

# **CiYuan Program: How Corporate-NGO Partnerships Can Drive Innovation in Social Development**

Margaret Coady  
Director, CECP

# Committee Encouraging Corporate Philanthropy

## Who We Are

- The only international forum of business CEOs and chairpersons with an agenda exclusively focused on corporate philanthropy.

## What We Believe

- Philanthropy is a long-term investment
- Executive leadership is essential
- Corporations have unique resources

## Who is Engaged

- Over 175 CEOs and Chairpersons
- Companies from each industry sector
- Companies represent over 40% of all corporate giving in the United States

## What We Do

- Global Leaders conferences
  - CEOs
  - Corporate Giving Professionals
- Peer Benchmarking
- Excellence Awards
- Research and Thought Leadership
- Media Opportunities



*“At CECP, we strive to engage a community of like-minded executives to advance both the social and business value of corporate philanthropy.”*

- Terry McGraw, CECP Chairman

# Corporate Philanthropy – *CECP's Latest Research*

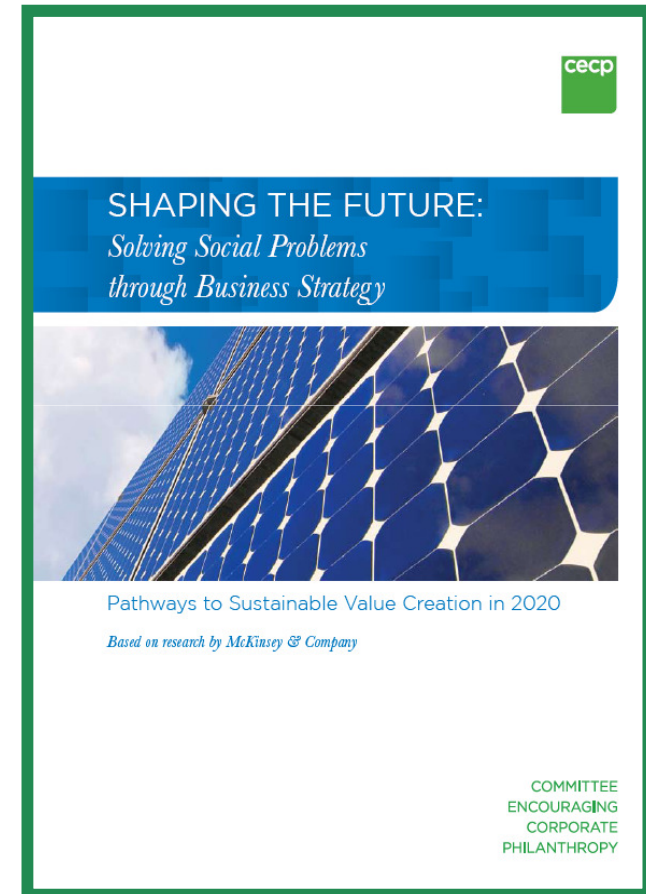
## Shaping the Future: Pathways to 2020

### Research Questions

- What will the next decade look like, and what are the implications for corporate involvement in solving social issues?
- How can corporations position themselves now to maximize the profitability and societal impact?

### Information Sources

- In-depth interviews with leading corporate CEOs
- Live event polling at CEO conferences
- Original research conducted by McKinsey economists
- Interviews with thought leaders from the nonprofit, academic, and government communities.



