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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
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
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
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
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
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
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
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
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?
How to partner on level terms?

- Not NGO's "consulting" for companies
- Need to appreciate all perspectives
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
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"
What scope is allowed in the conversation?

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