

# Polaris Resource Kit

Volume 1 – Tools and Inspiration from Across Our Network  
for Building a Sustainable Family Business



OCTOBER 2015

# Acknowledgements and Authors

FBN International is grateful to the Polaris Committee for their leadership in developing *Polaris Resource Kit Volume 1*.

## Acknowledgements

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## About the Case Studies

The guide includes family business cases that focus on aspects of sustainability. These narratives are not intended as detailed case studies and are not designed to correspond to particular stages in the roadmap. Rather they are included to highlight different sustainability initiatives undertaken by family businesses across the network enabling FBN members to participate in a shared learning environment.

## About the Polaris Committee

Comprising FBN members, executives, sustainability and family business professionals, the Polaris Committee spans cultures, geographies, industry sectors and generations.

<b>Andrew Wates</b>	Wates Group, UK	Chair, Polaris Committee
<b>Arjun Chowgule</b>	Chowgule, India	Vice-Chair, Polaris Committee
<b>Lina Wang</b>	Singbee Group, China	Vice-Chair, Polaris Committee
<b>Dirk Vyncke</b>	Vyncke NV, Belgium	Co-chair, Polaris Impact Assessment
<b>Farhad Forbes</b>	Forbes Marshall, India	Co-chair, Polaris Impact Assessment
<b>Eliane Garcia Melgaço</b>	Grupo Algar, Brazil	
<b>Yang Yue Lin</b>	IMC, Singapore	
<b>Law Gin Kye</b>	Law Associates, Malaysia	
<b>Winson Yeung</b>	Singbee Group, China	
<b>Bertrand Gacon</b>	Lombard Odier, Switzerland	
<b>Simon Torres</b>	Grupo Contempo, Colombia	
<b>Dennis Jaffe</b>	Family Business Specialist, U.S.A	
<b>Seema Arora</b>	CII, India	
<b>Bart Houlahan</b>	Founder, B Corp	
<b>Gaia Marchisio</b>	Kennesaw State University, USA	
<b>Lucia Artena</b>	FBN Ecuador	
<b>Albert Jan Thomassen</b>	FBN Netherlands	
<b>Alexis du Roy</b>	FBN International	

**Lead Authors**                      **Andrew Bryson**, Sustainability Specialist  
**Caroline Seow**, FBN International & EWDC

To contribute to Polaris, please contact your FBN Member Association, Alexis at [adr@fbn-i.org](mailto:adr@fbn-i.org) or Caroline at [carolineseow@fbn-i.org](mailto:carolineseow@fbn-i.org)

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# A Sustainable Future

Without a sustainable approach our future is at risk. Not just the future of our businesses but, we also risk the lives and livelihoods of generations yet to come. This is why we, The International Board of the Family Business Network, are reaffirming our promise to promote a business model that will sustain not only our own generation, but all those that follow us.

The benefits of a sustainable approach are apparent to us all: the responsible use of capital is a powerful force for good and with corporate stewardship comes corporate advantage. Businesses that achieve great things deliver greater financial results, but these issues we face are more pressing than immediate financial return.

To provide future generations with more than we have received ourselves is a deep-seated human ambition. It is found in all walks of life, but it is in family owned businesses that inter-generational thinking is intrinsic. We believe that our inherent understanding and appreciation of legacy brings an obligation to support and promote a sustainable future in all that we do. As custodians of tomorrow, we believe that it is our duty to act now by making these pledges:

## For our People:

We pledge to do all that we can to create and nurture workplaces and working cultures where our people flourish.

## For our Communities:

We pledge to be responsible global citizens making positive contributions to the communities that we work and live in.

## For the Environment:

We pledge to constantly search for ways to reduce the ecological impact that we create and safeguard the environment that we all share.

## For Future Generations:

We pledge to share our values and long-term aspirations with future generations.

We know that these are bold promises and we do not make them lightly. But in order to protect all that we have done and create a sustainable future, where our work lives on, they are vital. We call on all family owned businesses, worldwide, to take responsibility for the future of our children and our children's children.

Please join us in our pledge.



Thierry Lombard



Arun Bharat Ram



Karl-Erivan Haub



Thilo Wersborg



Frederick Chavalit Tsao



Maurizio Sella



Alfonso Libano Daurella



Peter Therman



Sophie Lammerant Velge



Samuel Maldonado Degwitz



Serife Inci Eren



Priscilla de Moustier



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# Prelude

Sustainability is not a new 'initiative' for FBN members. As family businesses, we have been doing this for years, decades and even generations, as no other organizational entity is chartered to address the future with as long a time frame, as intrinsic a focus and as holistic an approach.

In order to make this vision of a 'Sustainable Future' a reality for your family business, FBN has developed **Polaris**, a framework and guide, to help you chart your journey on the four dimensions of the FBN pledge – People, Communities, the Environment and Future Generations.

We start this Polaris Resource Kit with an introduction to the United Nations' Sustainable Development Goals (SDGs) - a global initiative developed in partnership with business, civil society and governments which embraces the 'triple bottom line' approach to well-being. We invite you to share your thoughts on the SDGs and how family businesses, engaging and delivering on the FBN Pledge, can make a positive contribution to these goals.

In line with earlier Polaris publications 'A Guide to Polaris' (Oct 2014) and 'Family Conversations on Sustainability' (Sept 2015), this Resource Kit aims to encourage members to take a deeper dive, share learnings and further develop capacity in sustainability. The tools are designed to enable measurement, improvement and reflection. The cases are built on the hands-on experiences of members across the network at various stages of the Polaris journey – from *setting the stage to redefining business*. The last section highlights why Sustainability is now the *key driver of Innovation*. Borrowing a term from the HBR article of the same name, we explore businesses that are rethinking their business models, products and processes to meet the needs of present and future generations.

For members at the early stage of their sustainability journey, this Resource Kit provides a number of tools and practical steps to get you started. For members with more experience, this kit identifies strategies that both your family and business can leverage to take you further along.

No matter where you are on your sustainability journey, we would love to hear from you, understand your story and invite you to present your case in FBN events across the network. Please do contact your local FBN team or any one of us for more information and to participate.

**The Polaris Committee**

# Redefining Business

The turn of the century saw the establishment of the Millennium Development Goals (MDGs), an overarching framework for global development that aims to eradicate extreme poverty, raise educational and health levels and ensure environmental sustainability.

On 25 September 2015, the 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development defined by seventeen new Sustainable Development Goals (SDGs). The SDGs build on the unfinished work of the MDGs and are designed in consultation with business, civil society and governments. More aspirational and inclusive, the SDGs encompass infrastructural, economic, social and environmental dimensions. They also place business centre-stage, presenting a historic opportunity for businesses to engage as a strong and positive influence on society.

As asserted by the World Business Council for Sustainable Development (WBCSD), responsible businesses can provide an extraordinary boost in realizing the SDGs through innovation, investment, a mass customer base and a global labour force.

The SDGs, in turn, can amplify the opportunity for business to be successful by improving the enabling environment and by providing inspiration, direction and a platform for more effective partnerships.

2015 is indeed a watershed year for business and the sustainability agenda as we experience the convergence of critical international agreements on sustainable development culminating in the Road to Paris – the long-awaited climate change summit in December. These new frameworks are designed to shape economic growth and prosperity well into the future to ensure the well-being of societies across the globe.

The role of the private sector is being redefined and **family businesses**, with our intrinsic intergenerational nature and care for the next generation, are natural advocates for a more conscious and responsible capitalism. With the growing recognition of the role that innovative enterprise can play in delivering inclusive growth, family businesses can unlock huge positive impacts for societies as they build a sustainable future for *people, community, environment and future generations*.

## Sustainable Development Goals

**People** are at the centre of sustainable development and the SDGs aspire to a world that is just, equitable and inclusive. Collectively the 17 goals and 169 targets constitute a clear plan of action for people, planet and prosperity. They are not legally binding but carry a moral force of coercion as they are adopted by all member states of the United Nations. We invite you to learn more about the SDGs and how FBN members, embracing the triple bottom line of economic development, environmental sustainability and social inclusion, are actively contributing to these goals.



**GOAL 4**




**Provide Quality Education & Promote Lifelong Learning**

**GOAL 5**



**Achieve Gender Equality & Empower All Women & Girls**


**GOAL 6**



**Ensure Availability & Sustainable Management of Water & Sanitation for All**

Sustainability In Action – Ayala Corporation  
p. 20, Polaris Resource Kit


**GOAL 7**



**Ensure Access to Affordable, Reliable and Sustainable Energy for All**

Sustainability In Action – Forbes Vyncke  
p. 26, Polaris Resource Kit  
Sustainability In Action – SingBee Group  
p. 32, Polaris Resource Kit

**GOAL 8**



**Promote Inclusive & Sustainable Economic Growth & Productive Employment for All**

Sustainability In Action – Lombard Odier  
p. 28, Polaris Resource Kit

**GOAL 9**



**Build Resilient Infrastructure, Promote Sustainable Industrialization & Foster Innovation**

Sustainability In Action – Wates Group  
p. 45, Guide to Polaris (2004)

**GOAL 10**




**Reduce Inequality Within & Among Countries**

**GOAL 11**



**Make Cities & Human Settlement Inclusive, Safe & Sustainable**

**GOAL 12**



**Ensure Sustainable Consumption & Production Patterns**

Sustainability In Action – Clarks  
p. 24, Polaris Resource Kit  
Sustainability In Action – Recker Convenience  
p. 30, Polaris Resource Kit  
Sustainability In Action – Van Wijhe Verf  
p. 41, Guide to Polaris (2014)

**GOAL 13**



**Take Urgent Action to Combat Climate Change & its Impacts**

**GOAL 14**



**Conserve the Oceans & Marine Resources for Sustainable Development**

**GOAL 15**



**Protect, Restore & Promote Sustainable Use of Terrestrial Ecosystems**

Sustainability In Action – SIPEF  
p. 34, Polaris Resource Kit

**GOAL 16**



**Promote Peaceful & Inclusive Societies for Sustainable Development**

**GOAL 17**



**Strengthen the Means of Implementation & Revitalize the Global Partnership for Sustainable Development**

**Sustainable Development Goals**

More information at [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)

# Family Businesses – Advocates for a More Inclusive Capitalism

Leading family businesses measure success in the long-term. Their concern for the future leads them to consider the impact of their actions on family, employees, suppliers, customers, the environment and community at large.

This is precisely why a number of well-known family businesses including Ayala, Godrej, Mars, Roche and SC Johnson have historically set the standard for what it means to be a ‘sustainable business’.

At FBN, we are focused on ensuring that family businesses continue to set and push this benchmark. We believe family businesses are uniquely positioned to lead the way because of four key characteristics that every family business shares:

- 1. We understand our business is a reflection of our family values**
- 2. We have an inherent focus on long-term success**
- 3. We know the importance of nurturing talent**
- 4. We are not afraid to innovate or even reinvent our business if we see a need**

Or in the words of Joachim Schwass in *Wise Wealth*:

*“At the heart of it, family enterprises have a completely different set of motivations and strategic approaches. These companies are focused on the preservation of the assets and philosophy passed on to them. Even more importantly, the notion of stewardship, generally ingrained in family business owners, requires that they must not only protect but also sustainably grow family assets and provide leadership to the next generation when its turn comes.”*

To make this vision of sustainability a reality for every FBN Member, we have developed Polaris, a comprehensive framework and guide to help you chart your journey and enable your business to find its own True North.