# McKinsey: Five Forces Shaping the Next Decade

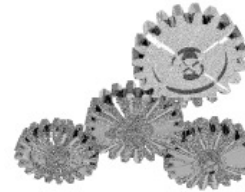
## The Great Rebalancing

- Emerging markets gaining larger share of global GDP
- Growth of a multipolar global economy



## The Productivity Imperative

- Economic growth in developed economies increasingly dependent on productivity gains
- Insufficient supply of highly trained talent for rising global demand



## The Global Grid

- Increasing interconnection of markets, trade, and technology



## Pricing the Planet

- Significant increase in resource demand as emerging markets surge
- Growing environmental pressures on business and society



## The Market State

- Growing need of states to compete for economic growth and innovation
- Competition to attract business activity



Source: McKinsey & Company

# CEO Poll Question: Challenges to Action

**What is the biggest barrier your company faces today in preparing to address the oncoming social problems that are important to your business?**

Overwhelming complexity of social problems

47%



Difficulty collaborating and/or aligning with our company's stakeholders

34%



We lack the organizational structure/capacity to engage effectively

16%

We cannot commit to an issue long enough to have a meaningful impact

3%

Shareholder pressure prevents us from getting too involved

0%

cecp

# CEO Poll Question: What Role to Play

**What do you think is the appropriate role of a company in solving a social problem that is important to its business?**

**Drive the solution:** take leadership and ownership over getting results

50%



**Be part of the solution:** collaborate in problem-solving without seeking a leadership role

42%



**Fund the solution:** primarily contribute cash / resources

6%

**Invest pragmatically:** only address a social problem if it connects directly to shareholder value

3%

**Do not engage:** business should have a negligible role in solving social problems

0%

# CEO Interviews: What Role to Play?



“We’re big, we’re powerful, we have scale, we can make a difference not only in every community that we’re in, but the world”

— **Jim Skinner, Vice Chairman and CEO, McDonald’s**



“The difference between driving the solution and being part of it is wanting to enable the community instead of the company being the leader. This creates a sustainable environment.”

