

# Leading Perspectives

A TRENDS AND SOLUTIONS PUBLICATION FROM BUSINESS FOR SOCIAL RESPONSIBILITY

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Business for Social Responsibility

## ■ IN PERSPECTIVE – 2006 BSR CONFERENCE

# Innovative Strategies— Measurable Impacts

**How do you know CSR is working for your company? It's a simple question, but the answer is a bit more complex.**

BSR understands one of the most challenging aspects of CSR is the demand for measurable results so that companies and others can answer the “Is it working?” question. The **2006 BSR Conference in New York, NY, Nov. 7-10**, responds to this challenge with an agenda and speakers that address both the internal and external work behind sustainable business practices. It points the way to the kinds of fresh thinking and real tools that managers need.

This year's theme, “**Innovative Strategies — Measurable Impacts**,” and the Conference's rich array of over 30 sessions creates a stimulating, candid forum to discuss the hurdles and rewards of incorporating CSR into core business strategies and practices.

The pages of this issue of *Leading Per-*

*spectives* provide a sampling of the voices that will be featured at the 2006 BSR Conference. The articles in this edition illustrate key strategic questions, such as integrating forecasting into decisionmaking, the viability of global supply chains in a carbon-constrained world, and the intersection of religion and business ethics. We also bring you perspectives on measuring impacts, from a look at how ecosystems services are measured to how SRI is assessed.

For example, Innovest's Matthew Kieran (pg. 8) discusses the tectonic shifts in investing that are creating a legitimacy crisis for traditional investors around their methods for measuring company performance. Bob Johansen (pg. 10) from the Institute for the Future shares the traits required for successful sustainability and “sense ability” — new skills essential to great organizational leadership. Brian Halweil (pg. 6) of the Worldwatch Institute details the recent changes to today's

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# Now It's Our Turn

BY ARON CRAMER, BSR

Having worked closely with dozens of companies to conceptualize and deliver their CSR reports, BSR has decided to issue its first public report during the second quarter of 2007. We are excited about what this means, and I wanted to take this opportunity to share some of our thinking about what we hope the report will be and do.

Reporting on non-financial matters has become an accepted — indeed, expected — part of the landscape in recent years. The number of companies using GRI guidelines for their report will soon hit the 1,000 mark. The trend is clear: most companies now think about how to report, not whether to report.

Given the theme of this year's BSR Conference, "Innovative Strategies — Measurable Impacts," it seemed timely to announce our own effort to measure and strengthen our impacts in the Conference edition of *Leading Perspectives*.

## Why a BSR Report?

There are multiple reasons to issue a report. Our motivations converge with those of our member companies in some ways, and in some ways they are different.

First are the differences. Many companies began reporting as a means of addressing broad public concerns about the impact of global business on society. BSR, however, doesn't have major impact on climate change; we've never lost our social license to operate through conflict with local communities; and it is hard for us to claim that our procurement practices materially impact large numbers of workers or economic growth in emerging economies.

All that said, there are significant similarities between our motivations and those of our members. Like many of our members, we will create a report as a way to test our own assumptions, measure our performance and act more transparently.

Specifically, we have chosen to produce a report for three main reasons:

- First, we aim to measure and assess our activities and their

impacts, to help us **improve our performance** in the service of our mission.

- Second, we expect to learn from our own reporting process and also use it as a platform for exploring the state of reporting, enabling us to **contribute to thought leadership** on CSR reporting.

- Third, we want to **communicate more transparently**, marking our performance against our goals for our members, employees, partners and funders, as well as for society more broadly.

There are also subsidiary reasons why the time seems right for us to report. First, we think transparency has value for its own sake and certainly for an organization with our mission. Second, we want to apply to ourselves the advice we provide to others. Third, (as noted by Jim Collins in his recent monograph addendum on NGOs to his book *Good to Great: Why Some Companies Make the Leap...and Others Don't*), social purpose organizations have at least as much reason to measure performance as for-profit institutions and sometimes more because our non-profit status is predicated on providing real and widespread public value.

Finally, we hope that in measuring our impacts via this report, we can advance a much-needed assessment of where and how reporting — and by extension, CSR — is truly able to achieve the impacts we have set out for it. Reporting is not an end in itself. A persistent challenge for BSR and all organizations working to advance responsible business practices is to assess regularly whether we are achieving the individual and collective impacts we have set.

## What Will the BSR Report Deliver?

Our priorities for this first report will be to outline for report users the ways we aim to achieve our mission: through service to members, including our advice on strategy and implementa-

tion; through forward-looking research; and through support for innovation.

We will take three main paths to accomplish this. First, we will outline measures of these efforts, and given that this is our first report, we will provide historical context as a means to understand how the organization reached this point in its development. Second, we will provide information about our social and environmental footprint, based on our operations. Finally, we will look ahead at BSR's goals going forward, framing our own thinking and ideas from others on the future of reporting.

### What Will BSR's Reporting Process Be Like?

Given that we provide substantial advice on the shaping of reporting processes, we have spent considerable time shaping a process that reflects evolving practice. In making decisions about the contents of the report, we will be guided by four principles: Materiality, Inclusiveness, Sustainability Context and Completeness. In addition, we will strive to attain quality through the application of two guiding principles, Balance and Clarity. There is no doubt that we will debate the application of these principles in preparing our report, and we welcome your thinking on how well we have applied them. There is also little doubt that, like many first-time reporters, we probably will not cover all the areas that we could. We will use this effort as a means of learning and look to build on it in future years.

We also will ensure that BSR develops a report that incorporates the perspectives of those most affected by our work. We have already begun that process by engaging a wide swath of our own staff in identifying key issues. (It doesn't hurt to have a staff with expertise in shaping reports.) We have also



conducted a thorough benchmarking of other similar organizations and their reports. From this benchmarking, we've found a striking need for more reporting from the CSR community and we hope that our report will play a role in catalyzing needed discussion and further reporting. We will soon be structuring ways for voices representing our key constituencies to feed into the report as we develop it.

### How Will Reporting Evolve?

As I noted above, we hope that this report helps illuminate not only BSR's achievements and challenges, but also some of the most important ways reporting by all organizations needs to evolve.

This month's release of the GRI's G3 Indicators, coupled with all the evidence that reporting truly has reached critical mass, shows that reporting has become a "normal" part of the landscape: a tool for companies and organizations like BSR to dialogue with the multiple audiences they must reach. What's not clear is whether reports are likely to look the same in five, 10 or 25 years as they do today. Indeed, the real question is whether they should look the way they do today.

The short answer is that they will not and probably should not. We hope that our report provides a useful snapshot of where BSR — and CSR — is today. We will be pleased if the report makes a significant contribution to the further development of reporting.

