

Business and Sustainable Development
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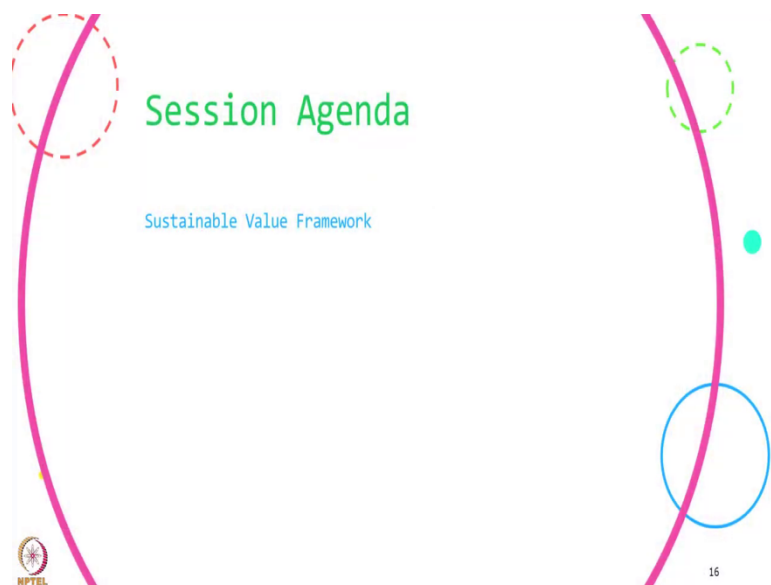
Lecture - 31
Sustainable Value Framework

Hello, welcome to this session on Sustainable Value Framework. So, if you remember at the different point of time during the course like when we are discussing why sustainability is important or why sustainability is imperative, what should be the strategy, what should be the corporate agenda.

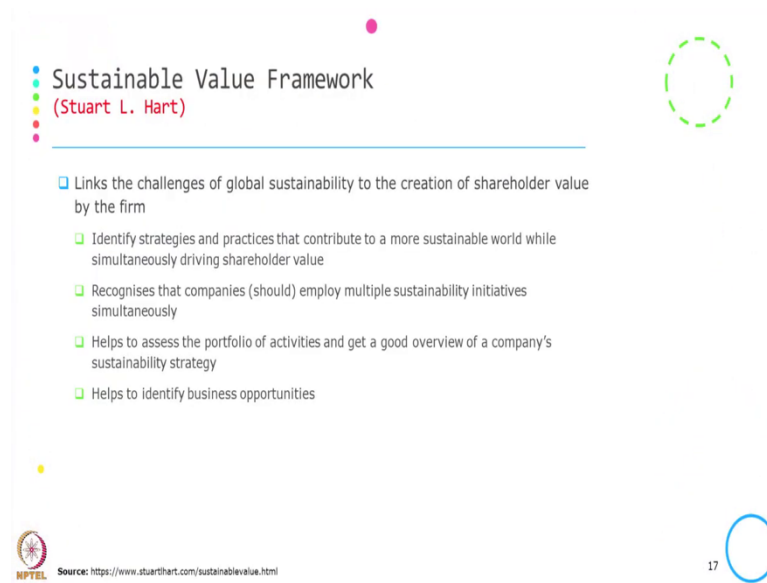
So, that the sustainability can be achieved or we can work on the sustainability issues. and at all this point of time the two things that was coming as the coming as main focus is that when organization they are doing it how should they do this.

So, that it achieves the end objective of being sustainable. And second when they are doing it what kind of benefit they are getting or what are the possible cost they are going to incur. So, in that background we will now discuss briefly the sustainable value framework given by Stuart Hart.

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The slide features a title 'Sustainable Value Framework' with '(Stuart L. Hart)' in red below it. A list of five bullet points is presented, each with a green square icon. The first bullet point is a blue square icon. The slide includes a green dashed circle in the top right, a blue solid circle in the bottom right, and a vertical line on the right side. The NPTEL logo and source URL are at the bottom left, and the number 17 is at the bottom right.