Polaris is more commonly known as the North Star because its position in the northern night sky almost exactly marks the Earth’s geographic north pole. For thousands of years, Polaris has been used as a guiding star and reference point for navigators and astronomers. Through experience and observation, they discovered the North Star lights the way to True North.

Just as early explorers depended on this guiding light, family businesses can draw inspiration from the Polaris framework as they journey to discover their True North - a clarity of purpose that uniquely expresses their calling and guides their every decision.



# Polaris – Charting your True North

Every sustainability journey begins with establishing a shared vision of what sustainability means to you and your family business. This shared vision or a *Why* lends both meaning and direction to your journey, while also establishing a rallying cry for everyone involved. In other words, *don't just focus on what you are going to do, start with understanding why you are going to do it.*

Polaris has been designed with a similar combination of inspiration and application in mind. The five stages of the roadmap outlined suggest steps and activities. However, before we delve into the 'what' and 'how' of Polaris, here is our **Why**:

***Sustainability** should headline the agenda for every family business today. Not just because we have reached the tipping point – where pursuing a sustainability strategy has become a global imperative and is good for business – but because no other organizational entity is chartered to address the future with as long a timeframe, as intrinsic a focus, as holistic an approach.*

*Sustainability represents the convergence of **values** that family businesses bring, and the **value** we create for the future.*

By discovering our True North – a clarity of purpose that guides our every decision – family businesses can journey together, through shared learning and the positive impacts we make within our organizations, our surrounding communities, the environment at large, and the legacy we leave to future generations.

Polaris incorporates a holistic approach to sustainability that has economic, environmental, social and cultural dimensions. We believe that true sustainability enables positive social change, encompasses environmental stewardship, embraces fiscal responsibility, drives profits, fosters innovation, and enriches future generations.

As enshrined in our Pledge, sustainability empowers humans to work in collaboration with each other and in concert with nature and the environment, fulfilling the economic, social and other requirements of present and future generations.

# Good Businesses are Sustainable Businesses

In 1987, the United Nations’ Brundtland Commission was tasked to align the world’s nations around a shared vision for sustainable development. Its recommendations were grounded in a simple principle that should resonate with every family business:

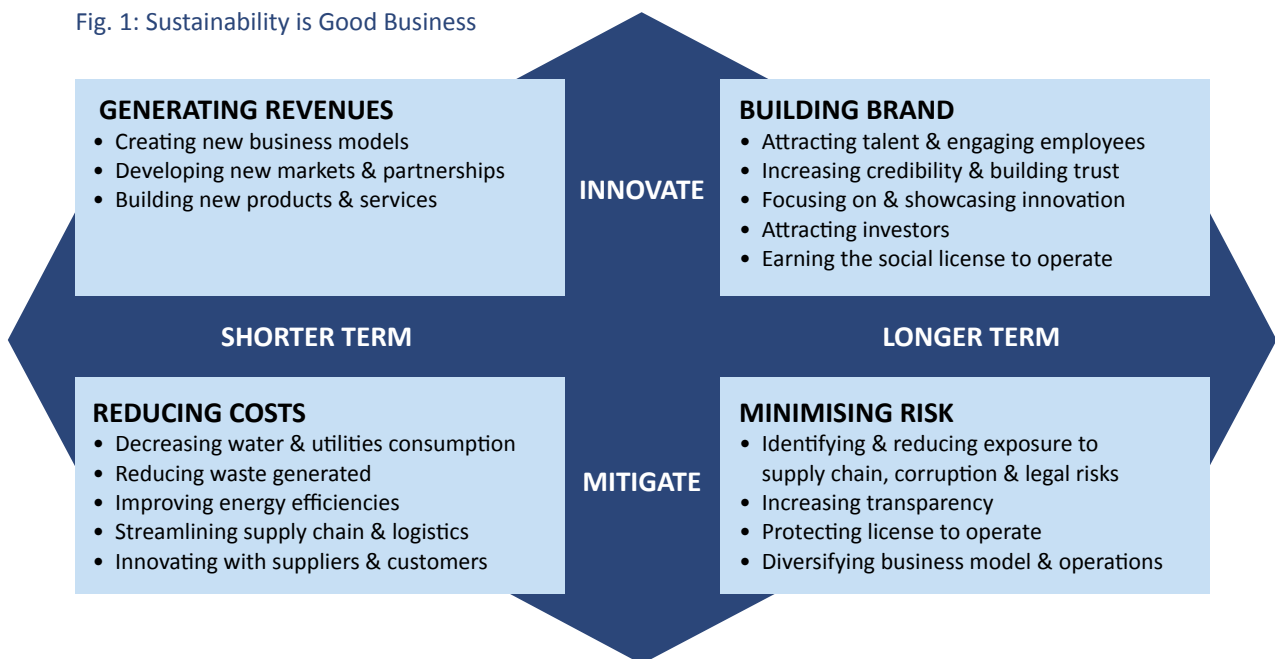
*Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.*

Today, more and more businesses, both family and non-family, are embracing this definition and demonstrating that sustainability is no longer a challenge that must be dealt with at some future point, but an opportunity that should be

embraced in the here and now. Businesses are increasingly able to quantify the benefits of a sustainable business strategy. They are moving beyond mere cost efficiencies and reputation enhancement. They are incorporating triple bottom line thinking, creating shared value and championing cradle-to-cradle design. They know that sustainability strategies and practices create new markets and generate additional revenue streams. And that today, sustainability isn’t just good for business – it *is* good business.

This is because sustainability, at its core, is focused on challenging the status quo and creating opportunity where none previously existed. Hence whether a business is looking to mitigate risk in the short term or innovate in the long term, *sustainability can be a distinct differentiator in a competitive marketplace.*

Fig. 1: Sustainability is Good Business



In short, no matter what business you are in, adopting an integrated approach to sustainability not only addresses some of your challenges, but also dramatically improves your family business’s culture, reputation and performance. But don’t just take our word for it. This Resource Kit features cases from fellow FBN members that demonstrate how they have activated sustainability within their family business, and the impacts it has delivered. We hope you find them both inspirational and educational.

# The Polaris Roadmap

Sustainability is a journey and not a destination, and Polaris has been designed as a guide for navigating your family business through the various stages. So whether your family business is just embarking on the path or you have been focused on sustainability issues for years, this Roadmap is meant to trigger conversations, help drive sustainability in every aspect of your family business, and deepen the commitments you have already made.

Signing the FBN Pledge is a great first step in your family business' sustainability journey, as it establishes a shared understanding between the family and business on how you value people, communities, the environment and future generations.

The Pledge serves as a very good jumping-off point as you look to define the *Why* of your family business.

This *Why* will often be deeply rooted in the family's values, and contain a strong viewpoint on the legacy to be shared with the next generation. It gets beyond what your business does and makes clear what you stand for. It defines your Purpose and gives everyone within both the family and the business a clear destination by which you can define your journey.

Once the *Why* is clear, the business must align on what it is going to do to become more sustainable and how it is going to get there. These are big business decisions that must have buy-in from the board and senior executives if they are going to be successful. In order to ensure these leaders are making informed choices, time must be given to properly assess the opportunities, challenges and risks that likely lie on the journey ahead.

It is also critical that a governance structure is established at an early stage so that everyone is clear on who is accountable for what, how information will be shared, and what kind of time and resources will be allocated.

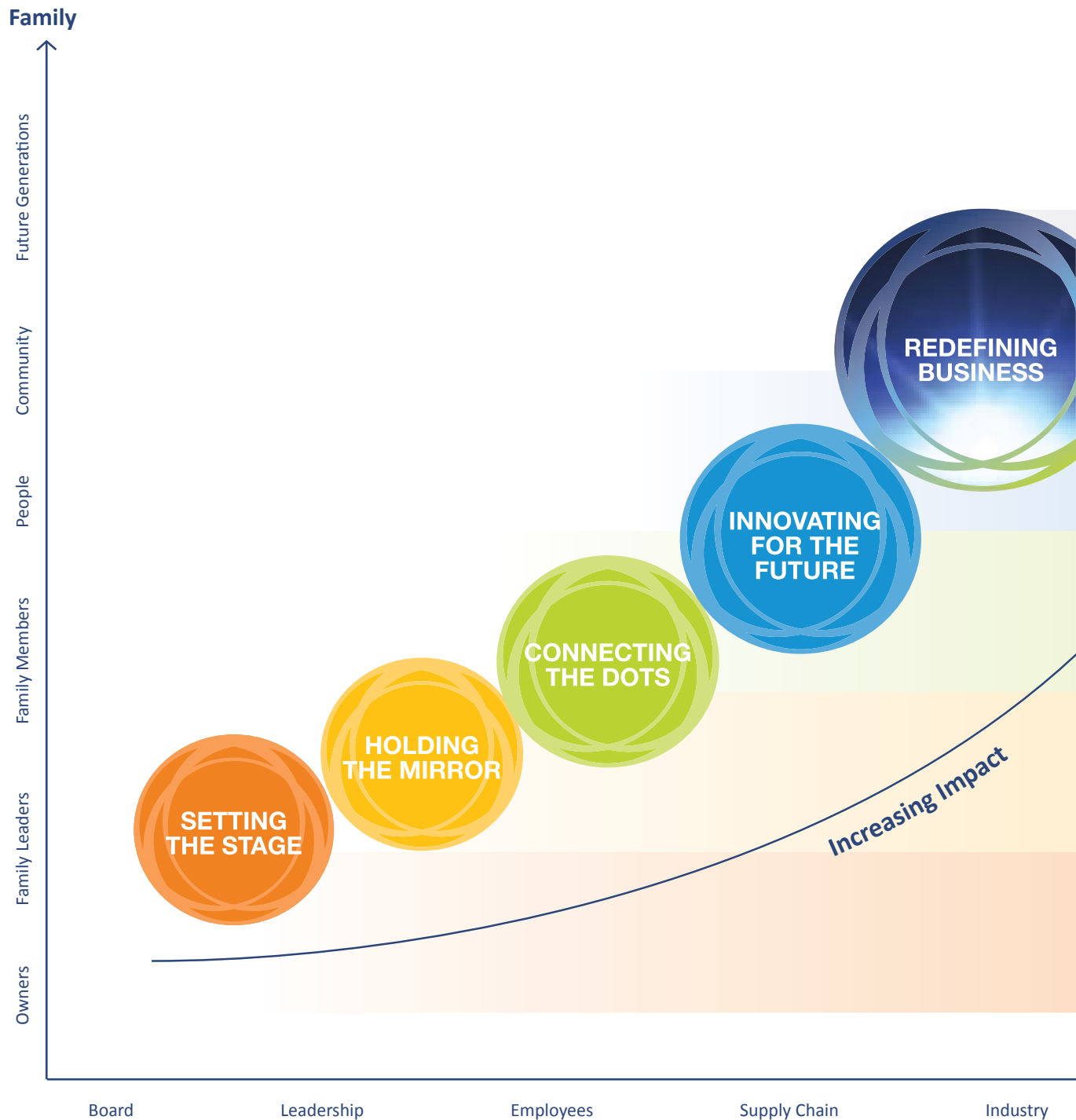
The decisions taken by the family as it unfolds on a parallel path, complement business sustainability initiatives. *This shared learning journey fosters family cohesion.* In time and where appropriate, the family can lend its social, human and financial capital to the business. In addition while the business charts and implements initiatives connected to its people, the environment and the community, the family is best positioned to bring the final dimension of the Pledge to life – the role of future generations.

