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Healthy Value Chains

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Overview

- Why value chains?
 - A history of company/NGO collaborations
 - The Healthy Value Chains Network
 - Key Issues and Questions
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Why value chains?

- Strategic, not peripheral CSR
 - Vulnerabilities to reputation & business viability
 - Coke Kerala water example
 - Nike with sweatshops
 - Anthony Bergmann - Dutch chairman of Unilever - "If there aren't fundamental changes in agricultural and fishing practices, we will have businesses not worth being in"
 - Governance challenge
 - Variable or absent national, international law
 - Multiple companies from producer to consumer
 - Leads to need for different approach to partnership
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Early collaborations

- Chiquita & Rainforest Alliance
 - Chiquita as problem company
 - Labor conditions
 - Deforestation in Central America
 - Rainforest Alliance certification of forests, then agriculture
 - Now ~70% of Chiquita bananas certified by RA
 - Subsequent projects with Kraft (coffee), Nescafe, Lipton tea
 - RA recently passed 1M mark for acres of certified farmland
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Early collaborations, cont'd

- Unilever & Oxfam
 - Oxfam's critique of corporate globalization
 - Making Trade Fair, 1999
 - Mugged, 2002
 - Barbara Stocking from UK National Health Service – going beyond rhetoric, reaching out
 - Unilever
 - Sustainable Agriculture Program since 1998
 - Big supply chains and big sales in developing countries
 - Anthony Bergmann awareness of sustainability issues
 - "Multi-local multinational"
 - Conversations through Society for Organizational Learning, similar forums
 - Indonesia study
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Indonesia - Lessons Learned

- Unilever supports 5000 employees but 300,000 livelihoods
 - Broad tax base supports development
 - Oxfam realized difference between "embedded" and extractive companies
 - Need additional mechanisms to support the poor – credit, insurance, human services
 - Unilever needs to work with NGO's to tackle persistent poverty issues
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Sustainable Food Lab



- Link through Society for Organizational Learning in 2002
 - Some participating organizations
 - Companies (~20) – e.g. Unilever, Costco, Sysco, General Mills, Green Mountain Coffee
 - NGO's (~15) – e.g. Oxfam, WWF, Rainforest Alliance, CIAT
 - Multilaterals – World Bank, IFC
 - Labor – Unions, movement representatives
 - Foundations – WK Kellogg, Shell
 - Government – Limited – European Commission, Netherlands
 - Series of meetings biannually
 - Directly spawning projects
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Healthy Value Chains Network

- Based on need to expand beyond agriculture
 - Ikea, Nike, BP
 - Research component: Cases, tools, methods, innovations, lessons learned
 - Clinic in June, growing the network
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Five levels of collaborative activity

- Value chain innovations
 - Costco/CIAT case – upgrading the green bean chain
 - Green Mountain Coffee/CIAT case – poverty indicators
- Certification of value chain
 - Rainforest Alliance with Chiquita and Lipton
- Global bilateral strategy touching multiple value chains
 - Coke & WWF around water
 - Ikea & WWF around forestry, cotton, and agro/aquaculture
- Industry-level consortia – WWF “Roundtables” e.g. Palm Oil
- Multisectoral learning and capacity building
 - Sustainable Food Lab
 - Global Forest and Trade Network
 - Sustainable Agriculture Initiative (Nestle, Danone, Unilever)

“Comprehensive lean management”

- Go beyond the narrow system boundary
 - Need to engage civil society, government as part of value chain
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Key Issues and Questions

- How to **partner** on level terms?
 - How to manage **risk and trust** in company/NGO relationships
 - How to **grow and sustain** insights from projects?
 - How to reach corporate **scale and speed** with limited NGO resources?
 - How to engage **governments**?
 - What **scope** is allowed in the conversation?
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How to partner on level terms?

- Not NGO's "consulting" for companies
 - Need to appreciate all perspectives
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How to reach corporate scale and speed with limited NGO resources?

- Rainforest Alliance certification

How to grow and sustain insights from projects?

- Costco & CIAT

- Supply chain summit is an awakening – how to share?

- Green Mountain Coffee & CIAT

- Systematically involving employees in poverty survey
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How to manage risk and trust in company/NGO relationships

- NGO's can demand transparency, public communication, exposing corporate laundry
 - E.g. Coke water ratio – 200L
 - Company partnerships can open NGO's to accusations of "selling out"
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What scope is allowed in the conversation?

- Improving the Coke value chain... but what about drinking Coke in the first place?