Sustainable Value Framework (Stuart L. Hart)

- Links the challenges of global sustainability to the creation of shareholder value by the firm
- Identify strategies and practices that contribute to a more sustainable world while simultaneously driving shareholder value
- Recognises that companies (should) employ multiple sustainability initiatives simultaneously
- Helps to assess the portfolio of activities and get a good overview of a company's sustainability strategy
- Helps to identify business opportunities

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So, this is typically this framework links the challenge of global sustainability to the creation of shareholder value of the firm. It means when we are when the organization when the corporate is addressing the challenge for the global sustainability also simultaneously how it can be a win-win situation by creating the shareholder value for the firms.

So, here in this framework what is typically being addressed, identifying the strategy and practices that contribute to more sustainable world while simultaneously driving the shareholder value. Recognize that company employ the multiple sustainability initiative simultaneously and helps to assess the portfolio of activity get a good overview of a company sustainability strategy. And finally, it helps to identify the business opportunity what we are trying to focus in last few session.

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Sustainable Value Framework
(Stuart L. Hart)

- Core dimensions of sustainability strategy with different linkages to firm performance and value creation
- Pollution Prevention
 - minimizing waste and emissions from current facilities and operations
- Product Stewardship
 - engaging stakeholders and managing the full life cycle of today's products
- Clean Technology
 - developing and deploying "next-generation" clean technologies
- Base of the Pyramid
 - co-creating new businesses to serve the unmet needs of the poor and underserved

The SUSTAINABLE VALUE Framework

Building Tomorrow's Opportunity

CLEAN TECH | BASE of the PYRAMID

SUSTAINABLE VALUE

Nurturing Internal Capabilities | Engaging External Constituencies

POLLUTION PREVENTION | PRODUCT STEWARDSHIP

Managing Today's Business

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Now, this is what the sustainable value framework given by Hart. And if you look at the time period is 2 one the activity or practices were what we are doing to manage today's business and few for building the tomorrows opportunity, other dimension of this framework is that which one is internal and which one need to be done through the internal changes and which one need to be done through a external changes.

So, nurturing whether it is through nurturing the internal capability or it is engaging the external constituency. So, here the core dimension of sustainability strategy with the different linkage to firm performance and value creation is given through the framework. Now, let us see what each of this quadrant showing in this matrix. So, what is pollution prevention and what is pollution prevention as we know this minimize the waste and emission from the current facilities and operations.

Second is products stewardship this is engaging the stakeholder and managing the full life cycle of the today's product. Clean technology developing and deploying the next generation clean technology and base of the pyramid is also we call the vision what we are looking for the future that is co creating new business serve to unmet need of the poor and undeserved.

Now, this all these the dimensions whether it is pollution prevention, products stewardship, clean technology or base of the pyramid this has been mapped in this matrix either for path of the today's business or tomorrow's opportunity or this can be achieved through by

changing the internal capability or nurturing the internal capability or engaging with the external constituency. And the end result over here is that we are going to get the sustainable value by using this framework.

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Sustainable Value Framework
(Stuart L. Hart)

- Strategies and practices will help in
 - reduce cost and risk (pollution prevention)
 - enhance reputation and legitimacy (product stewardship)
 - accelerate innovation and repositioning (clean technology)
 - crystallize growth path and trajectory (base of the pyramid)
- Crucial to the creation of shareholder value
- Challenge for the firm is
 - to decide which actions and initiatives to pursue
 - and how best to manage them