This is an essential strategy behind our effort and one we believe will demonstrate that measuring impacts is not only a theme for BSR's 2006 Conference, but also a crucial part of our activities. ■

*Aron Cramer is President and CEO of Business for Social Responsibility.*

## BSR Roundtable: Understanding the Business Role in Poverty Alleviation

*For over two years, Unilever and Oxfam have been working together to examine the impacts and effects that Unilever's operations in Indonesia have on economic development and poverty alleviation. This collaborative research effort touched on Unilever Indonesia's entire value chain, examining such issues as the company's employment policies and practices, the relationships in its value chain from supply through distribution, its relationships with poor consumers in the marketplace, and its wider impact in the community and on the business sector and government of Indonesia. The full report, entitled "Exploring the Links Between International Business and Poverty Reduction: A Case Study of Unilever in Indonesia," is available at [www.oxfam.org.uk](http://www.oxfam.org.uk).*

*On September 6, 2006, BSR convened a roundtable discussion with leaders from Unilever and Oxfam to discuss the study's key findings and what companies can and cannot do to alleviate poverty in the countries where they operate.*

*Participants:*

- **Santiago Gowland**, Director, Global Corporate Responsibility, Unilever Plc
- **Becky Buell**, Head of Programme Policy Team, Oxfam
- **Jason Clay**, Report Author, Vice President, Center for Conservation Innovation, WWF

*Moderator:*

- **Matthew Hirschland**, Director of Communications, BSR

**BSR:** *A project with a title like "Exploring the Links Between International Business and Poverty Reduction" certainly will raise a lot of questions in people's minds. With regard to Oxfam and Unilever, how did this project come to be?*

**Buell:** Niall FitzGerald, the CEO of Unilever at the time, and Barbara Stocking, our director at Oxfam, were conversing around the time when the U.N. Millennium Development Goals were set and also around the beginning of preparations for the G8 in 2005. They discussed what companies can do to contribute to poverty reduction, with both saying, "Why don't we try to explore some of these issues together?" A number of ideas were floated about, but the one that gained momentum was researching together how Unilever's operations impacted poverty in one country.

**Gowland:** Yes, and it's quite explicit within the Millennium

Goals that governments and the private sector need to work together more proactively. This became a proactive initiative rather than a reactive one.

**Clay:** What this report did was look for the first time at the social footprint. It became clear that a food company based on agricultural products is going to have a very different social impact than a mining company or a bank, for example. Until the report, we knew little about what the differences and the impacts are for each of those sectors. This work provides a baseline for what one fast-moving consumer goods company's performance looks like.

**BSR:** *A line in the report reads: "Both Oxfam and Unilever are much closer as a result of this work to understanding the limitations and opportunities determining what companies can and cannot be expected to do in contributing to or understanding poverty reduc-*



tion.” What lessons did you all take away about what businesses “can” and “cannot” do?

**Gowland:** There are certainly gray areas, but a company cannot get into, for example, the question of income distribution. There is some rule-making that is absolutely government driven, and that’s rightfully so. In the case of Indonesia, the government gets 26 percent of the [Unilever] value chain rate in terms of taxes to support a host of social functions. Those are things that government should do, but companies can do things like generating full-time equivalent employment.

There are some things a company does that are good for profits and bad for society, and there are things companies do that are good for society and bad for profits. And other things that are good for profits and good for society, and things that are bad for profits and bad for society. Now, how do you tackle the quadrant in which companies are externalizing costs to increase profits so it is bad for society and good for profits, and how do you work on the aspects that are good for society but not good for profits? There lie the dilemmas.

**Buell:** I think a learning for us was that Unilever is operating beyond compliance with national legislation. This leaves us asking, if a company is already complying with the minimum

“This kind of study reveals for a company the people who are generally invisible in its supply chain, and that’s a key part of accountability.”

Becky Buell, Oxfam

standards, how much further should it go?

We also learned that the pressures on governments to lower standards are tremendous. One of the things that progressive, forward-looking companies can do is look at the impact of their leadership within the sector, because governments have limited power. Peer pressure across companies is hugely important as well. What companies can also do is be part of negotiating and bringing resources together to

solve problems like poverty.

On the “cannots,” I think we both learned that we do not want business to be civil society or government.

**Clay:** An issue that I’d like to emphasize is that the next challenge for responsible companies is to figure out how to take a problem and turn it into an opportunity. For example, we need to know how we can take best practices and extend them through to suppliers and distributors more effectively. We then need to share this with other companies that aren’t even part of their value chains or may even be competitors. The reality is that in some sectors, if one company is attacked, they are all attacked. Your reputation is only as good as the worst reputation in your industry.

**BSR:** What are some of the best measures to actually tie company business decisions and actions to poverty or poverty reduction?

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## Setting the Context

**In Indonesia (2002),  
people living on:**

**US \$2 or less/day: 53.4%**

**US \$1 or less/day: 7.4%**

**About US \$1.50/day: 18.2%**

- For the five-year period beginning in 1999, 25% (US \$182 million) of Unilever Indonesia’s (UI) total pre-tax profits were retained and reinvested in local business activities.
- UI’s core workforce in Indonesia includes approximately 5,000 people, of whom about 60% are direct employees and just under 40% are contract workers. Research estimates that the full-time equivalent of about 300,000 people make their livelihoods in UI’s value chain.
- More than half of this employment is found in the distribution and retail chain. This includes an estimated 1.8 million small stores and street vendors.
- Two-thirds of the value generated along the chain is distributed to actors other than UI (producers, suppliers, distributors and retailers).

# The Transcontinental Lettuce

BY BRIAN HALWEIL, WORLDWATCH INSTITUTE

For the better part of human history, and even as recently as several decades ago, most people obtained their food from local sources. In the modern era, locally raised foods play an even smaller role in our collective diet, and exotic foods have become available to a larger and larger segment of the public. A survey of trends from a number of countries and regions clearly indicates a growing distance between the fields and pastures where most food is grown and the mouths it feeds. Food trade has grown nearly threefold since 1961. Today, over 989 million tons of food are shipped around the planet each year – up from 220 million tons in 1961.

Surveys of food moving within nations tell the same story. Statistics from several wholesale markets in the United States show that fruits and vegetables are traveling between 2,500 and 4,000 kilometers (1,550 to 2,480 miles) from farm to market, an increase of roughly 20 percent in the last two decades. Food in the United Kingdom travels 50-percent farther on average than two decades ago. In Norway, the amount of food being shuttled around the nation nearly doubled between 1993 and 2002.