Once the family owners and business leadership are aligned and a draft plan for moving ahead has been established, key stakeholders must also be consulted in order to ensure the broader viability of the plan. Employees will need to be engaged and, as the journey evolves, capacities will need to be developed. This ever-widening participation and professionalization will enable the plan to evolve beyond the immediate set of stakeholders and set a positive feedback loop in motion.

The real benefits arise for your family business when sustainability moves beyond operational issues and becomes a real driver for innovation. It will reshape the way your family business thinks, makes and delivers products and services. It will create new meaning for your staff, customers and consumers – and inspire everyone, including suppliers, to rethink how they view your business and brand. It will drive competitive advantage and, ultimately, even redefine the way business is done.

# polaris – Pathway to Sustainability

**Polaris** has been developed with the interests and challenges of family businesses at its core. The model is meant to help your family business assess its current state, and inspire it to find its own True North. It is grounded in systems thinking and prioritises engagement and partnerships. We recognize that a fundamental evolution like this is seldom straightforward or prescriptive and encourage you to find a path forward that suits the unique needs of both your family and business.



### The Stages of the Journey

As both the family and the business progress on this journey, engagement will increase and spheres of influence will expand. Most significantly, the culture of both will evolve:

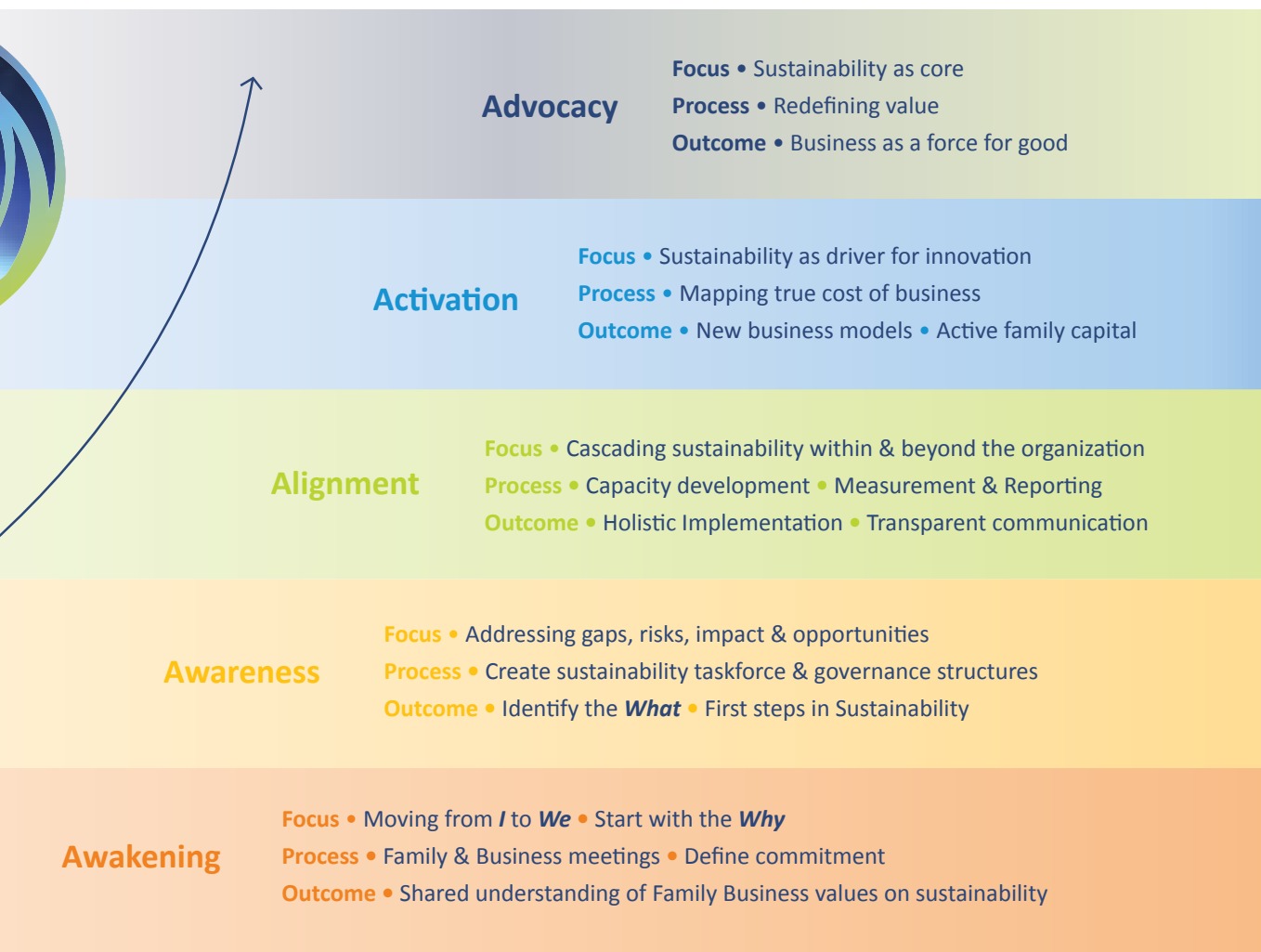
The process begins, more often than not, with an **Awakening** of the family and business leadership.

This translates to heightened **Awareness** of what's truly at stake.

An **Alignment** of people follows, which opens up their capacity to engage in sustainability efforts.

Momentum gained will lead to **Activation** – inclusive acts that energize family members, employees and others who in turn champion the ongoing journey.

Ultimately, your **Advocacy** with an activated group of family members, employees and other change agents will help redefine the way business is conducted, for this and future generations.



Community → Future Generations → Business



# Polaris – Assessment, Guides and Tools

## Introduction

Becoming a sustainable family business is an evolving, iterative process that requires embedding sustainability deep into the fabric of conversations, operations and processes. To support your family business in its efforts, we are developing a series of assessments, guides and tools that speak to the unique needs of family businesses

Below you will find details on some of the resources we have launched this year. We are constantly adding new ones so please check the FBN Xchange for the most up-to-date list.

## Featured New Resources

### Agenda for Family Meetings – The Family Sustainability Circle

The champion for an intergenerational family meeting on sustainability could be the owner, next gen leader or anyone passionate about moving the family business towards a more sustainable future. These meetings, termed Family Sustainability Circles are an opportunity for the family to define or review family values and examine how they relate to the FBN Pledge. This sample one-day agenda for a Family Sustainability Circle outlines a process for the family to create a shared inspirational Why as it charts next steps in its sustainability journey. *(FBN Xchange -> Polaris -> Tools -> Agenda for Family Sustainability Circle)*

### Building the Business Case

Whether you're an owner that is passionate about transforming your family business or an executive with a desire to build a more purpose-driven organization, you're likely to face many sceptics and hard questions at the outset of your journey. That is why it is critical to invest time early in your journey to co-create a business case for

sustainability, crafted to address the unique qualities and needs of your organization. A great business case should be clear and simple enough to be communicated to a wide-range of stakeholders, but also deep enough to hold up to strong strategic and financial examination. To help your family business shape it's own business case, we have collected a number of articles and references to help get you started. We also strongly recommend you read the cases we have collected from our members (see next section), as they each give unique insights into the business drivers behind each of their journeys. *(FBN Xchange -> Polaris -> Tools -> Business Case)*

### Case Studies

To facilitate shared learning, we have developed a diverse and ever-growing collection of case studies from across the FBN network, organized by the four areas of the pledge: Community, People, Environment and Future Generations. The cases are built on the hands-on experiences of members across the network at various stages of the Polaris journey – from *setting the stage to redefining business*. *(FBN Xchange -> Polaris -> Case Studies)*



### Family Conversations on Sustainability

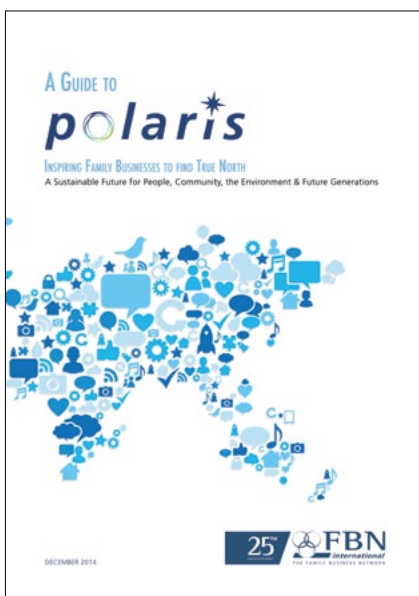
Sustainability conversations may not be easy. A family has many voices – and often emotional ones. People feel strongly about what they believe and it is often hard to bring all these voices into harmony. To encourage smooth and constructive family meetings on sustainability, we have created Family Conversations on Sustainability – a guide that sets out useful principles and practical suggestions for conducting effective, multi-generational meetings. The guide covers:

- the transformational value of family meetings,
  - elements of an effective, interactive family meeting,
  - critical post-meeting actions that record, reinforce and carry out next steps, and
  - idea-starters for designing effective family meetings
- (FBN Xchange -> Polaris -> Tools -> Family Conversations on Sustainability)



### Families for a Sustainable Future

An introductory brochure that gives an overview of the Polaris Project and underlines why family businesses are the front-runners for sustainability. *Families for a Sustainable Future* highlights the role of the champion, family and features the five-stage sustainability roadmap for family business. (FBN Xchange -> Polaris -> Overview -> Families for a Sustainable Future)



### Guide to Polaris

At FBN we believe that sustainability is a journey, not a destination. As both the family and business progress on this trajectory, cultures of both the family and business evolve, engagement increases and spheres of influence expand. Building on the Roadmap introduced in *Families for a Sustainable Future*, The Guide to Polaris highlights at each stage the key focus, outcomes, process and the stakeholders that need to be engaged. It also maps out critical activities for both the business and family at each stage of the journey including Forming Sustainability Circles (Setting the Stage), Stakeholder Mapping (Holding the Mirror), Setting up a dedicated family council on sustainability (Connecting the Dots) and Measuring the True Cost of Business (Innovating for the Future). The Guide to Polaris was released at the 25th FBN Global Summit in Dubai in Oct 2014. (FBN Xchange -> Polaris -> Guides -> Guide to Polaris)

## Glossary

Sustainability has developed a language of its own which may seem like jargon to many. This section explains often used terms in the sustainability space including BOP (Bottom of the Pyramid), SROI (Social Return on Investment), TBL (Triple Bottom Line) and Venture Philanthropy. *(FBN Xchange -> Polaris -> Tools -> Glossary)*

## North Star – Charting Your True North

Every sustainability journey begins with establishing a shared vision of what sustainability means to you and your family business. This Purpose or True North, as we also like to call it, lends both meaning and direction to your journey, while also establishing a rallying cry for everyone involved. To help our members chart their own True North, we have created a short guide that outlines the various steps to building your own Purpose and includes examples from family businesses and other purpose-driven organizations. *(FBN Xchange -> Polaris -> Setting the Stage > North Star)*

## Presentations

Specially developed for Members and Directors who are hosting, organising and presenting sessions on sustainability, we have created presentations, scripts and sample agendas on topics ranging from 'An Introduction to Polaris' to 'Sustainability and Family Business'.

