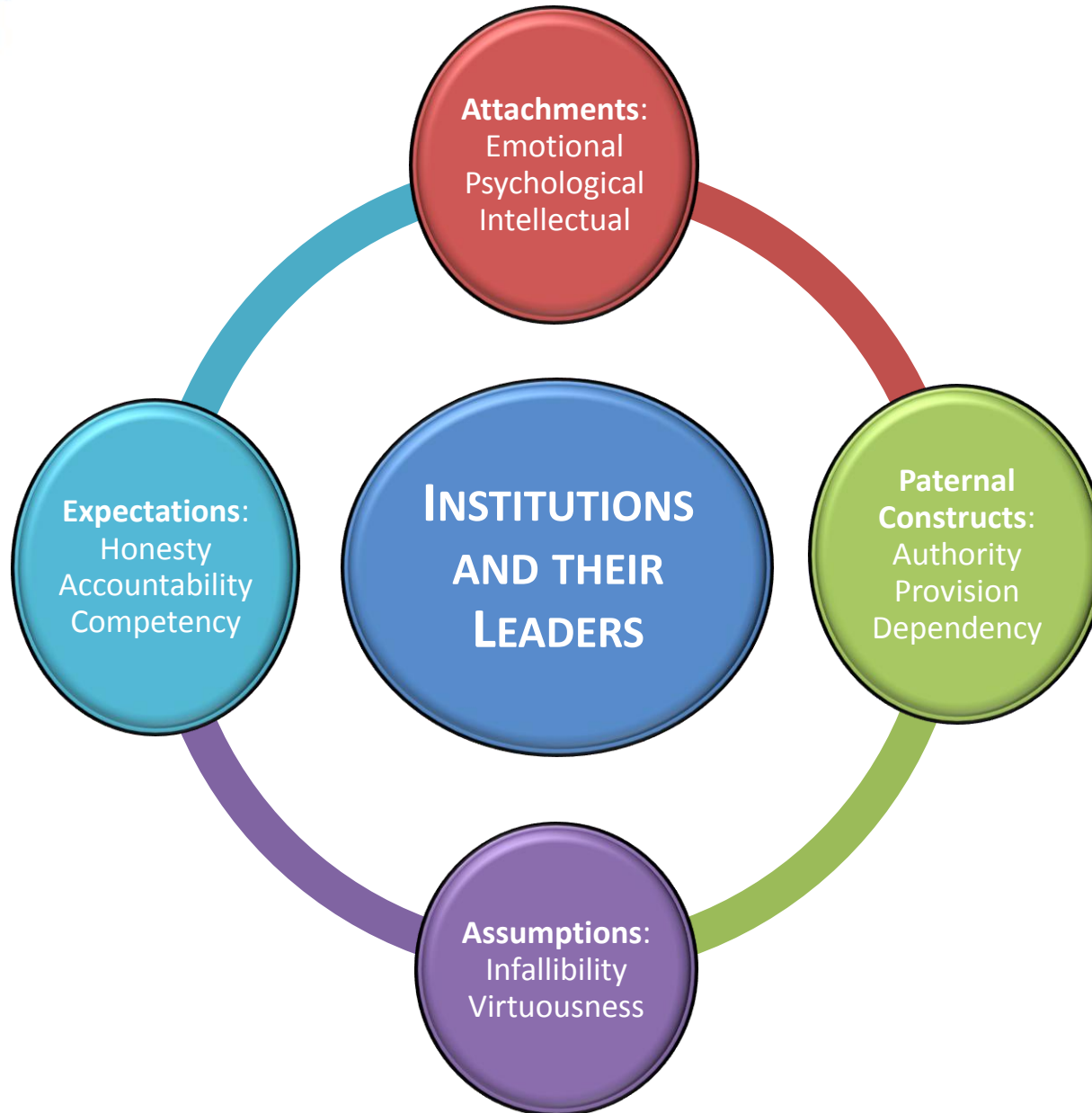
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**New Joint Programs between the Corporate Responsibility
Function and Government Entities**