All this food traffic requires staggering amounts of fuel (and probably wouldn't be feasible without abundant and cheap oil). Among the biggest culprits are those pricey, delicate items which are mostly water and provide relatively few calories, such as cut flowers, fruits, vegetables and frozen foods. Nutrition-



ist Joan Gussow of Columbia University describes the process as “burning lots of petroleum to ship cold water around.”

The transcontinental head of lettuce, grown in the Salinas Valley of California and shipped nearly 5,000 kilometers (3,100 miles) to Washington, D.C., requires about 36 times as much fossil fuel energy in transport as it provides in food energy when it arrives. By the time this lettuce gets to London (and California lettuce does get shipped to the United Kingdom), the ratio of energy consumed to calories provided jumps to 127. “Perishables” — as these goods are known

in industry jargon — constitute the fastest-growing segment (growing over 4 percent per year) of the food cargo business and are increasingly shipped by refrigerated plane.

Anika Carlsson-Kanyama of Stockholm University has shown that a basic diet — some meat, grain, fruits and vegetables — composed of imported ingredients can easily entail four times the energy and four times the greenhouse gas emissions of an equivalent diet with ingredients from domestic sources. In Britain, food transportation is now among the biggest and fastest-growing sources of British greenhouse gas emissions — a pattern emerging in much of the world.

The climate-changing implications of a long-distance food system are particularly ironic, since farming may be the human endeavor most dependent on a stable climate. From the American breadbasket to the North China Plain to the fields of southern Africa, farmers and climate scientists are finding that generations-old patterns of rainfall and temperature are shifting.

The transcontinental head of lettuce, grown in the Salinas Valley of California and shipped nearly 3,100 miles to Washington, D.C., requires about 36 times as much fossil fuel energy in transport as it provides in food energy when it arrives.

Plant scientists at the International Rice Research Institute in the Philippines already note regular heat damage in Cambodia, India and their own test farms in Manila, where the average temperature is now 4.5 degrees F higher than it was 50 years ago. Researcher John Sheehy estimates that grain yields in the tropics might fall as much as 30 percent over the next 50 years, due to damage from increasing temperatures, during a period when the region's already malnourished population will increase by 44 percent.

Not only is long-distance food contributing to climate change, adding insult to injury is the fact that much of it seems entirely illogical. Regions and nations often import food they already have. A recent survey of trade data from the United Kingdom exposed the astonishing reality that the nation imports large amounts of milk, pork, lamb and other major commodities even as it exports comparable quantities of the same foods, shuttling hundreds of millions of tons of identical food in opposite directions. Analysts explain this "food swap" as an artifact of subsidized transportation, centralized buying by supermarkets and food manufacturers, and trade agreements that set food import quotas even for self-sufficient nations.

Apart from the questionable cost and pollution, a company buying whatever produce is cheapest on the world market can have no allegiance to place, and the drinker can never really be sure what he or she is drinking. And as ecological economist Herman Daly once remarked about this sort of trade, "Americans import Danish sugar cookies, and Danes import American sugar cookies. Exchanging recipes would surely be more efficient."

The growth in the distance that food travels has also responded with an increase in food packaging, as food products are designed for longer journeys and shelf lives. Landfills bulging with decaying food scraps that could best be used on farms is just one of the symptoms of a food chain that has been stretched so long that its weak points have started to show.

Long-distance food has helped feed certain parts of the globe and brought exotic foods to many, but the pendulum has swung too far. Attempts to ship lettuce around the world without it browning or to find an international market for surplus beef might have once been valiant and necessary. Now, with greed as a motivation and technology as the accomplice, the same logic has resulted in all sorts of wasteful shipping that can only exist as long as people deny the problems it brings.

The transcontinental lettuce wowed supermarket shoppers with its unexpected appearance and novelty. But it also eliminated local lettuce growers, rendered salads bland and uninteresting, and sucked up more fossil fuels than the planet can afford. A few short decades after its big splash, it's time for the transcontinental lettuce to retire. ■

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*Brian Halweil is a Senior Researcher at the Worldwatch Institute, where he focuses on the social and ecological consequences of the way we produce food. His work has been featured in The Christian Science Monitor, Los Angeles Times, The New York Times and The Washington Post, as well as on radio and television.*



## BSR Conference Session: Rethinking Global Supply Chains for a Climate Constrained World

*A look into the ways that companies are reconfiguring their supply chains to minimize transportation costs and reduce their impacts on the environment.*

# Tectonic Shifts – The Slow Death of Investor Myths

BY MATTHEW J. KIERNAN, INNOVEST

The ongoing debate over whether socially responsible investing (SRI) “out-performs” traditional investment approaches has been, in many respects, sterile and unhelpful. By its very nature, SRI is values driven, and there will never be a universal consensus on which – and whose – values are most important and legitimate. There are almost as many flavors of SRI as there are SRI products. Since SRI is not even remotely homogeneous, posing the question “Does SRI out-perform?” is about as helpful as asking “Does equity investing out-perform?” The answer in both cases is an unequivocal “it depends” – on the quality of the underlying company research, stock selection and portfolio construction, the investment style and the time period under consideration.

Whether or not SRI actually out-performs over any given time period, therefore, is largely beside the point. What should be beyond debate is that studying companies’ performance on CSR issues can provide important insights about their likely financial performance in the medium and long term by shedding light on the overall quality of their management. Companies’ abilities to manage the complex, ever-changing kaleidoscope of CSR issues provide an increasingly robust — but largely neglected — proxy for their management quality. As mainstream financial analysts from New York to Tokyo will confirm, management quality is viewed as the single most important determinant of companies’ ultimate competitiveness and financial performance.

Strangely enough, however, those same analysts almost never articulate precisely what a well-managed company in any given sector would actually look like, nor do they explain convincingly just what it is that makes any particular company well or poorly managed. By contrast, the best SRI and

“extra-financial” analysts actually do both, often with a level of analytical rigor and specificity that puts their mainstream counterparts to shame. Despite this, SRI analysis is almost universally dismissed by traditional financial analysts as vague and woolly-minded — an intellectual double standard if ever there

was one!

This situation is slowly beginning to change.

## Cognitive Barriers to CSR Investing

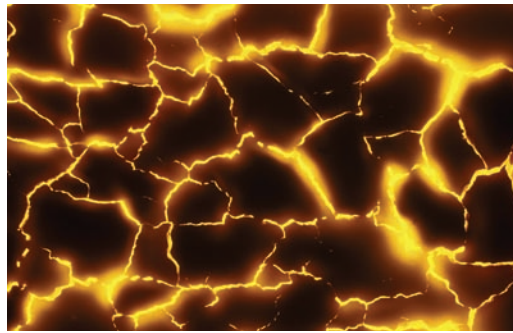
Change is predicated on altering conventional wisdom. There are at least five persistent misconceptions at the

root of the pervasive resistance to the inclusion of and mainstreaming of CSR investment consideration.