- **An Introduction To Polaris, Sustainability & Family Business**  
A set of materials (including a presentation, script, and sample agenda) that can be used to host a 90 minute introductory session on Polaris
- **Measuring What Matters**  
A PowerPoint and Agenda that can be used to host a 90 minute session that will introduce the FBN Assessment tool and engage members around their sustainability challenges

- **Polaris and Sustainability Trends**

Polaris 101 session that includes an overview from FBN, sustainability 101 as told through member cases, and key trends/topics for the local market.

- **Polaris Introduction (Short)**

A short 10 to 15 minute presentation and script that outlines the basics of Polaris

- **Sustainability & Family Business**

A presentation and script that focus on why sustainability is such a unique and important opportunity for family businesses.

*(FBN Xchange -> Polaris -> Presentations)*

## Polaris Case Study Writing Guide

To facilitate shared learning across the network, this case guide has been created to enable Members to share their family business story in an easy and cohesive format. This case writing guide allows you to develop your own family business case. Alternatively contact your Member Association Director for more information. *(FBN Xchange -> Polaris -> Tools -> Polaris Case Writing Guide)*

## Polaris Impact Assessment

### Family Businesses as a Force for Good

To enable FBN members to measure and improve sustainability practices, FBN is partnering with B Lab to develop the Polaris Impact Assessment (PIA). The PIA is a version of B Lab's Impact Assessment and has been specifically customized for family businesses. The standard version of the B Lab assessment is well established globally, having been taken by over 35,000 companies in 40 countries to drive sustainability performance and improve their impacts. To join fellow FBN members and to accelerate your sustainability journey, just embark on these three simple steps.





**Step 1:** Get a Baseline – Assess how your family business performs against dozens of best practices on employee, community, and environmental impact in 30 minutes!

**Step 2:** Compare Your Impact – See how your family business stacks up against thousands of other businesses through the Polaris Quick Impact Snapshot.

**Step 3:** Improve Your Performance – Create a plan to improve your family business’ practices, and help all members of your family business implement them easily using FBN’s Polaris Tools, Best Practices, and Case Studies found on FBN XChange.

Go to

<http://bimpactassessment.net/familybusinessnetwork> to take the first step. (fbn-i.org -> sustainability-> Polaris Impact Assessment)

### **Polaris Questionnaire**

This self-completion questionnaire allows members to gauge where their family business is progressing along the four dimensions of the FBN pledge. A feedback form is also included, inviting members to give input on how Polaris will be shaped in 2015 and beyond. (FBN Xchange -> Polaris -> Tools -> Polaris Questionnaire)

### **Sustainability Assessment for Families**

This assessment tool is for families to explore their current and planned future actions related to sustainability and social responsibility.

It is a first step toward creating a Family Sustainability Roadmap and working together to implement the values described in the Polaris Initiative.

The assessment concerns activities by the family that do not involve the business, and how the family, as owners, collaborate and guide their business. It begins your preparation for a Polaris Family Circle where the family meets to consider where they are and how they can expand their efforts to support and embody sustainability. (FBN Xchange -> Polaris -> Tools -> Sustainability Assessment for Families)

### **Resources for Every Stage of Your Sustainability Journey**

A collection of resources divided amongst the five stages of the Polaris Roadmap. They have been selected to add depth to your sustainability conversations and give the inspiration sometimes needed to keep your journey moving forward.

# Sustainability in Action

## Ang Chin Moh Group Breaking Down Social Taboos

Nature of Business: **Funeral Directors**

Industry Sector: **Bereavement Services**

Family Business History: **4<sup>th</sup> Generation**

Provenance: **Singapore**

### Overview

Established in 1912, Ang Chin Moh Funeral Directors is one of the longest serving bereavement companies in Singapore. The company has grown from its humble beginnings to become an industry leader; it now serves all of its customers' needs, ranging from traditional funeral services for different religions to providing international repatriation services, 6-star funeral parlours to a joint venture with a Swiss company that transforms human ashes into memorial diamonds.

A key driver of Ang Chin Moh's continued success is its focus in providing bereavement services with sincerity, a credo that is deeply embedded with every member of its dedicated staff. It also strives to lead the industry with its innovative practices through challenging social norms and mindsets about death and bereavement.

### Challenge

A fourth-generation successor and CEO, Mr Ang Ziqian recalls how he felt ostracized at a young age when he told people about his father's occupation. *"In Singapore, people tend to associate death and dying with bad luck",* says Ziqian.

In a society where long-held beliefs and superstitions make the topic of death and bereavement a social taboo, it is not surprising that companies in the funeral industry face constant manpower shortages. According to Ziqian, responses to recruitment advertisements have tended to be poor. Essential funeral services such as embalming often have to be carried out by foreign workers. The severity of the manpower issue faced by the funeral industry is borne out by one sobering statistic: the median age of workers is in the fifties. Ziqian is a strong believer that, unlike many



Ang Ziqian, CEO

other businesses, the funeral business serves an important public good. Death is an inevitable final phase of life that needs community acceptance through proper education, care and assistance. He maintains that every person deserves to be given a respectable funeral and that their surviving loved ones and families should have an appropriate space and time in which to grieve. He believes that reducing the stigma of bad luck associated with death through education and innovation will not only help alleviate the industry's manpower challenges, but more importantly, build greater emotional capacity for grieving families to cope with this unavoidable and unpredictable event.

### Process

Ziqian established the Ang Chin Moh Foundation in 2012 in an effort to remove the stigma of bad luck associated with death among the public and promote innovation, philanthropy and training within the sector. The Foundation also advocates accrediting industry practitioners with better professional training with the aim of raising standards and encouraging the young to join the industry.

Leading by example, Ang Chin Moh Funeral Directors adopted the strict practice requiring each staff to earn minimum industry education credits and social credits. The goal was to cultivate a learning

mindset and a compassionate heart, essential qualities for anyone in the funeral services sector.

The company has also championed an 'industry-share' mindset, making its 6-star funeral service halls available for hire by competitors for their clients' use. This is a quantum shift in industry practice, and has planted the seeds of a more collaborative network to emerge.

Ziqian's visionary leadership has seen the company take bold steps to break down barriers and change mindsets. *"If this essential service is not perceived as important by our people, we would have lost our value and dignity as humans. So educating the people and attracting the best is the only sustainable way for the industry to survive."*

Accordingly, Ang Chin Moh teamed up with the Lien Foundation, a high-impact philanthropic organization, to organize international design competitions that focus on transforming death care practices; believing that designers have the ability to influence how we view death and dying. The partnership has brought immersive art experience to the heartlands of Singapore, which provides a platform for individuals and families to reflect on end-of-life matters and express personal choices for that eventual last journey in life.

Through a joint venture with Swiss company Algordanza SA, Ang Chin Moh Funeral Directors now provides an alternative to traditional burial methods – one that transforms cremated human ashes into diamonds. For those who choose this innovative process, these heirloom gemstones are both a decorative and physical way of keeping the memory of departed loved ones close.

Through its relentless search for innovative and sustainable practices, the company has also introduced the eco-friendly alternative of using biodegradable urns for sea burials. Ziqian knows that changing mindsets is not an easy task; in order for his team's efforts to be successful, they will need to tread carefully between respecting cultures and unshackling age-old superstitions.

### Impact & Next Steps

When Ang Chin Moh Funeral Directors embarked on this change process a few years ago, it recognized that much of its efforts will take a long time to



A promotional poster for **Die-Die Must Say** – a public roadshow taken into the heartlands of Singapore to raise awareness of dying and death.

generate results, and that its impact will likely be qualitative, intangible and difficult to measure.

Early indications, though, are encouraging. The company has seen a recent increase in the quality of its job applicants, particularly those with higher university degrees. As of July 2014, the median age of the Group's employees has dropped to approximately 40 years. Through client and community feedback, there are also signs of greater openness among members of society in discussing end of life and death issues.

CEO Ziqian plans to continue his efforts to boost the professionalism and image of the industry, and to garner greater respect for its practitioners. This includes the rolling out of an integrated system of education, training and career progression for all Singaporeans who wish to join the industry; promoting industry support to individuals to advance themselves based on skills; fostering a culture of life-long learning; and advocating a recruit, retain and reward framework.

Another key project is to retain heritage through the collation of historical information and artefacts. These efforts in educating the community, transforming industry practices, and enhancing the overall quality of end-of-life experiences, will make the funeral services sector sustainable by attracting the next generation to continue to bring care, compassion and dignity to families saying farewell to their departed loved ones.

Contributed by: **Ang Ziqian and Anita Langlois, FBN Asia**

# Ayala Corporation

## Sustainability through Inclusion

Nature of Business: **Sustainable Businesses Aligned with the National Development Agenda**

Industry Sector: **Multi-industry Conglomerate**

Family Business History: **7<sup>th</sup> & 8<sup>th</sup> Generation**

Provenance: **The Philippines**

### Overview

The Ayala story began in 1834 with a partnership between two courageous Spaniards, Domingo Roxas, who came from an early colonial family, and Antonio de Ayala. The founders established the first Filipino conglomerate by investing in a number of businesses ranging from trading sugar, coffee, cotton and indigo to distilling liquor and producing castings and gunpowder. The founding family successfully steered the business over seven generations. Since 1995 Jaime Augusto Zobel de Ayala (7<sup>th</sup> generation, born 1959) has been president and chairman, teaming up with his brother Fernando (born 1960) who has been executive managing director and co-vice chairman. In 2014 the Ayala family counted 9 shareholding descendants from the 7<sup>th</sup> generation and 30 members in the 8<sup>th</sup> generation.



Fernando Zobel de Ayala (President and COO Ayala Corporation) and Jaime Augusto Zobel de Ayala (Chairman and CEO Ayala Corporation).

Ayala Corporation is majority controlled by Mermac Inc., the Ayala family holding company which holds 50.66%. Ayala Corporation and four of its portfolio businesses are listed. By the end of

2013, the Ayala group's companies accounted for about 20% of the Philippine Stock Exchange Index capitalization and employed 42,000 people. Gross revenues from all companies reached PHP 308 billion (about US\$7.1 billion). The group operates in a range of businesses, principally in real estate development (Ayala Land), banking and financial services (Bank of the Philippine Islands, or BPI), telecommunications (Globe Telecom), water utilities (Manila Water), electronics manufacturing services, automotive dealerships, business process outsourcing, infrastructure and power generation.

Given the size and critical role of these diverse businesses, the family is keenly aware and committed to the contribution the businesses make to the country's national development agenda. It strongly believes that this commitment is in the family's long-term business interests and that inclusion and sustainability, which continue to guide Ayala's strategic business decisions, are keys to success.