7

Strategic Value Creation

Historic Levers of Value Creation: *Shifts and Re-Orientation*



MOST 'Responsible' Mechanisms of Value Creation

Human Capital

- Diversity derived from ethnic and cultural origins, life experience, world view or perspective
- Suitable working conditions
- Non-exploitation of workers: discrimination and harassment
- Fair and open review, impartial restitution process

Leadership & Governance

- Values modeled: trust, accountability, transparency
- Ethics policy, whistleblower provision
- Democratic business model - "knowledge organization"
- Community reinvestment/economic development initiatives

Resource Stewardship

- Recycling, resource conservation/utilization, consumption reduction
- Reducing carbon emissions: telecommuting, process re-engineering
- Partnering with environmentally-compliant suppliers

Stakeholder Engagement

- Proactive issues analysis, assimilation and management
- 'Voice of the Stakeholder' dialogues
- Influence via modeling of Conscious Leadership

Competitive Sustainability

- Becoming authentically responsible: product quality, reliability, value
- Continuous quality management (TQM, Six Sigma)
- Perpetual training and continuing education

Culture

- Work-life balance; flex time
- Commitment to charitable giving
- Incentive-based employee volunteering program
- Entrepreneurial environment of distributed leadership; promote innovation

MOST Value Creation via Operations Orientation

Strategic Imperatives

- ✓ Accelerate organic growth
- ✓ Grow through M&A, where appropriate
- ✓ Imbed an international orientation; master global landscape
- ✓ Adopt bottom-line sustainability measures
- ✓ Reduce debt/leverage

Internal Challenges

- ✓ Optimize procurement and supplier relationships
- ✓ Strengthen resiliency; accelerate response/turnaround cycles
- ✓ Adapt to market and demand volatility
- ✓ Standardize processes across units and regions
- ✓ Improve talent and systems functionality
- ✓ Sustain performance improvements

Shareholder Deliverables

- ✓ Increase EBITDA
- ✓ Release cash flow for dividends and M&A
- ✓ Enhance valuation multiple
- ✓ Reduce holding period

Natural Acts: Responsibility-Oriented Operations

Vision and Pace

- Vision for customer-centric capability and function
- Pace of transformation - 2 years or less
- Executive commitment and leadership to *pull* and *model* the change

Seat at the Table Leadership

- Customer Insights (CI) reports to Chief Relationship Officer
- Leadership pushes functional and customer-centric transformation
- Integration with leadership and corporate priorities; full Board access

Functional Talent Blueprint

- Knowledge Management Unit enables strategic human capital sourcing
- Adaptable functional skills and mindset of accommodation
- Leveraging of big data, radical transparency and advanced analytics

Working with the Line

- Customer insights integrated into business decisions, core lines and CR
- Cross-functional alignment and transparency; interdependent roles
- Revisited outsourcing model; repatriation of strategic activities

Self-Determination

- "Perform to play" mindset; proactive accountability and transparency
- Performance and compensation metrics aligned with business outcomes
- Budget/financial flexibility for value creation versus cost compression

Impact and Truth Culture

- Functional culture to enable norms of teaming, transparency and trust
- New expectations for advancement and career development path
- Value creation orientation, accountable stakeholder engagement

What
Matters

M!ST Drivers to State of Conscious Leadership

**Change
Agency**

**Strategic
Influence
(Shepherd)**

**Emotional
Acuity**

**Visionary
Thinking
Peripheral
Vision**

**Systems
Perspective**

**Seamless
Integration
of the
Personal
and
Professional**

Blockages to Conscious Leadership

LEADER

Hierarchy

Fear

Decision Bias

Habit

ORGANIZATION

Centralization

Inflexible Business Practices

Rigid Structures

Skills Deficit

CULTURE

Short-Term Thinking ("Next Quarter" Mentality)

Insufficient Experimentation

Lack of Diversity

No Clear Purpose

Chime in!
Questions and Comments



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Thanks to all of you for joining us!

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