### The Key Myths

**1) Addressing sustainability factors is irrelevant or even injurious to risk-adjusted financial returns.** Conventional investment “wisdom” has long held that companies’ performance on environmental, social and governance (ESG) issues is either immaterial to their financial performance, or may even impose costs that add no financial value and therefore impede competitiveness and profitability. Experience and the plight of companies who have failed to manage these factors well continue to call this into serious question.

**2) It is likely a breach of fiduciary duty to incorporate sustainability factors into investment strategy.** This myth follows directly from the first one. On a good day, analyst time spent assessing companies’ CSR performance is alleged to be simply a waste of time; on a bad day, including ESG considerations in the construction of clients’ portfolios may actually harm both companies’ and investors’ financial performance.



For fiduciaries paid to manage, grow and secure other people's money, we are left asking how can these factors *not* be part of the overall investment calculus?

**3) There is no academically credible evidence to support the sustainable investment thesis.** This is at once the most central and the most misguided of the five investment myths. The fact that it is blatantly untrue has done nothing to prevent some of the most respected and influential investment analysts and consultants in the world from parroting it from the highest mountain tops. The problem is not a lack of evidence; it is the fact that the skeptics are either blithely dismissive of it or, more frequently, both unaware of its existence and disinclined to look.

**4) Sustainability and other “extra-financial” analyses are inevitably less rigorous and more arbitrary than traditional investment analysis.** My earlier comment on management quality as the number-one<sup>1</sup> determinant of company performance according to mainstream analysts is only the beginning of a rebuttal on this point. Sadly, this particular myth is not simply intellectually inaccurate, it is actively preventing otherwise progressive institutional investors — particularly in the United States — from even exploring SRI strategies that could improve their returns substantially.

**5) All SRI/sustainability research and investment approaches are essentially the same.** This is tantamount to throwing the baby out with the bathwater. Yes, it is true that some SRI analysis and investment products are of inferior quality and generate poor returns, but precisely the same can be said for mainstream analysis and products. In neither case should investors abandon the entire genre because of the failings of the worst.

### The Coming Legitimacy Crisis for Traditional Investment Approaches

There is now compelling evidence from a variety of sources that superior CSR performance is already helping to generate financial out-performance for both companies and investors. What

is even more important is that both the risks and the rewards of companies' CSR performance and positioning are about to get even larger. A number of powerful global megatrends are at work to increase the “CSR premium” (or risk) even further:

- Growing empirical evidence of the nexus between companies' performance on ESG issues and their competitiveness, profitability and share price performance
- Tightening global, regional and national regulatory requirements for stronger company performance and disclosure of non-traditional business and investment risks
- Competition and institutional investment, particularly into emerging markets that exponentially increases the level of risk from new, non-traditional factors
- Changing demographics for both consumers and investors that substantially increase the saliency and financial stakes of companies' ESG performance
- Growing pressures from international non-governmental organizations (NGOs), armed with unprecedented resources, credibility, access to company data and global communications capabilities
- A substantial broadening of the purview of legitimate fiduciary responsibility to include companies' performance in these areas
- The emergence of “fiduciary capitalism,” the growing inclination and capability among major institutional investors for shareholder activism in the governance of their portfolio companies on these ESG issues
- A growing appreciation by senior corporate executives of the competitive and financial risks and benefits of CSR factors.

Any one of these megatrends is powerful enough to expand the CSR premium by itself. Taken together, they form a virtually irresistible force that seems certain to challenge myths and reshape the investment landscape, mainstream and otherwise, for at least the next decade. ■

*Dr. Matthew J. Kiernan is Founder and Chief Executive of Innovest Strategic Value Advisors (www.innovestgroup.com), an international investment research and advisory firm focused on “non-traditional” drivers of financial risk and outperformance.*

<sup>1</sup> Bauer et al (2005) “The Eco-Efficiency Premium Puzzle in the U.S. Equity Market,” *Financial Analysts Journal*, Volume 61, Issue 2, 2005;  
K. Gluck and Y. Becker (2005) “The Impact of Eco-Efficiency Alphas,” *Journal of Asset Management*, Volume 5, 4, 2005.

## BSR Conference Session: Meet the Analysts – the People Who Make Markets

*A dialogue among investment institutions that explores the mechanics, challenges and prospects of corporate sustainability efforts.*

# Beyond Problem Solving

BY ROBERT JOHANSEN,  
INSTITUTE FOR THE FUTURE



Most of today's leaders are problem solvers: they consider many options, reduce their options quickly to the two best, choose a path and run – with the expectation that they will be evaluated by how fast they run. Problem solving doesn't work with dilemmas, however. Modern strategic dilemmas are problems that cannot be solved and will not go away. Accordingly, they require different kinds of leadership.

In the world of problem solving, there is usually one winner and one loser. But there is a special hope implicit in dilemmas: that it is possible to come up with win-win strategies. There are ways to win “no win” games. There are ways to succeed, even when you cannot solve. Dilemmas can actually be good.

Silicon Valley, where the Institute for the Future is based, is a hotbed of innovation because of a dilemma between the “Culture of Ideas” and the “Culture of Money.” The Culture of Ideas people love ideas and love to exchange them; they are willing to give away ideas, in the trust that they will get back even better ideas in return. Meanwhile, the Culture of Money people in Silicon Valley are intently focused on making as much money as possible, through the commercialization of technology and ideas. Neither of these two dominant cultures likes the other — even though both recognize that they need each other. The Culture of Ideas people need money to bring their ideas to life. The Culture of Money people need ideas and innovation to inspire new businesses and attract investors. The necessary tension between the poles of this dilemma is what provides the energy for Silicon Valley innovation. If

this dilemma were “solved,” I believe the creative energy of the Valley would disappear.

## Sensing and Flexing

Sensing is the key to dealing with dilemmas. In the age of the Internet, everyone can know what is new, but only the best leaders will be able to sense what's important in the rush. Recognizing what is critical requires “sense-ability,” which is the collection of skills, intuition, content and style that allows leaders to:

- Develop foresight to sense and understand the context around the dilemmas that challenge you — not to predict what is going to happen, but to provoke creative thought and prepare for your biggest challenges, many of which are likely to come in the form of dilemmas. Leaders are always sensing as well as coaching others about what is important and what is not. Foresight is, essentially, the ability to sense what could happen before it happens, to see what others don't yet see.
- Develop your own insights and stimulate insights by others. Leaders are sense makers and they help others make sense, often by asking penetrating questions. Foresight is a particularly good way to stimulate insights and to help others make sense out of dilemmas and imagine what they might do next. What innovations are possible, given the dilemmas you are facing? Sense making is, essentially, a search for an “Aha!” where you have an insight that helps shape your strategy. Insights are the core elements of any good strategy, but insights are scarce and they do not just happen. They are

most likely a result of hard work, open mindedness, intuition and a touch of serendipity.