### Challenge – New Ideas, Old Ideals

For Jaime Augusto and Fernando, it is not enough to focus on strong performance metrics such as return on equity and profit margins. As successors, they intend to build on their ancestors' vision of acting as "catalysts for growth and entrepreneurial development" in the Philippines, doing their part to close the huge social gaps and improve the products and services available in the country. When the



two brothers returned to the Philippines after their studies in the US, they were struck by the huge development issues the country faced and keen to grow further the seeds of social commitment planted by their early ancestors. Jaime Augusto expanded:

*“We felt our own model was different. We felt it was time to align the business goals of the corporation more closely with the needs of the broader community and build trust with the people. We believed that visionary companies seek profits but are equally guided by a core ideology, core values and a sense of purpose beyond just making money.”*

Ayala has always aligned its interests with the national development agenda; in the 1980s it was mainly about promoting export industries, and later it involved developing infrastructure with the help of private capital. The 7<sup>th</sup> generation also wanted to make an impact on the social and economic spheres because it has *“... a responsibility that was greater than just the periphery of their own business units.”*

Fernando commented:

*“We used to think of civic and social work in terms of philanthropy and social responsibility. The amounts that we set aside were limited and had limited impact. We realized over time that we could*

*do so much more if we could use our businesses to provide better services for the people that need it most – the poorest sectors in our country.”*

They started working on parallel tracks – the market-driven business components and the social philanthropy model. Over time Ayala managed to blend the two approaches, realizing that profit-driven solutions to sustainability issues are far more effective over the long term. *“The moment you make it part of the business, the size and scale of what you can do is so much larger,”* explained Fernando:

*“If you put a profit model to work on some of the most critical needs of the country you can find solutions that are sustainable, and you can have a dramatic impact on the poorer sectors of our society. It is not easy to achieve but we have exceptional executives who share this passion to help the country.”*



#### **Process – The Manila Water Endeavor**

The first opportunity arose when the Philippine government launched a privatization program for Metro Manila’s water distribution services in 1996. Metro Manila



was served by one of Asia's oldest and most inefficient water and sewage systems. The 24/7 water distribution was at its lowest service level and three-quarters of households did not have access to 24-hour water service. The inefficient use of resources led to huge water losses (63% of the water processed). Massive segments of the population were not served at all, and the poorest people were paying up to seven times the municipal rates because they had to purchase water from vendors who illegally tapped the water system. The government called for help to set up a privatization program under a public-private partnership (PPP) format.

Fernando and Jaime Augusto jumped at the opportunity, eager to find a new approach to creating economic value by turning the Manila Water business around and in the process improve the quality of life at the bottom of the income pyramid. They were convinced the project could also enable them to fulfil their mission to build trust with the public at large, across all consumer segments, including the poorest. They were convinced Ayala could

and should play a progressive role in society by improving the quality of people's lives and solving social challenges while achieving economic success. This was not philanthropy or corporate social responsibility but a new approach to creating economic value that benefited society at large by addressing key needs and challenges and achieving a strong triple-bottom-line impact (planet, people and profits) while growing the business in a sustainable way.

#### **Impact – Making Sustainability Sustainable**

Manila Water received a number of awards for operational efficiency and excellence in environmental and human capital sustainability, with 24-hour water availability at 99% and non-revenue water down to 11% (from 63% in 1997). In 2013 Manila Water achieved \$364 million in revenues, \$132 million in net income and a market capitalization just under \$1 billion (PHP 44 billion). The significantly improved access to water and the quality and efficiency of its distribution made the Eastern Manila concession a true PPP success story.



The Manila Water venture also represented a source of inspiration that made an impact at the group level. Senior executives and young recruits experienced how innovative solutions could serve the bottom-of-the-pyramid segments and bring utilities and infrastructure to low-income communities following a triple-bottom-line approach. In addition, solid practice and expertise were acquired in managing PPPs, as well as in establishing and managing relationships with key NGO stakeholders – strategic skills that Ayala Corporation could leverage in the future.

#### **Next Steps - Inclusion as the New Mantra**

By 2014, Ayala had expanded beyond its traditional businesses to serve wider markets. By adjusting product lines, business models and price points, they address needs within broader segments of society. *“Inclusion has become the new mantra for us,”* said Jaime Augusto, *“This way we become much more ‘relevant’ to society rather than just being an economic institution.”* The next step is to go into education

and healthcare as emerging new industries. He continued, *“We can deliver the products at affordable levels with the quality that we are known for. They can still be profitable and they can also really help uplift the lives of so many more people.”* The family leaders are committed to staying relevant and maintaining the trust and reputation earned through outstanding governance and leadership. As Jaime Augusto said:

*“We are all part of a larger, integrated ecosystem and we all stand to benefit from a society that grows progressively. Businesses simply cannot succeed in a country where infrastructure is weak and degraded or where poverty is so pervasive that it leaves the majority of the population disempowered. By being part of creative capitalist and sustainable solutions, we also believe we have been able to build trust in our brands and among our various stakeholders and, finally, the community at large.”*

Contributed by: **Anne-Catrin Glemser, IMD**

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*The above caselet is an abridged version of family business case studies developed by the IMD Global Family Business Center: “AYALA CORPORATION: ONE FAMILY’S CONTRIBUTION TO NATION BUILDING” (B. Leleux/A.-C. Glemser; IMD-7-1603); “AYALA (A): GOING BEYOND THE SUM” (J. Schwass/A.-C. Glemser; IMD-3-2315) and “AYALA (B): PURPOSEFUL LEADERSHIP” (J. Schwass/A.-C. Glemser; IMD-3-2316). The original full-length cases are available from The Case Centre at [www.thecasecentre.org](http://www.thecasecentre.org).*

# Forbes Vyncke Pvt. Ltd.

## Building a Successful Joint Venture Grounded in Shared Values

Nature of Business: **Thermal and Combustion Technologies for Heat and Power**

Industry Sector: **Clean Energy**

Family Business History: **4<sup>th</sup> Generation**

Provenance: **India**

### Overview

Forbes Vyncke is a joint venture between Forbes Marshall, India and VYNCKE, Belgium that combines the strengths of its parent companies to bring new energy solutions to the Indian market.



Farhad Forbes

For over 60 years, Forbes Marshall has been building steam engineering and control instrumentation solutions. The company is a leader in process efficiency and energy conservation through

technology tie-ups and focused investments in manufacturing and research. It is probably the only company in the world to have extensive expertise in both steam and control instrumentation. This dual expertise helps engineer industry-specific systems that focus on energy efficiency and utilities management for sectors as diverse as textiles, food processing, paper, power and chemicals.



Dirk Vyncke

Established in 1912, VYNCKE delivers tailor-made energy plants that convert biomass and industrial waste into clean energy. With in-depth experience in combustion technology, boiler construction, automated

management and control systems, VYNCKE offers complete biomass, industrial waste to clean energy solutions all from a single source, visual design, engineering, manufacturing, installation and commissioning to training and after-sales service.

The families behind these two businesses initially connected in the early 1990s when Farhad Forbes met Dirk Vyncke on a business trip to Germany. While they clicked at the time, seven years passed until they were able to reconnect and get to know each other better. It soon became apparent that they shared many values, both in terms of their businesses and families. In particular, they were both taken by the emphasis both businesses place on treating all of their employees like members of the family, and the belief that investing in social initiatives delivers business benefits. They also identified the synergies that existed between their respective businesses, and began exploring ways they might all work together.

### Challenge

It quickly became clear to both sides that introducing VYNCKE's highly efficient biomass power and heat generation technologies to India had significant market potential. However, they also knew from Forbes Marshall's deep understanding of the local market that the timing wasn't right at that moment and that some shifts would be required to make the venture economically viable for everyone involved. Those pieces finally came together in 2009 when the cost of both oil and coal rose to the point that Indian businesses and industries began actively seeking new alternatives.

The Forbes Vyncke team knew they had the right solution for many of these businesses, but they also knew they were going to need to overcome a number of long-standing biases in the Indian market against the use of biomass as a fuel source at an industrial level. Historically, biomass has been viewed as a quick and dirty solution that is only used by those that can't afford anything else. The big challenge they would need to overcome would be to prove to the market that Forbes Vyncke's solutions would



be incredibly clean, cost-effective, efficient, and technologically advanced.

### Process

Once they knew they had the business case and market insights in place to overcome this challenge, they formalized the aspirations for their joint venture in a “Spirit of Co-operation.” It is important to note that the principals specifically avoided creating a shareholder’s agreement, as they wanted the business to be a reflection of the values they both brought to the table and not just about maximizing profit. Once they had this in place, the leadership team of Forbes Vyncke launched their new offerings and, within a year, they had already begun to establish traction in the Indian market.

However, it turns out that this joint venture was only the start of the collaboration of these two family businesses in India. The more the Vyncke family learned about the opportunities and challenges of energy production and distribution in India, the more they wanted to get involved in finding solutions. That desire combined with Forbes Marshall’s long-standing commitment to helping underserved communities in India, led to whole new series of discussions on how they might collaborate on creating and delivering new energy solutions to those communities that need them most. In particular, they decided to focus on rural communities of families that often live on less than \$2/day (also known as the Bottom of the Pyramid or BoP communities) because they knew they could both deliver on a social need and capitalize on a business opportunity. This led to the founding of M-Power, whose mission is to revolutionize rural electrification and to implement innovative, decentralized, hybrid renewable energy solutions.

### Impacts

Forbes Vyncke has continued to grow and is proving to be a worthwhile venture for both families. Beyond the financial returns, it is also helping both partners build on their reputations as responsible businesses that are great places to work. Its success has also helped further establish an understanding amongst businesses in India that investing in clean energy solutions makes good business sense, both in terms of the quality of the product they get and the ROI it delivers.



The environmental benefits of adopting these new technologies often actually just end up being an added bonus for everyone involved.

M-Power has begun feasibility studies on the first series of projects it intends to launch, and anticipates some of them may even secure funding before the end of 2015. In the meantime, it has already begun to deliver returns in terms of market insights gained in this emerging space.

### Next Steps

In the coming years, Forbes Vyncke aims to keep growing at a steady pace with its current line of business. It will also look to add complementary technologies like electricity generation, better fuel handling and control systems that will allow them to offer more holistic solutions to their clients’ needs.

M-Power will also look to continue growing, but in different and perhaps non-traditional ways. Everyone involved knows that both the need and the opportunity are greater than what M-Power can deliver on its own, so they will seek to get more businesses, NGOs and individuals involved in helping uncover bigger and better solutions. There is a move to get more young engineers inside both families’ existing businesses involved in this initiative as a way to broaden their experience and to ensure that new ideas are constantly being brought to the table.

Their ultimate goal is to uncover a game-changing technology that can create a long-term and cost-effective solution to the energy needs of the BoP. Such an achievement will truly pay off both families’ vision to have their businesses be a part of the solution, never the problem.

Contributed by: **Dirk Vyncke, Farhad Forbes**

# Lombard Odier

## Forging Change through Impact Investing

Nature of Business: **Private Bank**

Industry Sector: **Financial Services**

Family Business History: **7<sup>th</sup> Generation**

Provenance: **Switzerland**

### Overview

Founded in 1796, Lombard Odier is the oldest private bank in Geneva and one of the largest in Switzerland and Europe. With a network of over 25 offices in nearly 20 countries, it offers private and institutional clients advisory services in wealth management, financial products, and specialized areas.

An independent family business for seven generations, the Firm is run by eight Partners. Since they are both owners and managing directors, the success of their business is as important to them as it is to their clients. Because they are not subject to shareholder pressure, or to the constraints of operating in a large group with the inherent conflicts of interest, the Partners are able to maintain a long-term focus and to develop a relationship based on mutual trust with their clients.

For more than 15 years, they have also been pioneers in using Social Responsibility (SRI) as a lens for investing. More recently, they have started to create products that focus on Social Impact Investing.