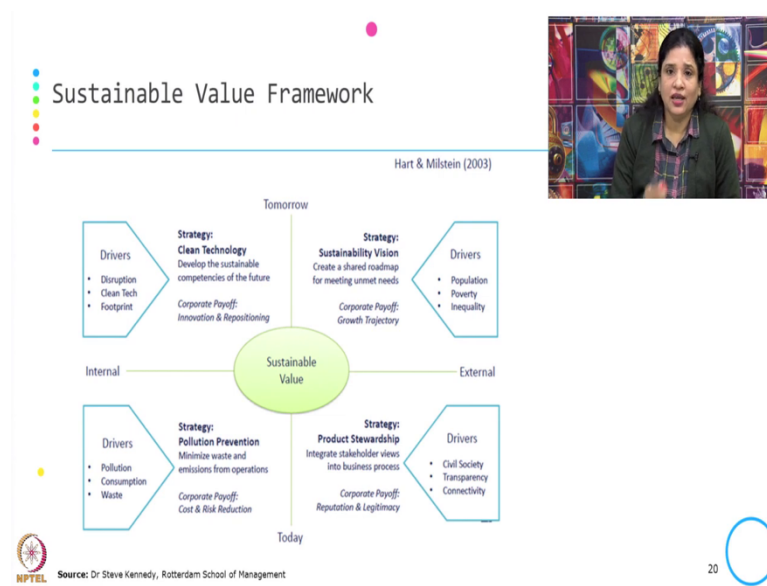
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Now, this strategy and practice will help in reduce the cost and risk that is pollution prevention, enhance reputation and legitimacy that is through products stewardship, accelerate innovation and repositioning that is through the clean technology and crystallize the growth path and trajectory that is the base of the pyramid.

This is crucial to the creation of shareholder value, the challenge for the firm is to decide which action and initiative to pursue and how best to manage them because now we know these are the strategy these are the practices and also the end result what the organization they are going to get it by practicing it, but the challenge over here is that to decide which action and initiative to pursue and how best to manage them.

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Now, Steve Kennedy, he by taking this sustainable value framework of Hart and Milstein 2003, he has added the drivers and also the corporate payoff when you get into these practices. So, now here if you see the time period is two, one is today or second one is the future that is tomorrow and where the changes are where it can be achieved that is through the internal and external.

Let us start with strategy pollution prevention. So, as we know this is minimize waste and emission from operation and what are the drivers for this strategy the drivers for this strategy is pollution, consumption and waste.

Now, what would be the corporate payoff if they are addressing or if they are taking this pollution, prevention cost and risk reduction this we have already discussed. Similarly, also the product stewardship it integrate the stakeholder views into the business process, the corporate payoff is reputation, legitimacy, the driver says civil society, transparency and connectivity. This also we discussed when we have addressed that why the firm or why the organization they should address the sustainability challenge.

Similarly, now coming to the strategy of clean technology it develop the sustainability sustainable competency for the future. The corporate payoff is that innovation and repositioning, if you remember your eco branding strategy. So, if you are doing the product differentiation through innovation through repositioning then you are developing a eco

friendly product environmental friendly product for the future. The drivers for this strategy is disruption, clean technology and the ecological footprint or the carbon footprint.

And the last one is sustainability vision it create a share roadmap for meeting the unmet need and the corporate payoff is growth trajectory. and the drivers over here, if you remember about this we have discussed in the very first class when we were talking about that why the when the changing landscape with respect to environment, with respect to economy, with respect to technology, with respect to innovation that leads to go for a; go for a sustainability vision.

So, where we create a share roadmap for meeting the unmet need and the driver over here is population poverty and inequality. So, Stuart Hart given the sustainability value framework for the organization that how the strategy how the practices can be followed either by making the internal changes nurturing the internal capability or through the external engagement for few of them the payoff would be today and for few of them the payoff would be tomorrow.

But at the end of it will create sustainable value for the organization and possibly in the simple term whatever the sustainability initiative, whatever the sustainability actions the organization is going to take it is going to give us give the corporate or the organization at the return is in term of the sustainable value or in term of the profit or in both the tangible and the intangible benefit.

Thank you.