— **Klaus Kleinfeld, President and CEO, Alcoa**

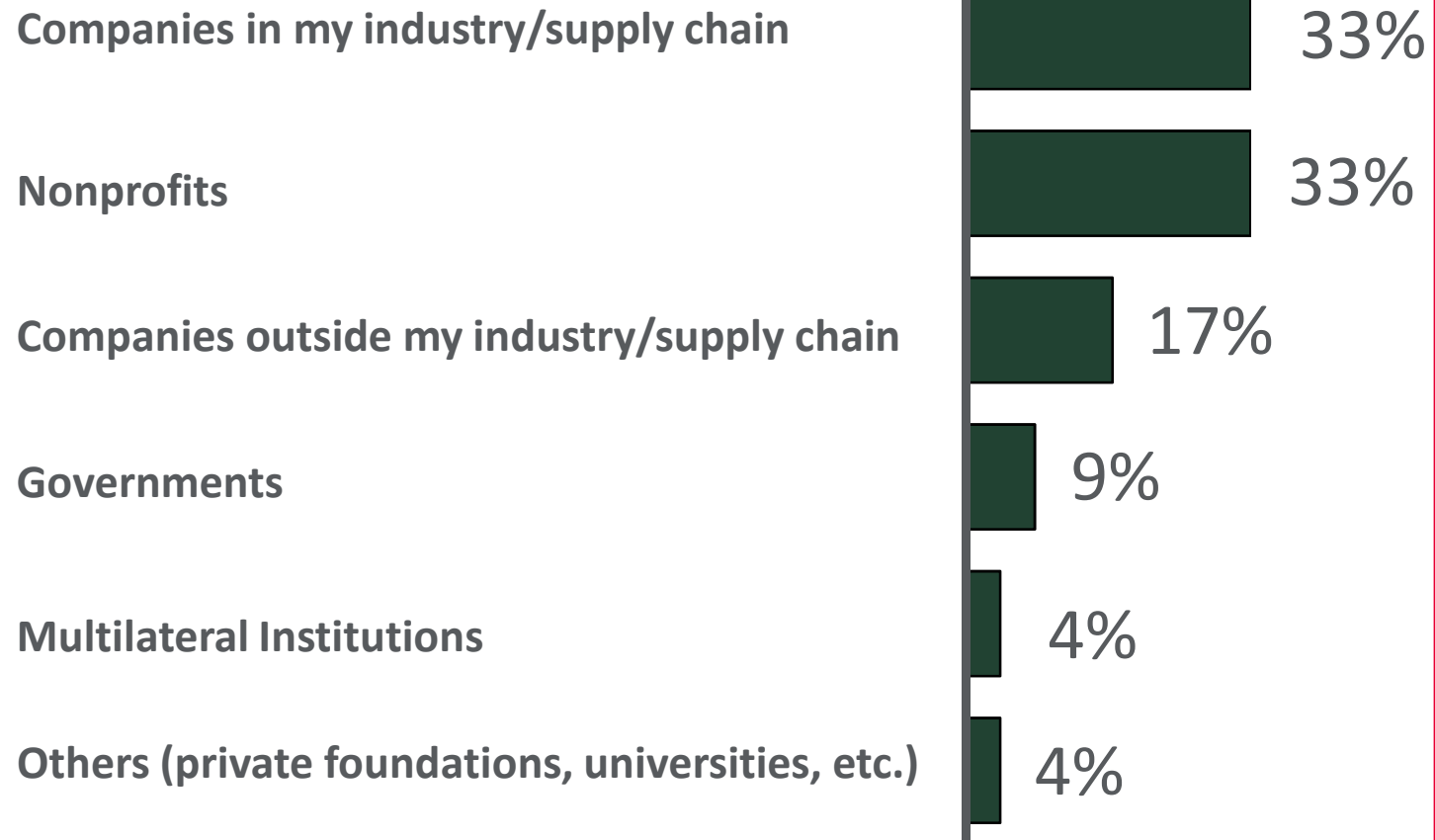


“More will be expected from market leaders and globally successful companies. Conversely, those that are most involved will also be more successful. This may be an upward spiral in which the more successful the company, the more will be expected of them, and the more successful they will be.”

— **Mike Duke, President and CEO, Walmart**

# CEO Poll Question: Choosing Partners

Who is it most important for your company to collaborate with in solving social problems important to your business?





# CEO Interviews: What Role to Play?

Johnson & Johnson

"We all have to contribute to sustainable solutions in all of these areas. Not any one group that can do it. It has to be a collaboration of people that will sit around a table and be committed to common objectives and a long term vision. You cannot assume that everyone else will address the problem, and that you do not have to engage."