### Challenge

The focus on SRI and Impact Investing is driven by the personal values of the family owners. As a multi-generational family business they view the company as a trust for their children; it is their responsibility to pass on a sustainable and responsible business. The partners have a clear understanding that sustainability issues are important in the world and that focusing on these issues is simply the right way to do business.

While CSR and sustainability have long been part of the bank's value system, it emerged as a specific product category in 1996. Their first step in socially responsible investment came in 1997, when they were among the very first Private Banks to build an extra-financial analysis capacity. It is also at the end of the nineties that they started to engage in

what is now called Impact Investing, when they contributed to the creation of Blue Orchard, an asset management firm which focused on micro-finance in developing countries.

Impact Investing at Lombard Odier developed into a more comprehensive offering a few years ago with the development of several new investment products and the launch of a specialized initiative in conjunction with a selection of like-minded clients and business partners.

The development of both Sustainable Investing and Impact Investing solutions for the clients triggered new, broader reflections on sustainability. Now that a sustainable offering was in place, the question was: what does it mean for the rest of their investment solutions? Can they go one step further and make their entire product range more sustainable? And more broadly speaking, how can they ensure that they were upholding their own values and have them concretely integrated into all their products, not just the "green" ones? And finally, how can they expand these reflections not just to all their investment solutions, but also to the entire corporation? What does sustainability and values mean to the Firm beyond its product range?

### Process

The process started with the creation of a Socially Responsible Investment offering more than 15 years ago that was mainly focused on listed equities. *"When I joined the bank three years ago, the Socially Responsible Investing platform was quite well developed. My mission was to move us from SRI to Impact Investing,"* notes Bertrand Gacon, the non-family leader of impact investing. *"Socially Responsible Investing focuses on supporting large, established businesses that operate in a responsible manner while Impact Investing finances small, typically unlisted social businesses whose core mission is to solve social and environmental*



*challenges. We wanted to go beyond investing in listed companies and start identifying new ventures that would make an impact.”*

They began with an analysis of the many new socially-oriented start-ups and ventures. The goal was to ensure they would be able to ‘mainstream’ these investments into their core business and not have them be a ‘nice-to-have’ for their clients. In practice this has meant that whatever products this group creates would also need to be distributed by the whole organization. Gacon reports, *“We could then rely on the power, scope and reach of all our distribution channels, without the need to have specific ones for SRI and Impact Investing initiatives.”* The key was to gain the buy-in of the central product team. Achieving this meant their products could now draw upon the work done by *everyone* in the company, which in turn strengthened our marketing and client offerings.

The second step of the sustainability process was to broaden the approach they developed in the Impact Investing team to their more ‘mainstream’ products. They therefore defined group-wide investment policies that applied to all their investment solutions – strictly banning, for example, any investment in essential food commodities (to avoid price volatility) or companies involved in the production or distribution of controversial weapons. They also systematically performed an ESG (Environment / Social / Governance) screening of all the companies they put on their Equity Recommendation List. Finally, they also got more deeply involved in shareholder engagement and activism.

### **Impact & Next Steps**

The response to these products by the bank staff and their clients was much better than expected. Currently, the focus isn’t just on growing these

new products, but also on creating a deep and innovative contribution to the market. They are also generating direct impacts through their Lombard Odier Gateway Development Finance product. Since its launch in 2014, this Impact Investing fund has raised US\$125M from their clients. The monies raised are used to finance micro-entrepreneurs in emerging countries – they have been able to finance approximately 55,000 micro-entrepreneurs in 40 countries to start or develop their small business. The fund has also financed 83 fair trade cooperatives and 46,000 small farmers in emerging markets, helping them secure fixed prices, improve the quality of their harvests, and significantly increase their revenues by selling processed food rather than raw commodities.

The next challenge is to get the entire organization involved in these efforts at every level, so that the name of Lombard Odier becomes synonymous with impact investing.

Lombard Odier decided to meet with the folks at B Lab, the non-profit behind B Corp, who help companies figure out how they are doing on a broad range of sustainability benchmarks through a relatively simple online assessment process. After consulting with them and completing their assessment, they felt they had a much better sense of the challenges and opportunities ahead.

Gacon notes, *“We assessed where we stand, which helped us get some momentum going. The benefit of their tools is that the more your company adopts practices, the higher you score. We are currently at 70, but we need to get to 80 so we can apply for B Corp status, which is one of our current goals. We now have to decide which steps to take to get those additional points.”*

One critical step in this process will be to appoint a sustainability manager, who will coordinate the bank’s efforts, moving beyond their recent focus on products and into their internal operations. This person will work with others to decide how to integrate sustainability into their HR process, manage their energy consumption, and how to align their corporate foundation. Collectively these efforts will help them achieve both B Corp status and move their sustainability agenda forward.

Contributed by: **Bertrand Gacon, Dennis Jaffe**

# Recker Convenience

## Creating a Sustainable Enterprise Within an Existing Family Business

Nature of Business: **Meat Production and Food Service**

Industry Sector: **Food Services**

Family Business History: **3<sup>rd</sup> Generation**

Provenance: **Germany**

### LikeMeat

Nature of Family Business: **Meat Alternatives / Vegan Food**

Industry Sector: **Food Services**

Number of Generations: **1<sup>st</sup> Generation**

Country: **Germany**

#### Overview

Recker Convenience is a third-generation German family food company that produces and distributes meat products and convenience food to retailers and wholesalers – primarily schnitzel, gyros and steaks. While the business has been successful over the years, the meat industry increasingly finds itself under pressure due to shifting dietary preferences and an increased focus on healthy living. The family has stayed steadily at the helm through this transition and is finding new ways to turn the business around.

#### Challenge

Timo Recker, 29, a member of the 3<sup>rd</sup> generation of owner managers, always knew he wanted to do something that would allow him to give back to the family; but he didn't really want to get involved in its current line of business. The more he learned about it, the more he felt it was just not environmentally sustainable to produce meat. It cost more, used 20 times more water, 45 times more land and caused 10 times more pollution than non-meat products.

So he set off to explore other opportunities while attending business school in London, Mexico and Argentina, as well as spending some time working in China. This time abroad led him to decide to do

something entrepreneurial, so he started to think more deeply about what sort of venture he might start that would allow him to help reinvent some aspect of the family business.



Timo Recker

One night while having dinner with his father in London they ordered some vegan schnitzel, which turned out to be both tasty and hard to distinguish from meat. It struck them that there might be a much bigger

market for products like these, so Timo suggested that they look into what it would take to develop and market similar products.



During his time abroad he had discovered that vegetarian substitutes for meat had evolved quite considerably, so he knew that it

was possible to create a great tasting and more sustainable product. This opportunity was also exciting for him personally, as it would allow him to fully align his personal and business values.

## Process

With financing from his family, Timo founded and launched **LikeMeat**, which manufactures and distributes vegan 'meat' dishes with a particular focus on taste and quality. They first focused on creating a steak, then moved on to chicken, and have now also even developed a burger. These products have been created using a new technology developed by LikeMeat that allows them to use a special meat-like plant protein. One of LikeMeat's unique approaches is that they don't produce their products using artificial forms or molds, but use knives to cut it in a method similar to the one they use when carving meat. Their 'steaks' therefore look and feel more like animal meat.

In response to the support he received from his family, Timo agreed to also become a key executive in the larger meat business, working with a non-family CEO, and his father as Chairman of the Board. In this way he is able to serve the family in two ways, both for the present and for the future.

## Impact & Next Steps

Timo Recker set out to make a vegan diet so attractive that people would want to eat that way, rather than feeling like they should or even have to. He believes that in LikeMeat, they have created a product that tastes as good or even better than meat. In its first two years, the new venture has shown dramatic growth. After the first year they were in 4000 supermarkets. They also supply large companies, schools, and retail chains; and are now moving toward global distribution, which offers the family an entire new business with global growth potential. Timo notes: *"Best of all, it fits our values, is unique in the market, and uses our family business knowhow."*

The next step is to scale up LikeMeat and grow it to be larger than the family's original meat business. Eventually they would like to leave the



traditional meat industry and place their focus and financial strength on plant-based protein-like meat products. Their hope is to achieve this big transition over the next 3 to 5 years ... but in any case, their family business is well on its way to reinventing itself as a 21<sup>st</sup> century business.

Contributed by: **Timo Recker, Dennis Jaffe**

# Singbee Group

## Transforming the Business through Next-Gen Leadership

Nature of Business: **LED Lighting**

Industry Sector: **Commercial Infrastructure**

Family Business History: **2<sup>nd</sup> Generation**

Provenance: **China**

### Overview

Founded in the 1990s, Singbee was originally a manufacturer of decorative crystal glass in China. The company had the honour of providing the crystal ball that combined soil collected from China's provinces with the soil brought back from the moon by the first space rocket launched by China.

The business was founded by Mr YuanCheng Wang. His daughter Lina and her husband Winson are currently in the business and are about to be joined by Pufa, his son, who has recently graduated from University.

### Challenge

For much of its first decade, Singbee grew on the back of a burgeoning trade in crystal. But as the business expanded, Mr Wang recognized several challenges facing the crystal business including water pollution from production and low barriers to entry. He witnessed his hometown of Pujiang being slowly but surely destroyed by pollution caused by the production of crystal – and he was determined to do something about it. Anticipating future difficulties, he searched for paths to diversify the business, and eventually discovered LED lighting.

This was a new product category, relatively unknown in China and across the world. The technology was new; no one understood the opportunity it presented. Everyone was content with traditional compact fluorescent lighting (CFL), which is significantly cheaper but consumes more energy and contains toxins such as mercury. The concept of energy sustainability was in its infancy, which meant the market had to be educated.

Mr Wang, however, foresaw a tremendous potential market. LED lighting contained no mercury, was 100% clean in production, usage and disposal. And everybody needs lights! The market

was just not aware of the potential energy savings nor the positive environmental impacts of LED lights. Entering this market would be risky, and require a major transformation of the business. But the payoff could be huge.

### Process

Mr Wang's daughter Lina was about to graduate from university and was excited by this potential opportunity. Mr Wang saw this as a chance to groom her as a business leader. As he developed the concept, Lina, who was still studying in the UK, conducted market research and feasibility studies for this potential game-changer. Mr. Wang made it clear that if Lina was not committed to joining the business and spearheading this new initiative, he would not do it. Seeing the possibilities, Lina decided to enter the business; and Singbee Lighting was founded in 2006. Her study of management and design would be helpful in stewarding a new product, even though as a young woman, she was apprehensive of returning to China to lead such a major effort.



Orlando Stadium using Singbee LED

However, there were other challenges. In business school she had learned the value of developing a high-quality, dependable product before launching. She encountered a company culture that was not as focused on quality and good design. As a young female leader she had to establish her credibility, while also getting everyone in the company to focus on higher product and process standards, and instilling greater accountability.

Therefore, she asked Winson Yeung, her husband, (at the time working for AXA in England) to join her in China. Together they built a stronger business. But China was not yet the place to launch this new effort. A feasible option was to look to Europe, a market geographically far away but seeking an environmentally friendly product. And as it turned out, the General Manager, who felt threatened by the presence of next-generation family members, soon asked both Lina and Winson to start up a UK branch to help expand the company. The young couple complied, and started the UK branch in the garage of a rented house in Bristol to provide local sales and service.