- Learn when to act and how to learn from your actions. Decisions still need to be made in the world of dilemmas, but leaders must be tuned to the emergent realities around them in order to decide when to act. Leaders are always connecting: people to people, ideas to ideas. Connection is key, along with a learn-as-you-go style. The dilemmas do not go away, but they do keep changing faces. What could happen (foresight) can stimulate strategy (based on insight), which leads to decisions and action — in order to make a difference.

Leaders can learn to sense and make sense of what’s going on around them. You can learn to respond with flexibility and sensibility. You can tune up for success in the uncertainty zone that always exists around dilemmas.

### Implementing Sense-Ability and Flex-Ability

The table on the right summarizes the necessary shift in leadership emphasis, from problem solving to winning with dilemmas — while still solving vigorously those problems that can be solved and still deciding when decisions need to be made.

Leaders must be both problem solvers and dilemma managers. They need to move beyond the usual problem-solving frame to create a new “way you can go” to engage constructively with the threatening dilemmas around us. Problems will not go away, nor does the need to problem solve; but modern dilemmas will dominate the world of strategic leadership. This is adding an arrow to our quiver, not replacing old arrows.

Acting with foresight is possible: a discipline of readiness to get there early and engage with modern dilemmas. The best leaders will develop a sense ability to resolve the constant tension — a dilemma in itself — between judging too soon and deciding too late. ■

*Excerpted from a new book by Robert Johansen, to be published in 2007 by Berrett-Koehler, San Francisco.*

**Robert Johansen, Ph.D.**, is a Distinguished Fellow at Institute for the Future ([www.iff.org](http://www.iff.org)). He served as IFTF’s president and CEO from 1996 to 2004 and is the author of six books, including *Upsizing the Individual in the Downsized Organization* and *GlobalWork*.

	PROBLEMS SOLVING	DILEMMAS SENSEMAKING
Frame	Operational or tactical, with an emphasis on analytics in search of certainty	Strategic, with an emphasis on foresight and stories in the context of uncertainty
Initial Goal	Respond...consider options, but quickly reduce them to the two best possibilities	Reframe...consider options, but reframe to understand the nature of the dilemma and hold complexity in your mind
Decision Orientation	Decide — the faster the better — on the best possible solution; reverence for speed	Decide with contingencies that there is no solution, but figure out how you can change the dynamics to win anyway; reverence for reflection, but you still need the courage to act
Time Orientation	Oriented toward short-term relief; go fast	Oriented toward long-term sustainability; go slow initially, so you can go fast later
Process	Run to execute the chosen solution (and avoid failure at all costs); fix the broken parts quickly	Prototype rapidly— “fail in interesting ways” — and learn from failures; try out many scenarios
Belief Organization	A belief in the existence of certainty if only we can find it, with a trust in reason and analytics to get there	An acceptance of uncertainty, with intuition accepted as a valid contributor to decision making
Best Organization	Chain of command, with consistent problem-solving methodologies	“Commander’s Intent” with decentralized fishnet organizational flexibility
How to Learn	Teach via rule-based training in problem-solving methodologies	Teach via principles-based simulations and experiential learning
Downside Risk	Judging too soon  Mistaking a dilemma for a problem	Deciding too late  Becoming mired to the point where opportunities are missed or responsibilities are not met

### BSR Conference Session:

### From Foresight to Insight to Action: The Institute for the Future’s 10-Year Forecast

*An interactive discussion about the social, technological and economic trends that will have a fundamental impact on business strategy.*



# What Mother Nature Will Soon Be Charging Your Business

BY DAVID BRAND AND RADHA KUPPALLI, NEW FORESTS

The earth is a living system. The planet's atmosphere, water and land teem with life and these living systems regulate each other. More importantly to humans, these living systems provide us a range of "ecosystem services," such as regulation of the composition of the atmosphere; purification and cycling of water; the basis for agriculture, fisheries and forestry; and protection from storms, floods, diseases and toxic substances.

When human society was smaller, the world's economy did not have the ability to affect these living systems on a global scale. Past societies, such as the Maya or the Easter Islanders, may have caused some localized damage to forests, soils and freshwater systems. However, as Jared Diamond has pointed out in his recent book *Collapse*, as human society has ballooned, we have globalized pressure on ecosystems through our use of land, water and the atmosphere.

It appears the world has already reached a tipping point where ecosystems and the services that they provide are quickly eroding. The World Wildlife Fund's 2004 Living Planet Report notes that we already use about 1.3 times the carrying capacity of the earth, and that the vitality and resilience of the planet's natural systems has declined by 40 percent between 1970 and 2000. With regard to global warming, humans have increased global atmospheric carbon dioxide concentrations by 35 percent since the Industrial Revolution. The Millennium Ecosystem Assessment concluded that approximately 60 percent of ecosystem services are being used unsustainably or are in decline.

Given the trajectory of the global economy, the degradation

of ecosystems will continue if left unchecked. The GDP of the United States is approximately US\$12 trillion, and the Gross World Product is approximately US\$56 trillion dollars. With the world economy growing at approximately 3 percent a year, global economic activity will double in 25 years. At this rate, the global economy will grow by almost 20 times over in 100 years.

## New Pricing Signals and Opportunities

What does this mean for your business?

All this means that if we are to maintain economic growth, the global economy must and will change to emphasize ecosystem conservation and even ecosystem rehabilitation. In practice, this means that the relative costs of various inputs to production will change and ecosystem services will become commercially valued. Ecosystems and ecosystem services are currently not priced, and therefore we use them wastefully. For example, we allow the conversion of tropical rainforest — the provider of carbon sequestration, biodiversity and water regulation — to agricultural uses, such as growing soybeans for animal feed or producing palm oil. If human society wants to conserve ecosystem services, then the services they provide must be priced.

Price signals cut both ways. Those businesses that use ecosystem services as an input will pay a higher price for those inputs, spurring new forms of technology and efficiency efforts. We already see a rapidly rising price for the right to emit carbon dioxide into the atmosphere and this trend will diversify to other environmental factors and ecosystem services. For example, we can expect higher prices for fresh water and a concomitant rise in payments to land

managers for watershed management to protect the value of water assets.