— **Bill Weldon, Chairman and CEO, Johnson & Johnson**

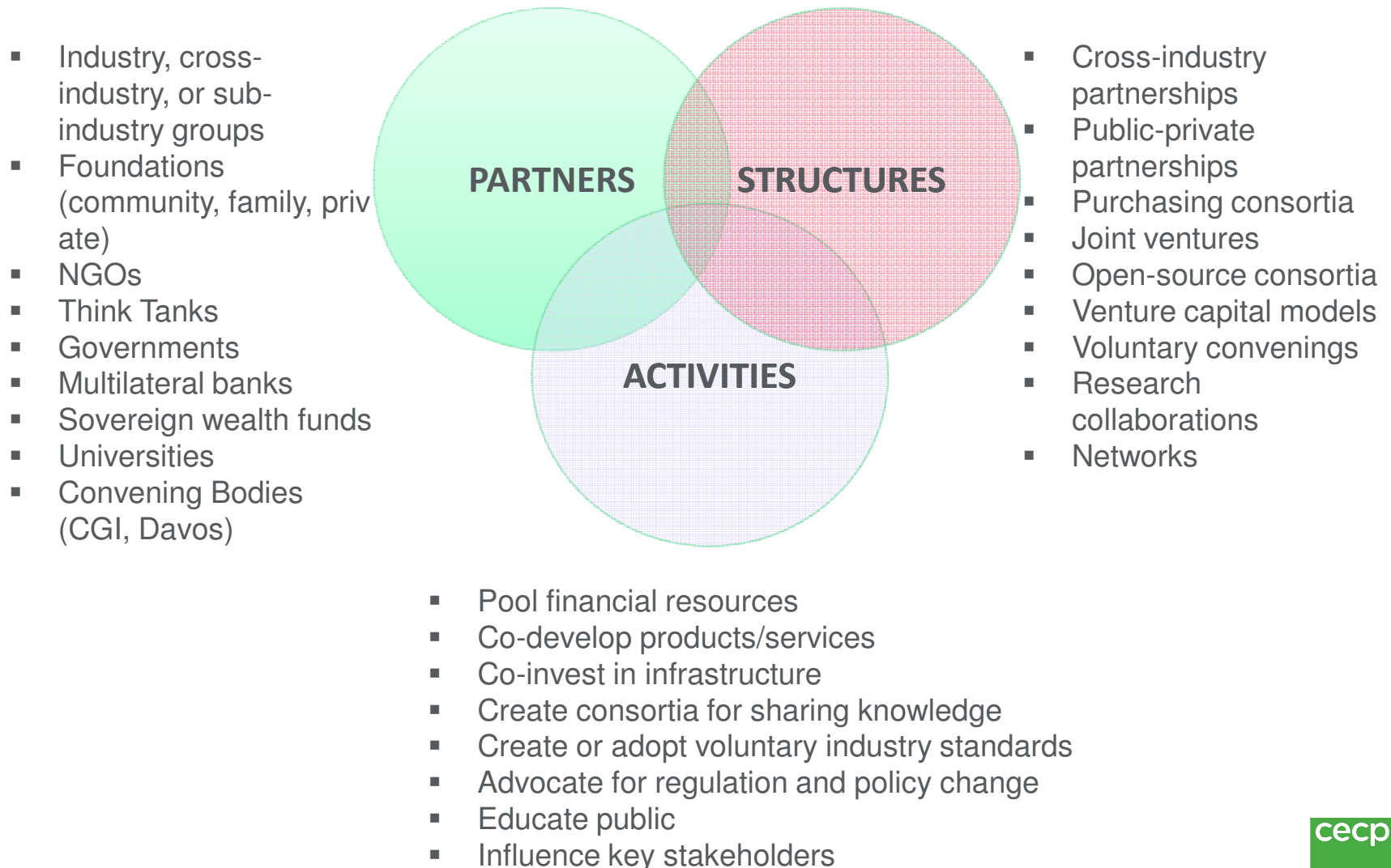


.....  
GENERAL MILLS

"We're collaborating with competitors on some of things, but mostly we're collaborating with non-profits around the world who on the ground and able to get things up and running. We give them a little bit of money and a little bit of technology and off they go."

