



IMD-SAI Platform Sustainability Master Class
Embedding Sustainable Sourcing Strategies in Companies
IMD, Lausanne, Switzerland, May 21-22, 2012

Minutes

EXECUTIVE SUMMARY

On May 21-22, 2012 SAI Platform and IMD provided their unique Sustainability Master Class for the fifth time. Participants included procurement managers and others, whose businesses operate across commodity value chains.

The first day helped them to a) understand the business context that lends strategic relevance to sustainable sourcing (SS) as an issue, b) build a business case for SS and exchange expertise with others while doing so, and 3) learn from best practice (BP) examples. A case study on Unilever's move to 100% sustainable tea in its Lipton supply chain was greatly valued by participants, as was a high level "knowledge brokering" session with inputs from Dr Jason Clay and Jeff Malcolm, Market Transformation, WWF. The second day was also highly rated, with an insightful game simulation on empowering managers to instigate change in their company.

The sharing of knowledge was one of the main take away from the Master Class. Sustainability is a journey and it is still a rather new and different way of doing business. Sharing knowledge about failures and success is essential to build competence and confidence of what is possible to achieve.

Furthermore, participants learned that informing and involving colleagues in combination with networking creates the foundation for buy in. Being systematic about building business cases as well as analysing one's organisation creates the route to success.

Participants at the end of the workshop were asked to rate each module using numbers from 5 = Excellent to 1 = Very Poor. The global value of the program was rated 4.2. Comments included: "Overall, these have been two very useful days - good inputs and helpful ideas/tools for future projects". "I will now find it easier to motivate, network and create business cases in a very cost driven environment". "A very well organized event with very hands on content. Thank you!"

DAY ONE

Welcome & Introduction

Dr. Aileen Ionescu-Somers, Director, IMD Corporate Sustainability Management (CSM) Platform, welcomed everyone. She introduced her organization as well as the training objectives and proceedings. Emeline Fellus, Deputy Manager, SAI Platform, explained how this training arose from requests from member companies facing hurdles to implement sustainability. The Master Class is about the "why", the "what" and the "how" to embed sustainability in your company as well as throughout the value chain. It is not a traditional training with a "teacher" instructing everyone, but rather an interactive workshop aimed at benefiting from collective knowledge.



So....what are you expecting?

The class started with a roundtable of participants' expectations from the course, which turned around 4 learning axes:

- 1) Sharing and learning from each other;
- 2) Learning about existing tools;
- 3) Building the business case for sustainability;
- and 4) Promoting SS throughout companies.

In particular, identifying means and tools to go beyond the usual "dollar per kilo" concept was a main expectation from the participants.



Setting the business context

A "knowledge brokering session" started with a presentation from Jason Clay, WWF on "How big brands can save biodiversity" - see http://www.ted.com/talks/lang/eng/jason_clay_how_big_brands_can_save_biodiversity.html followed by a Q&A with Jeff Malcolm, Market Transformation, WWF. A key discussion point turned around the scope and limitations of roundtables for the sustainable production of key crops – such as sugar cane, palm oil etc. Everyone agreed that roundtables were useful but a heavy process that cannot be used for every single crop grown on earth.

Why should you be concerned and active in addressing SS challenges?

It is evident that we are talking Business. The journey has taken us from the beginning of the road where small scale projects with small and short term product ranges were used as protection, to further down the road where we actually try to do the right thing in a more comprehensive way.

However, it is not only about being sustainable and green. The equation also contains securing long term availability of raw materials, product quality, supply chain efficiencies, profit and brand value. To be able to embed comprehensive strategies in an organisation it might not only be necessary to shed the sandals and don the suit. It is imperative to both speak the right language and present a practical and profitable business case.

Roundtable to share challenges

Participants broke out into small groups to share the challenges faced when trying to implement SA in their companies and throughout their supply chains. The following concrete cases were used:

- 1) Sustainable dairy production in Europe;
- 2) Substituting palm oil with a wild African plant ;
- 3) Growing corn sustainably.



It was interesting to see, as per the findings of a research recently conducted by IMD, that one of the biggest barriers encountered in all these cases is changing mindsets.

Building the business case for SA

The Journey is continuously moving us further and further away from "buying cheap, selling expensive". But it should not be forgotten that this is still the core of business. A sustainability scheme brings an increased complexity. The number of factors to be taken into consideration is normally much higher.



To build the business case will require a holistic 3D thinking. The macro and micro needs to be taken into account as well as the short and long term. Many of the factors taken into account can be uncertain or intangible. This requires knowledge and competence.



To pick ones battles is a key learning. It is imperative to focus on fewer but important issues and be clear on the business proposition in the scheme.

Embedding SS in sourcing and marketing strategies

Ralf Seifert, Professor of Operations, IMD, facilitated a discussion about the many challenges and opportunities linked to exposed in the case study entitled “Unilever sustainable tea: Leapfrogging to mainstream”: see [UnileverCaseStudySustainableTea](#).

Resources offered by SAI Platform to hardwire the business case

Emeline Fellus presented some of the resources offered by SAI Platform in order to hardwire the business case: recommended principles and practices, benchmarking of schemes and initiatives; indicators to measure progress at farm level; detailed case studies from more than 30 companies... see <http://www.saipatform.org>

DAY TWO

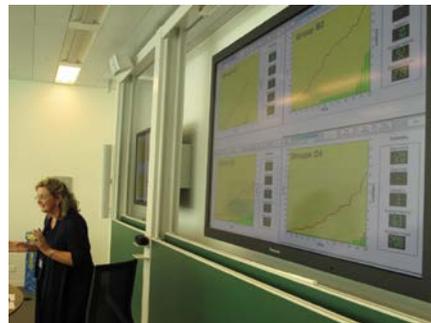
Making change happen: Overcoming organizational hurdles

This session started with a presentation from Aileen on the main hurdles faced by managers when trying to implement SS initiatives in their companies. Participants confirmed that sustainability implementation generally is hindered by two main streams of hurdles: influencing/convincing key stakeholders, and changing mindsets in companies.

Leading change in the organisation

Participants then played the “Change pro” game simulation to roll out a SS initiative in a company with a limited time and budget, having to build the right networks with the right series of tools. See <http://www.learningways.com/changepro.html>

Key findings were summarized by Aileen Ionescu-Somers. A general conclusion generated by this exercise is that what you do matters a lot, but HOW you do it matters (just) as much. And for that it is key to properly use social networks. These networks is often much more powerful tools than a position or title. Word of mouth is the most effective opinion creator, especially from someone we know and like.



Take home

At the end of the day, each participant was asked to think of a specific sustainability challenge he/she faced in his/her company, and to identify ways to overcome by using the right internal network channels. This provided participants with solid take-home value, and with a project in mind that could be started the very next day in their company.