The use of habitat banks, endangered species credits, coastal protection banks, biodiversity offsets and tradable development rights will expand. If your business uses water, develops land, causes greenhouse gas emissions or otherwise produces impacts on ecosystems, expect to see a range of new cost inputs for these impacts. New price signals will put ecosystem services on the balance sheet as both credits and debits. If your business manages water or waste, provides technologies that can reduce greenhouse emissions or repair ecosystems, expect to be busy creating and managing new assets.

In such a world, companies must ask: What would be your *real* bottom-line look in an ecosystem-constrained future?

### The Early Days

Price signals for ecosystems will not develop overnight and the introduction of pricing mechanisms and payment schemes will occur in fits and starts. They will likely start regionally and then slowly expand globally, much like the current carbon market. However, pricing ecosystems and their services is unavoidable if we wish to maintain a functioning planetary biosphere that supports all life.

It is easy to put this issue into the management basket of “important but not urgent.” However, a few easy questions help identify your position in the face of this trend and may just help your business to prosper. In a world where ecosystem services will increasingly have price tags associated with them, ask:

**What are my business liabilities?** What eco-

system impacts are associated with my supply chain, the services and products I produce and the use of my products and services by consumers? Knowing the impacts is a first step to understanding future liability, and it makes sense to start thinking now about what alternatives are available to re-invent your products and services to operate effectively in an ecosystem-constrained world.

**What are my business assets?** Do you own land that provides valuable ecosystem services? Can you develop technologies that can reduce ecosystem impacts, offer services that can increase efficiency of resource use or manage recycling? You may have an unexploited asset and should consider ways to push for commercialization of the ecosystem benefits that you are providing.

**How would I rethink my business model in a world of ecosystem markets?** Look at business re-invention as redefining your business in an ecosystem-constrained world. For example, if you are a coal company, think about your business as encompassing carbon management, land rehabilitation and even biomass energy business lines. If you are in agribusiness, think about managing ecosystems as a joint commercial business with raising crops. If you are a property developer, seek to develop strategic partnerships with habitat banking firms.

By answering these questions, great companies will identify the trends that will affect and frame their future opportunities. ■

*David Brand, Ph.D., is the Managing Director and Founder of New Forests Pty Ltd. Radha Kuppalli is New Forests' Manager, Business Development. New Forests (www.newforests.com.au) is an international ecosystem asset management and advisory firm based in Sydney, Australia.*

## BSR Report “Environmental Markets: Opportunities and Risks for Business”

Want to learn more about ecosystem services? BSR has published an Environmental Markets Trends Report. To download a copy of “Environmental Markets: Opportunities and Risks for Business,” go to [www.bsr.org](http://www.bsr.org).

BSR has also convened a number of multi-sector dialogues among policy makers, researchers, market brokers and companies—including Shell, Abbott, PG&E and Brown-Forman—and administered a survey of companies like BP, Chevron, Unilever, McDonald’s and Rio Tinto in order to understand what tools and resources managers most need to leverage environmental market opportunities. Their feedback helped us to design this initiative, together with our partners at Ecosystem Marketplace, Stanford University, the United Nations Environment Programme and the U.S. Environmental Protection Agency.

*If your company is interested in participating in and supporting this initiative, please contact Emma Stewart, Ph.D., BSR Acting Research Director, at 415-984-3248 or [estewart@bsr.org](mailto:estewart@bsr.org).*

### BSR Conference Session:

## From Carbon to Water to Biodiversity: Business Opportunities in Emerging Environmental Markets

*This session will explore the risks posed by the decline in environmental services to a company's bottom line, as well as the new opportunities arising from “environmental markets.”*

# Building Beijing's Green Olympics

BY SHERRY LIAO, GLOBAL VILLAGE BEIJING

The 2008 Summer Olympic Games in Beijing will be an environmentally friendly Olympics. They will be Green Games.

Already, our work at Global Village Beijing (GVB) has begun in consultation with the Beijing Olympic Committee creating the city's plan for the green games. Even before the city was selected, GVB provided a detailed introduction on green communities to the members of the International Olympic Committee Evaluation Commission as they considered Beijing for the 2008 Olympics.

Since being selected, we have been working to introduce the experiences of Sydney's green Olympic Games to China and have been collaborating with Australian officials to do so. The lessons from this have already been captured and aired through a television series on China Central Television.

Certainly, building a green Olympics must point to future best practices. However, it must also be predicated on a base of good environmental stewardship today. GVB is working to build this foundation (of which examples are detailed here), framing our approach to building the games of the XXIX Olympiad. Yet more important than creating a green games is creating a more environmentally minded China overall. Our efforts in the lead-up to the games seek to do this and fall into three categories: Sport, Culture and Environment. The focus here is on the latter.



## A Program of Environmental Stewardship

Many environmental campaigns are already in full swing to build greater understanding and achieve real results for China. I detail a number of them here:

- **The Twenty-Six Degree Campaign** launched in 2004 with five other NGOs in Beijing has asked the public to set their winter indoor temperature to 18° C (64° F) and summer indoor temperature to 26° C (78° F). The Beijing authorities have since offered great support by making our indoor temperature regulation rule through governmental policy in 2005.
- **Green Light** has seen the establishment of a Family-School-Community (FSC) model selling energy-saving lightbulbs. Volunteers publicize energy saving in schools, where students can learn energy-saving ideas and pass them on to their families.
- **The Journalist Forum on the Environment** has, for two years now, been an important part of capacity building in all sectors to address the environment. Participating journalists commit to report on environmental protection issues that in turn impact public perception and ultimately governmental policies.
- **Green Protection Action** has seen environmental NGOs lobby the Beijing Olympics Committee and the Ministry of Forest to not purchase wood from old-growth forests in the

*continued on page 19*

### BSR Conference Session:

### Being Green is Glorious: Beijing's Green Olympics

*Will the Olympics change the way China meets its future environmental challenges?  
What can Olympic sponsors and foreign investors do to help promote environmental responsibility in China?*

# Getting Fundamental: Corporate Social Responsibility and Religion

BY DAVID MILLER, YALE DIVINITY SCHOOL

Many in the corporate world would rather not bring religion into the boardroom. Fair enough, especially if the purpose is to misuse religion for selfish or inappropriate purposes. But if advocates of CSR are interested in finding new allies in the quest to encourage businesses to become more ethical and attentive to their responsibilities to a wide range of stakeholders, they should think anew about the role of faith in the workplace.

There are many reasons that leaders interested in CSR might reconsider the role of faith and business. First, if we look carefully at the so-called “big five” — the five main religious traditions and their offshoots (the three Abrahamic faiths of Judaism, Christianity and Islam, and Hinduism and Buddhism) — we quickly discover that each of these traditions and their holy teachings are very interested in the material world and how one takes care of it. Advocates of CSR might be pleasantly surprised to find that, for example, classic Jewish and Christian teachings accentuate a responsible tending of the garden (i.e. environmentalism), the decent treatment of workers (i.e. human rights) and attention to the nature and purpose of work (i.e. goals other than maximization of shareholder returns).