Singbee's GM, who was also the chief technology officer, embodied an attitude of haste, launching products without ensuring that every element of the design and manufacturing was of the highest quality. He often pushed forward too quickly, neglecting to work in harmony with the technical team, and placing products in the market too soon. His overconfidence led him to neglect the Singbee QC system. This impacted negatively on Singbee's reputation and head start in the industry; and eventually led to his resignation.

But the damage was done. The brand had lost its leadership position, senior management and direction. At the same time, demand in financially troubled Europe dropped. Lina and Winson had no choice but to sell off the UK branch office, abandon the potential projects they had developed, and return to China. Lina resumed leadership of the company, becoming General Manager, with Winson appointed as Sales Director. Under the new leadership, Singbee rebuilt the business; refocused on product development and developed a brand-new product series, with a QC system. High-caliber women were introduced into senior management. This and other changes created a new dynamic in the company. Greater attention was paid to detail; and communication improved. New products were launched successfully, as China has begun to focus on energy sustainability.

Mr Wang, seeing the success of the new generation, transferred ownership to Lina and Winson in recognition of their efforts. His son Pufa, graduating from university, will soon be joining the company. The new generation leadership team is in place, and the transformation is complete.

### Impact & Next Steps

The new Singbee is building a stronghold in the LED market. Its new product series has been installed in Portugal, Moscow, Mexico and the USA. Singbee in total holds over 100 patents in invention and design!

In contrast, the old Singbee crystal business is in decline. A town that had been heavily dependent on the crystal industry had 80% of its business shut down, mainly due to local government demand to build a cleaner town with cleaner water. As political pressure has grown, Singbee Crystal cannot function as it has in the past. Singbee has decided to phase out crystal and focus on the lighting side of the business.



Lina Wang and Winson Yeung

LED today is a decidedly mainstream product, and customers have even more demands. They want products with longer lifespans, higher efficacy, certification, unique design and, of course, a link to the user's smartphone. These market demands mean that Singbee can only survive by constantly innovating. Their latest LED lamp product's expected lifespan is up to 244,000 hours (83 years with 8 hours daily usage), 110 lumen per watt.

Singbee Lighting's growing success has taken the Singbee name to many places. This has given Mr Wang confidence in facing the future. He has seen how Lina and Winson had restored faith in a business twice lost. Now, his most common business-related response is, "Let Lina handle this." Saying these four words now gives him enormous pride. At the same time, Winson and Lina strive to learn from the family business' past failures, and avoid falling into the same trap in their lifetime. With the determination of a new generation, the future is promising.

Contributed by: Lina Wang, Winson Yeung, Dennis Jaffe

# Société Internationale de Plantations et de Finance (SIPEF)

## Tackling the Most Important Challenge of Business Today: Sustainability

Nature of Business: **Responsible Agriculture and Sustainable Palm Oil**

Industry Sector: **Agro-Industrial**

Family Business History: **4<sup>th</sup> & 5<sup>th</sup> Generation**

Provenance: **Belgium**

### Overview

**Société Internationale de Plantations et de Finance (SIPEF)** is a Belgian agro-industrial group incorporated in 1919 with the principal aims of promoting and managing plantation companies which operate in both tropical and sub-tropical areas. It owns a planted surface area of 67,000 hectares, spread primarily across Malaysia and Indonesia.



Chairman Baron Bracht

The great-grandfather of Baron Theo Bracht, the current chairman, founded SIPEF and both the 4<sup>th</sup> and 5<sup>th</sup> generations of the family are currently involved in the business. SIPEF is now publically listed

company on NYSE – Euronext Brussels, but the Bracht family continues to have an ownership stake along with Ackermans van Haaren, another family holding company.

### Challenge

SIPEF has had to contend with a gamut of diverse challenges over the years that face every agro-industrial group – from variable weather conditions, to dealing with local governments, and price fluctuations with the commodities they grow. By far the most significant challenge over the past decade or two has been the controversy surrounding palm oil production.

Lax environmental regulation in the predominant palm oil-producing countries of Malaysia and Indonesia has given rise to widespread and indiscriminate deforestation for monoculture oil palm crops, instances of illegal logging, and a dramatic impact of endangered animal species. The high proportion of saturated fats in palm oil has also been identified as a health concern. Yet palm oil remains the world's most popular edible oil, because of its longer shelf life than butter and other vegetable oils, and its relatively inexpensive price. And it is an ingredient in as much as 50% of the products found on supermarket shelves today. SIPEF'S key challenge was, therefore, *how to transform it into a sustainable business practice?*



Priscilla Bracht

### Process

The Bracht family has long had a commitment to ensuring their company remains a reflection of their family's values. But it was only when Priscilla Bracht joined the Board of Directors in 2010 that the sustainability efforts began to demonstrate some teeth.

For SIPEF, it began with a commitment from the top and a willingness to consistently assess where improvements are both possible and necessary.





The Board of Directors supported the adoption of measurable sustainable practices and integrated day-to-day management of their operations, both of which go beyond the legal requirements of the countries in which they operate.

Operations were assessed under recognized standards. Sustainability departments expressed these standards in operating procedures, identifying key improvement areas with line management, and helping with implementation. Training sessions were conducted – and continue to be organized – for employees at all levels, including third-party supplier-producers. Monitoring of performance followed closely to ensure that implementation by business units was correct and uniform.

SIPEF also focused on improving soil fertility and sustainable land management, to protect the conservation areas within their plantations. The company has also established that a well-managed mill is virtually self-sufficient in its energy requirements. Some of the solid by-products are used as fuel for the boilers, which provide the steam needed for power generation. The power produced by the boilers is usually sufficient to cover the operational requirements of the mill, as well as the houses of their workers.

#### **Impact & Next Steps**

SIPEF's concerted commitment to sustainable agriculture has allowed it to stay above the fray despite the increased scrutiny their entire industry now finds itself under, and when the occasion warrants, to be a credible voice in defense of their industry.

SIPEF's reputation is also being enhanced because of the company's commitment to its people, which includes everyone from its plantation managers to the workers in its fields. Since business activities are often carried out in remote locations, providing good housing has also proven vital in order to attract young, high-quality people for the long term. The company has invested in building new houses for workers and managers over the past five years, as well as schools to ensure the proper education of their workers' children. All employees also receive medical care on each of the plantation sites.



SIPEF is studying all possibilities of expansion with great care, to ensure that any new plantations meet exacting legal, environmental and social requirements. The Board and family are driven by a shared perspective and understanding that running plantations requires a unique kind of commitment that stretches over the long term. The ultimate goal is to build an organization with a deep and diverse knowledge of sustainable agriculture techniques for the good of their people, their profits, and this place we all call Home.

Contributed by: **Sophie Lammerant Velge, FBN Belgium**

# Sustainability – The Key Driver of Innovation

Learn from Nature's model, create new corporate structures, embrace well-being, redefine success. This last section explores some of the new and dynamic innovations that corporations, social enterprises and civil society groups are embarking on to take sustainability aspiration into practice around the world.



## A Garden Grows Under The Sea



Somewhere in the Bay of Noli, off Savona Italy, lies the world's most futuristic undersea farm. In five transparent biospheres anchored to the bottom of the sea, strawberries, basil, beans, garlic and lettuce are being grown. The plants are kept hydrated by drips of water condensing on the inner walls of the biospheres, and the near-constant temperature between day and night creates ideal growing conditions. A control centre on dry land allows the scientists to monitor

the status of crops without having to dive down every day to tend to them. The project is **Nemo's Garden**, and is the brainchild of the Ocean Reef Group. Its main goal is to create an alternative system of agriculture, especially dedicated to those areas where environmental conditions make it extremely difficult to grow crops through conventional farming, including lack of fresh water, fertile soils, and extreme temperature changes. ([www.nemosgarden.com/](http://www.nemosgarden.com/))

## CycloClean: The Bike That Purifies Your Water



For all the advances that we have made as a global society, it's staggering to note that approximately one-third of the world's population has no access to basic amenities like clean water. Japanese bicycle-maker Nippon Basic has risen to the challenge to design a bicycle that can purify contaminated water relying just on peddling power. The **CycloClean** is capable of purifying up to 5 litres of water in a minute of peddling; or 3 tons of water in 10 hours. Just

park the bike and insert a hose into an unsanitary lake or river. Next, lift the rear wheel off the ground via the bike's stand, hop back onto the bike, and start peddling. As you ride on the stationary bike, the water is pumped into the filtration system and comes out nice and clean. Not only is the bike a terrific way to create some safe, purified drinking water, it is also a great way to burn some fat. (<http://www.independent.co.uk/environment/japan-touts-pedalpowered-water-purifier-2219709.html>)

## Detection Rats Save Lives in Mozambique



King-sized rats are being used by scientists to detect tuberculosis-causing bacteria in Mozambique. At Eduardo Mondlane University in the capital Maputo, nine giant rats are busy at work – sniffing out tuberculosis-causing bacteria from rows of sputum samples. These are no ordinary rats, as they have undergone six months of training in Tanzania. Their most distinguishing asset is their impeccable sense of smell. Placed inside a glass cage, a rat darts from sample to sample,

then stops or rubs its legs, indicating that a sample is infected with a TB causing bacteria. Once the task is complete, it is given a treat through a syringe for a job well done. Samples pointed out by the rats to contain TB bacteria are then sent for further tests using fluorescence microscopy, a more sensitive laboratory technique. The results are sent back to health centres, allowing patients to start treatment early. Although TB is a treatable disease, in underdeveloped countries like Mozambique it can be deadly if left untreated and is particularly harmful to people living with HIV. (<http://www.theguardian.com/world/2015/mar/24/giant-rats-helping-to-sniff-out-tuberculosis-in-mozambique>)

## Soil-free Farming Uses 90% Less Water



Source: <http://www.agricel.co/advantages.html>

About 80% of the world's population live in areas under the threat of water scarcity; and only 3% of the total amount of water on earth is fresh water. Growing produce in areas which have such limited vital natural resources is a problem calling out for solutions. Enter **Agricel**, a farming system based on hydrogel film, a super-absorbent polymer that can hold 1,000 times its weight in water. Plants that are grown on the film develop a lot of fine and dense roots

that closely attach themselves to the hydromembrane surface to absorb water and nutrients. The system also means that pesticides are not needed as bacteria and viruses cannot get through the film. Agricel's cheap alternative to hydroponic growing – vital for those in poorer economies – reduces fertiliser usage by 80% while increasing farm productivity by 50%. (<http://www.livescience.com/42835-soil-free-farming-grows-vegetables-in-the-desert.html>)

## Don't Throw Your Packaging Away!



Just as 'cradle to cradle' design has led manufacturers to think about how they can ensure component materials can become something new once they've out-lived their initial use, Dutch baby stroller company **Joolz** has hit upon an ingenious way to encourage customers to turn their cardboard packaging into a new item. From the large boxes that come with their strollers down to the smaller ones that protect baby accessories, the company has added printed directions inside each, instructing customers on how to make useable chairs, birdhouses and light bulb holders using just the cardboard packaging. How cool is that! (<http://my-joolz.com>)

## In the Desert, a Greenhouse Blooms



Imagine a greenhouse that enables the cultivation of crops in hot and arid regions of the world, by using sunlight and seawater to enable the supply of food, energy and fresh water. **The Seawater Greenhouse** delivers just that, via a climate that is suited for growing plants both within and beyond the greenhouse structure. Air driven by the prevailing wind is cooled, cleaned, sterilized and humidified by

seawater evaporators. This creates a climate that enables crops to grow in areas which normally do not provide the right conditions due to high temperatures, a lack of fresh water or both. Only pure water evaporates, and the seawater is reduced to concentrated brine, which is further evaporated outside the greenhouse to yield salt and other minerals. Evaporating seawater and cooling the air in the process is much simpler and cheaper than desalination. Plants that are not stressed by excessive transpiration grow faster and produce higher yields. (<http://www.seawatergreenhouse.com>)

## Making Carbon Fibres Out Of Thin Air



Scientists in the USA have found a way to take carbon dioxide (CO<sub>2</sub>) from the air and make carbon nanofibres, a valuable manufacturing material. Their solar-powered system runs a small current through a tank filled with a hot, molten salt; the fluid absorbs atmospheric CO<sub>2</sub> and tiny carbon fibres slowly form at one of the electrodes. It currently produces 10g per hour. The approach offers a much cheaper way of making carbon nanofibres than

existing methods. Carbon nanofibres are already used in high-end applications such as electronic components and batteries; if costs came down they could be used more extensively – improving the strong, lightweight carbon composites used in aircraft and car components, for example.

