



BSR Conference 2008 | Sustainability: Leadership Required In Conversation with Peter Blom

Breakout Session Summary

Wednesday, November 5, 2008 | 10-11:30 a.m.

Speakers

- **Peter Blom**, Chief Executive, Triodos Bank
- **Diane Osgood**, Vice President, CSR Strategy, Business for Social Responsibility (moderator)

Highlights

- Triodos Bank looks beyond “profit maximization” and focuses instead on “sustainability maximization.”
- We need to return to the thinking that a bank is not just a profit generating mechanism, but rather a community service.
- Blom emphasized that Triodos’ success should not be replicated, but instead lessons learned from the bank’s story should be used to influence future action.

Memorable Quotes

- “The first criteria we look at is: Is this something that contributes to society? Then we look at: Is it bankable? We evaluate [investments] in that order.”
- “I love competition. If you are a pioneer, it proves you are successful.”
- “I think banking is about relationships. It’s not about deals, it’s about relationships.”

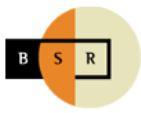
Overview

In Osgood’s introduction she noted how Triodos Bank’s impressive growth during these difficult economic times signals the bank’s continued success.

Blom began his presentation with a brief history of the bank. Blom co-founded Triodos to address social issues that traditional banks were not addressing. He then described the bank’s unique evaluation method: The bank first considers a possible investor’s contribution to society, and then second, whether the project will be bankable. Mainstream banks and institutional investors continually invest in Triodos, affirming the success of the bank’s method.

In describing how a bank can be a community organizer, Blom explained that banking should be about “relationships” and not “deals.” He encouraged banks to develop





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community relationships as a way to promote prudent behavior. Blom also proposed the idea of an oath for bankers—similar to those taken by doctors and lawyers—whereby bankers pledge to serve their communities.

In response to Osgood's question about the feasibility of community banking in a globalized world, Blom explained how banks can be centered on single themes such as fair trade or sustainability. He concluded that if customers understand and can identify with a theme, they will become more engaged with the banking organization.

In discussing the possibility of replicating Triodos' success, Blom said he does not believe in the direct reproduction of Triodos' strategy. He instead stressed the value of learning from the bank and other great success stories. However, he added that in order to learn from case studies and apply their lessons to new projects, there needs to be a space conducive to entrepreneurship.

When asked about competition, Blom answered that competition indicates that you are on the right track. He explained that in order for certain initiatives to be successful, competition is necessary. He cited renewable energy as an example: If Triodos did not have competition investing in renewable energy, there would not have been sufficient capital for the market to exist.

In discussing Triodos' work culture and values, Blom mentioned two unique qualities. First, Triodos does not give bonuses because the bank believes that bonuses promote self-interest and deal-making rather than relationship building and long-term success. Second, the bank maintains a small ratio between the top and bottom of its income pyramid in order to promote a cooperative environment.

Blom wrapped up the discussion with two predictions on the future of banking and investments. First, he predicted that large banks would be replaced by a network of small to medium banks. He explained that the financial crisis shook the consumer belief that large banks are safer than smaller banks. Now customers realize that the bank's underlying business model ultimately determines the bank's viability; the relationships that small to medium banks can create better position them for long-term success. Secondly, Blom predicted that stock markets would shrink and direct investments would eventually increase as investors refocus on understanding true sources of revenue and long-term stability.

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