Second, many adherents of these great traditions consciously or subconsciously ground their ethics — their understanding of right and wrong, good and evil, and beauty and falsehood — and their sense of life purpose in the teachings of their faith. If much of CSR is about going beyond the customs and dynamics of the marketplace, might not faith be a helpful resource to help business leaders and organizations think afresh about their duties to the broader community in which they live and work?

Finally, faith brings a different kind of vision. When

one accepts the existence of a transcendent being or higher power, the result is that believers see the world differently. One sees beyond the immediate problem or pressure to meet quarterly returns. One’s sense of time is much more long term or, as theologians would say, eschatological, thinking of the eternal value of one’s work and how one does it. God is interested in what we do and how we do it; God values us doing creative, excellent work. But surely God is also interested in more than just earnings per share.

Of course, intentionally engaging the resources of faith to help business consider its wider responsibilities also brings certain risks that too often seem to accompany religion. Among these questions: What about different views, teachings and historic friction between different traditions? Can these be overcome? Is there more common ground than we think, and if so, how can that be tapped into and used in a business setting? Can faith help organizations rethink such important moral questions facing business today, such as economic development, sustainability, corruption, education and treatment of employees?

As I continue to study and conduct research into these questions, I conclude that faith is indeed a viable and valuable force that ought to be recognized as a legitimate resource for business leaders to draw upon. And while not without its challenges, I believe there are appropriate and respectful ways to draw on one’s faith in a pluralistic marketplace. Authentic faith might be precisely the new dimension needed for tomorrow’s global corporate leaders to succeed responsibly. ■

*David W. Miller, Ph.D. is a former senior executive in international finance and partner in an investment banking firm. He now heads the Yale Center for Faith & Culture and teaches Business Ethics at Yale Divinity School and Yale School of Management, and advises CEOs on questions of values, ethics and faith in the workplace.*

**BSR Conference Session: Keeping the Faith: Religious Frameworks for CSR**

*This session will explore how different religious beliefs and traditions inform our notions of corporate responsibility.*

## A Focus on Women's Health in Global Supply Chains

In developing economies, women account for a disproportionately large percentage of the workforce manufacturing for export markets. In the apparel and footwear sectors, factories with greater than 80-percent women workers are the norm. Over the past few months, BSR has taken a specific look at an important element of good working conditions in global supply chains: women's reproductive health.

"Everyday approximately 7,000 girls and women become infected with HIV. Prevention efforts need to address the full health needs of women in a coherent way," said Lana Dakan, Program Officer, the David and Lucile Packard Foundation. "Sexual and reproductive health services are among the most basic health services for women. Investing in these programs helps prevent the spread of HIV/AIDS."

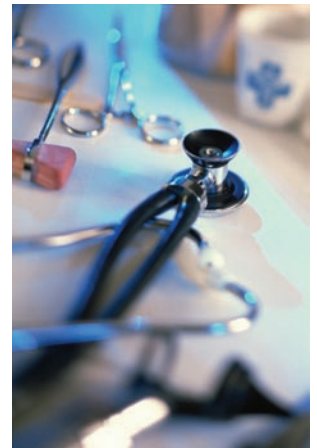
BSR's latest research on women workers' health follows our 2001-2002 project to improve awareness of the health needs of women workers in the global supply chain, particularly in the apparel, footwear, toy, electronics and housewares sectors. With funding from the Population Program at The David and Lucile Packard Foundation, the 2001-2002 project assessed the extent of brand and/or supplier programs that address women's health in the factory setting. It resulted in development of a Guide for Brands (currently available at [www.bsr.org/CSRResources/HumanRights/WomensHealth\\_BrandGuide.pdf](http://www.bsr.org/CSRResources/HumanRights/WomensHealth_BrandGuide.pdf)) that was disseminated to buyers, suppliers and local civil society partners.

This year's project, also supported by The Packard Foundation, expands on the previous work by revisiting factories and community-based organizations first surveyed in 2001-2002 to gauge the impact of tools, training and awareness-raising activities delivered during the first phase. Our follow-up work focuses new attention on HIV/AIDS prevention and family planning

services as a part of women's general health programs available in the factory setting.

Updates from BSR's 2006 fieldwork point to the following:

- Awareness of women's health issues has increased in the factories that we revisited
- New women's health initiatives have been created as a result of BSR's previous work
- Buyers and suppliers have heightened awareness that programs that simply comply with local labor laws do not go far enough for women
- Factory management widely accepts that enhanced women's health programs reduce absenteeism rates and boost productivity
- Increased rural to urban migration has altered the availability and scope of health services delivery
- Nutrition is a key deficiency among women workers that should be addressed
- HIV/AIDS prevention and training remain persistently taboo topics



BSR will present project findings at a health services roundtable hosted by the Global Business Coalition on HIV/AIDS in New York City in October 2006. The 2006 project also produced information, tools, and training and education materials for distribution to buyers, their suppliers and local civil society partners addressing women's health issues.

An updated Guide for Brands illustrating best practice in women's health is being distributed widely to BSR member companies, suppliers and local NGOs in focus countries. All of these deliverables are available for download at [www.bsr.org](http://www.bsr.org). Contact Chad Bolick, BSR's Grants Manager, with any questions at [cbolick@bsr.org](mailto:cbolick@bsr.org) about this project. ■

*Learn how you can engage BSR today to help build powerful and effective supply chain programs for your company at [advisoryservices@bsr.org](mailto:advisoryservices@bsr.org).*

### BSR Conference Session: Women Factory Workers, Health and Productivity

*This session will highlight ways of implementing programs that meet the reproductive health needs of women in supplier factories, and will consider methods for incorporating those concerns into overall supply chain management.*

## BSR Names Diane Osgood New Vice President, CSR Strategy

Business for Social Responsibility is pleased to announce the appointment of environmental economist and sustainable business expert Dr. Diane Osgood as the organization's new Vice President, CSR Strategy.



Osgood has spent the last two decades working with companies and a diverse range of international organizations on numerous aspects of sustainable development, with a focus on corporate strategy, bottom-of-the-pyramid solutions, community engagement and biotechnology. She has worked with clients including DuPont, the World Bank, WWF, Monsanto, Sigma Alimentos and the World Business Council for Sustainable Development.