(<http://www.bbc.com/news/science-environment-33998697>)

## One Cool Innovation



Imagine living in a home without a refrigerator. This is the reality for rural India, where electricity is unavailable or unreliable, and where poor families can't afford major appliances. But what these homes need isn't really cheap refrigerators. The 'job' is much more basic: People need an affordable way to keep milk, vegetables and leftovers cool for a day or two. This job is urgent in a country where a third of all food is lost to spoilage. Enter the **ChotuKool**, or "little cool" in Hindi. A disruptive innovation for the base of the economic

pyramid, ChotuKool is based on a thermoelectric chip that maintains a cool temperature on a 12-volt DC current or an external battery. The unconventional opening ensures cold air settles down in the cabinet to minimize heat loss and power consumption. The portable unit has 45 liters of volume inside a fully plastic body weighing less than 10 pounds. Priced at \$69, about half of an entry-level refrigerator, the Chotukool is the 'Tata Nano' of appliances, and is flying off the shelves. ([http://www.wipo.int/wipo\\_magazine/en/2013/06/article\\_0003.html](http://www.wipo.int/wipo_magazine/en/2013/06/article_0003.html))

## The Gift of Light



Many homes located in slums do not have windows and thus remain dim throughout the day. Without an adequate source of light, it is impossible to see accurately and thus performing basic tasks becomes extraordinarily difficult. Just think of reading and cleaning in the dark. You won't be able to cook and heat your home your electrically, either. **Litre of Light** aims to provide an ecologically and economically sustainable source of light to underprivileged communities around the world. This source of light is easy to install as it comprises a recycled 1.5 litre plastic bottle filled with water and bleach. Then

make a hole in the roof of the household & install the bottle - half outside half inside. The daylight that enters from above gets diffracted by the water and spreads the light into the room, equivalent to a 55-watt bulb. Litre of Light is a global open-source network dedicated to providing an ecologically and economically sustainable source of light to underprivileged communities around the world.

(<http://www.literoflightswitzerland.org>)

## This Shower Saves Water



The fundamental problem with most low-flow shower heads, is that people see them as a less pleasant way to take a shower. So when a US-based startup called **Nebia** decided to tackle the problem of saving water in water-scarce California, they realized they needed to change how a shower worked more fundamentally. They increased the surface area to volume ratio dramatically. Essentially, they atomized the water, creating millions of tiny droplets and a surface area that's 10 times greater than that of a regular shower. The chamber of mist stretches two or three feet wide instead of the typical couple of inches under a normal shower. The shower head uses 70% less water than a typical shower, but actually feels like it's using more because you're instantly wet. It's designed to be an experience that people will like better than the classic, high-pressure blast of water. (<http://www.fastcoexist.com/3049829/>)

## Window Farming & Culinary Mindfulness



There's a hint of a culinary movement gaining momentum, and it's sprouting across urban windows. **Windowfarms** is a US-based startup dedicated to helping us all make food choices that allow us to flourish and thrive. 'Culinary mindfulness', as some have labeled the movement, includes mindful eating along with mindful cooking, shopping, sharing, remembering, and even talking about food. The purpose is to build awareness of increasing well-being in all the food choices one makes, to accrue mental wealth from every aspect of one's calories. The company sells exactly what their name suggests: hydroponic systems for growing food in windows, be they in small apartments or big houses. Its mantra is simply this: Being part of something larger than oneself is essential for well-being. Too often we are taught to be nothing more than selfish mouths when it concerns food. But that's wrong. Eating is an agricultural and political act as well. And when we eat in a way consistent with our values, we contribute directly to our well-being. Watch this space. (<http://www.forbes.com/sites/toddessig/2013/06/09/culinary-mindfulness-and-windowfarms-5-ways-to-increase-well-being/>)

## Wood Stoves Convert Waste Heat Into Energy



**BioLite**, a startup based in New York City, designs energy products focused on burning wood as cleanly as modern fuels while generating off-grid electricity. Using thermoelectric technology, BioLite produces wood-burning stoves that also function as chargers for portable electronic devices. The CampStove and the HomeStove are BioLite's main products. The CampStove is a sleek and compact stove that saves substantial amounts of energy, while simultaneously charging small electronic devices such as a mobile phone or iPod. The stove emits only a fraction of the smoke of a traditional wood fire and reuses any excess energy through its device-charging function. Alongside the CampStove the company has also released a HomeStove, marketed at the three billion people in the world who use open fires to cook every day meals. Similar to the CampStove, it emits considerably less carbon monoxide and can charge devices. These inventions could be an exciting innovation in parts of the world with limited access to electricity. (<http://www.biolitestove.com/products/biolite-campstove>)

## Betting *Everything* on a New Business Model



Source: <http://blog.novelis.com/>

The aluminum industry has been in transition for decades – but none have survived the turmoil better than **Novelis**. Born in 2005 when global leader Alcan was split into a mining company and Novelis which kept the downstream assets, the company dramatically addressed the threat of insecure supply by up-ending its business model and becoming, in essence, an ‘above-ground miner’ of recycled material. The business case and the environmental benefits

were clear: Using scrap aluminum costs 10% less than prime aluminum, and uses only 5% of the energy required to mine the real thing. Other benefits included reduced greenhouse gas emissions, water and energy use, and virtually zero waste material. But achieving this would require nothing short of transformation – of product portfolio, customer relations, design and innovation, marketing, operations, product take-back, and scrap recycling. The commitment, speed and scale of Novelis made all the difference. The company leveraged its first-mover advantage, and is today the largest aluminum recycler in the world. It has fundamentally reconstructed its business model to enable a more sustainable future. (<http://www.novelis.com/en-us/Sustainability2013Report/strategy/index.html>)

## Building a Sustainable Livelihood, One Toilet at a Time



An estimated 2.6 billion people lack access to adequate sanitation globally. Couple this with poor hygiene practices, and it’s no surprise that 1.5 million children under 5 years old die each year from cholera, dysentery, typhoid and hepatitis A. Family-owned **SC Johnson** saw a chance to make a difference. Leveraging resources and expertise from within the company, local entrepreneurs, and social sector partners, the company co-founded **Community Cleaning Services (CCS)** in Nairobi, Kenya.

The CCS business venture uses a micro-franchise distribution platform to offer an integrated model of awareness creation, cleaning and business management training, quality assurance, product supply and marketing support to hard-working entrepreneurs who deliver mobile toilet cleaning services across Nairobi’s low-income communities. SC Johnson’s cleaning products are purchased in bulk; but rather than the purchase and consumption of the product being an end in itself, the end is the service and the business model that holds the promise for a sustainable future for under-privileged communities around the world. (<http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=14164&NoSearchContextKey=true>)

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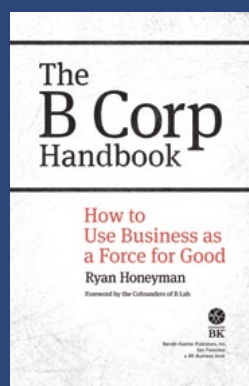
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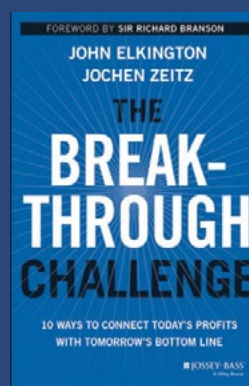
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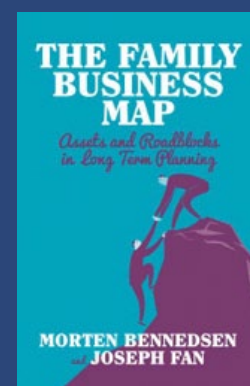
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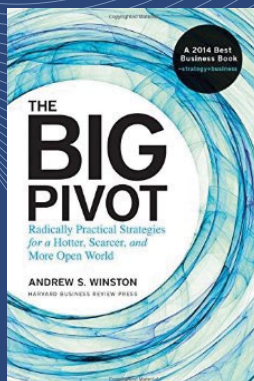
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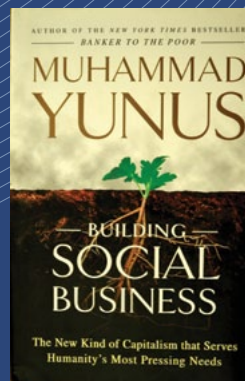
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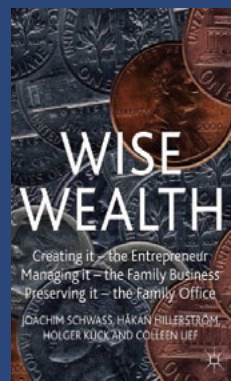
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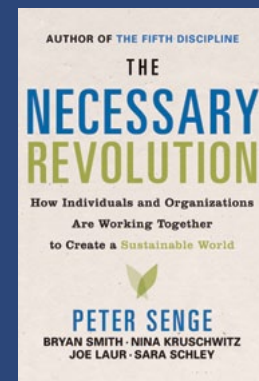
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# About FBN International

**Family Business Network International (FBN)** is a global network run by *family businesses, for family businesses*, with the aim of strengthening success for family enterprises across generations. Founded in 1989, it brings together over 3000 families, over 9000 individual members including nearly 4000 Next-Generation members – across 60 countries worldwide. FBN helps family businesses grow, succeed and prosper through the exchange of best practices and new ideas. Being by families, for families, FBN creates a unique environment in which family business learn from each other and share the passion they have for their family and their enterprises, and how to reconcile these two passions.

FBN is a not-for-profit organization, offering unique value and insights to family business members including:

- a strong international network of business owners, both global and local
- an inclusive, non-solicitation environment for intimate peer to peer learning for all members of the family
- a platform which fosters communication and dialogue across generations, where each family member is invited to share and exchange on their values, long term aspirations and roles within the family
- a forum where every stakeholder, CEO, board member, shareholder or spouse can engage with their peers on the problems they are confronted with on a day-to-day basis, and find support in learning through shared experiences

[www.fbn-i.org](http://www.fbn-i.org)