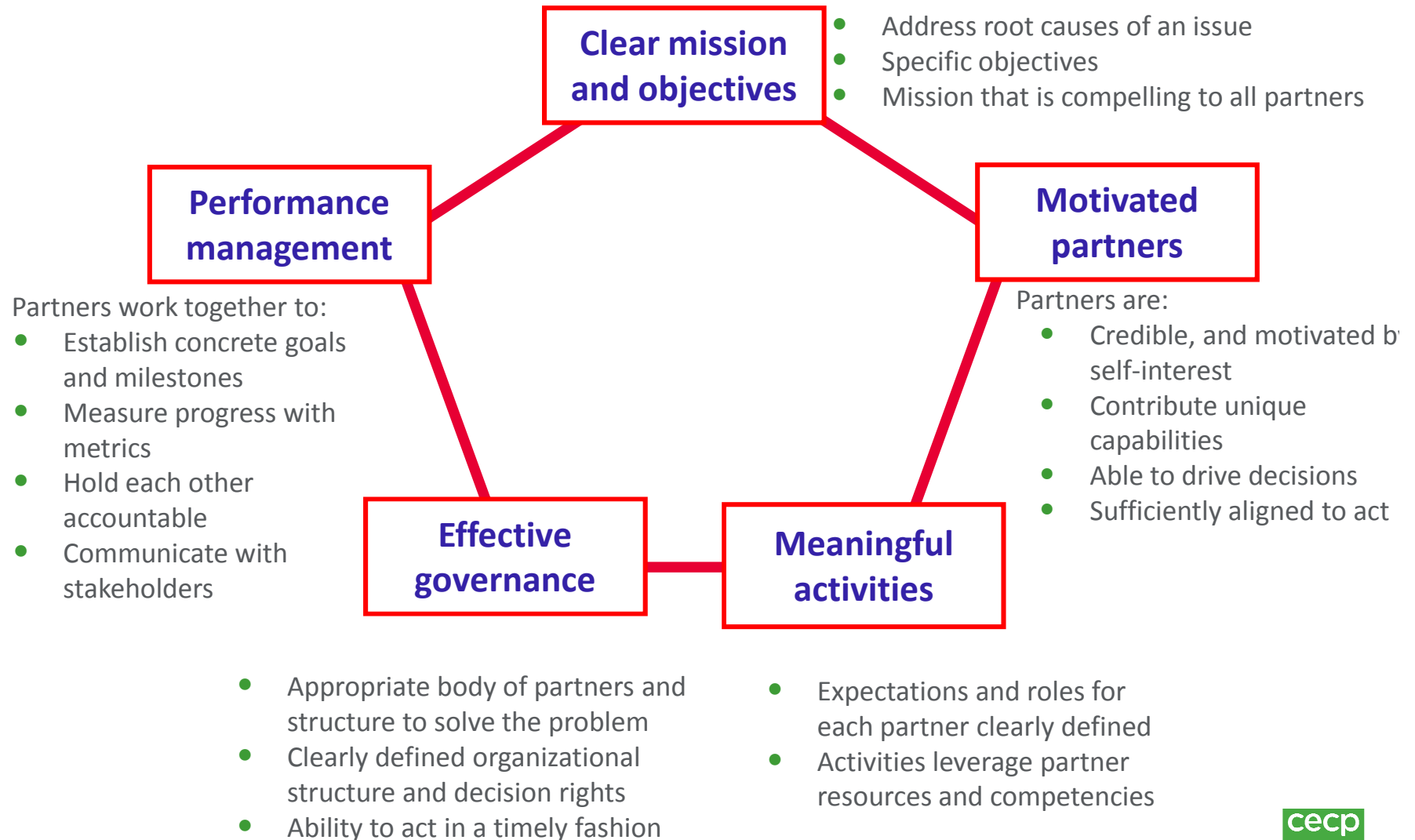
— **Ken Powell, Chairman and CEO, General Mills**

# New Collaborative Models for Innovation



Source: McKinsey & Company

# McKinsey: Keys to High-Performing Partnerships



SOURCE: McKinsey analysis

# Companies and NGOs: Examples of Unique Assets

---

## Companies

### Tangible Assets

- Cash
- Products
- Facilities
- Technology and logistics infrastructure
- Leadership development frameworks

### Intangible Assets

- Can absorb risks and conduct pilot projects
- Can influence those in supply chain
- Expertise in negotiation, project management, legal issues, communications, etc.

## NGOs

### Tangible Assets

- Local offices
- Service infrastructure
- Trained staff
- Volunteers

### Intangible Assets

- Subject-matter expertise
- Credibility
- Knowledge of community needs and customs
- Relationships with relevant leaders
- Ability to mobilize others
- Access to media

# Case Study: Nestlé's Shared Value Approach

**Nestle is the world's largest milk company, making high-quality supply crucial... but they cannot go it alone.**

**Collaboration between Nestle, government, and NGO partners includes:**

- Local collection, storage and transportation facilities
- Training provided by Nestlé agronomists and field technicians
- A range of quality control systems and financial support through microfinance loans
- Local employment opportunities at our factories.