At BSR she will oversee research and development of innovative projects and partnerships, as well as communications, publications and the BSR Annual Conference. "Diane brings a truly global perspective, having lived and worked in Europe for most of the past two decades, as well as two years at the United Nations Environment Programme in Kenya and extensive work in Latin America," said Aron Cramer, President and CEO of BSR. "Her experience writing, teaching and speaking on various aspects of CSR and sustainability brings tremendous leadership depth to our CSR Strategy group."

Osgood's work has focused on providing strategic leadership as a global mediator among civil society groups, corporations and academics, initiating corporate codes of conduct, integrating micro-credit into business operations, developing groundbreaking tri-sector partnerships and presenting policy recommendations to U.S. and European governments. She is currently co-authoring a global assessment of agricultural technologies for the World Bank and the United Nations Food and Agricultural Organization in a project similar to the Millennium Ecosystem Assessment. ■

# Finally... The Solution for managing and understanding the complexity of your company's stakeholder relations.

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- Generate a visual map that illustrates the stakeholder environment in which your company operates
- Manage communications and track the impact of your community engagement efforts



For a demonstration or further information, contact:

Matt Hirschland +1.415.984.3263  
mhirschland@bsr.org

Business for Social Responsibility

**Clay:** We were trying to look at where the greatest impacts of the business were. Our analysis did not strive to say, “This is better than that” or “This is a better way to change than that.” We didn’t have enough data to do that kind of analysis.

Instead, this work helps us reframe the question to be: “Does one buyer of palm oil or tea or cassava have very much influence in the lives of the people that produce them?” It was clear that Unilever Indonesia was a very large buyer of tea and a very large buyer of palm oil in Indonesia. But even in that capacity by itself, it couldn’t really have huge impacts on those markets in a profound way.

The reality is that if you are Unilever, you’re often three to four to five transactions removed from the poorest people in the supply chain. With every transaction, you probably cut your influence in half, so by the time you work your way to the end of it, it’s not clear what you do to have an impact.

**Gowland:** At the end of the day, it’s very difficult to gauge a net impact. We can say that Unilever contributes to the people making their livelihoods by selling Unilever brands, but it’s not necessarily contributing to poverty alleviation.

The basic economic argument about the reduction of poverty is that it depends on economic growth. And that growth, again to a certain extent, depends on productivity level increases, and productivity is linked with raising skill levels. One of the things that companies can do is to share their breadth of skills and innovation.

**Buell:** This kind of study reveals for a company the people who are generally invisible in its supply chain, and that’s a key part of accountability. It also reveals what the full gamut of relationships are, and how small decisions can have huge impacts — not huge impacts on the company, but huge impacts on people’s lives. The kinds of sourcing decisions that are made have huge employment and income implications. Going through this type of analysis helps a company look at how it can increase its positive impacts and hone in on areas where it might not be doing the most it can.

**BSR:** *This last question is really addressed to the skeptics who*

*may say that poverty reduction is not a business problem. Based on the work that you’ve done and continue to do, what is your response to the skeptics?*

**Clay:** My short answer is that it’s not a business problem, that it’s a business opportunity.

**Gowland:** I agree with that.

**Buell:** I disagree. It really rubs me the wrong way to hear about poverty reduction as a business opportunity. I think it’s a social and moral obligation only. I would think that the pressure on business to find a way to operate within such deeply poor and deeply unequal environments is about survival of business and a moral obligation. If it’s approached as a business opportunity — and that’s why I bristle against the bottom-of-the-pyramid stuff — then the wrong solutions will be sought out.

**Gowland:** Now we’re kind of playing with words. I like what Becky says in the sense that this should be a values-led agenda, because business cannot operate at the margins of social realities. Poverty is a challenge for NGOs, for government, for business, for human beings in general. Everybody must see that from a fuller point of view, and whatever you can do in whatever role you are playing in society, you need to have a clear commitment for a more just, fair society. I think that’s a basic principle, and I think it’s very important that a business gets its head around that as a starting point rather than as a cause to which you simply give money.

To Jason’s point about business opportunity, I think that it is important because in the internal game of companies managing for the short term and the long term, and for shareholder return and profits, there must be some kind of analysis of the business case and of the business opportunity in extending distribution of our products and services. From a Unilever perspective, it should start as a moral obligation, but we can do a lot in terms of food fortification and analyzing new business models to incorporate at the base of the pyramid. Extending the functional benefits of our products as a core part of hygiene and nutrition to the poorest of the poor can have real impacts. ■

### BSR Conference Session:

#### Strategies for Improving Business Impact on Poverty: Unilever and Oxfam Look Ahead

*How can other companies learn from Unilever’s and Oxfam’s experience? What can companies do about improving their own effects on poverty?*

## SAVE THE DATE: 2007 BSR Conference, Oct. 23–26, 2007, in San Francisco

### Innovative Strategies *continued from page 1*

global food supply chains, their enormity and perils that may portend dramatic changes for business and the planet. David Brand and Radha Kuppalli of New Forests (pg. 12) provide a checklist for companies preparing to face a world where the services once provided by nature at no charge are likely to soon come with a price tag. These and other contributions provide a sampling of our program in New York.

For those that have not joined BSR before at our Annual

Conference, the event serves as both a construction site and an exhibition hall for the work of building a more just and sustainable global economy. It is a culmination and showcase for the best and freshest thinking emerging from the previous year's work. We look forward to seeing and sharing ideas with you in New York and building the groundwork for the next 12 months. We hope that this edition of *Leading Perspectives* provides a taste of what's to come in New York. ■

### Green Olympics *continued from page 14*

Great Bear Rainforest, Canada, and instead to buy wood with a forest certificate issued by the Forest Stewardship Council.

■ **Building Ethnic Green Village Culture** is another GVB project in support of the 2008 green Olympics. Again, working with the media we seek to report protection of biodiversity and cultural diversity in rural areas of southwest China. Partners include local environmental NGOs that foster rural residents' understanding of the necessity of environmental protection.

In an effort to introduce and institutionalize the ideas and practices at the heart of environmental protection, our work is

wide and varied, as demonstrated by the campaigns described here. We are undoubtedly building toward a green Olympics for the entire world to see in 2008.

The details of what will make Beijing's Olympics green will be crafted, implemented and will surely be detailed in the years ahead. What is real right now is the building of environmental awareness in China, a project whose learnings are intended to carry on far beyond the games for generations to come. ■

*Sheri Xiaoyi Liao is President of Global Village Beijing (www.gvbchina.org), founded in 1996 as one of the first NGOs in China. She is also an Environmental Advisor of the Beijing Organizing Committee for the Games of the XXIX Olympiad.*

## What do all these people have in common?

- Kevin McKinley  
*ISO Deputy Secretary-General*
- Michael Madnick  
*VP Partnership Development, United Nations Foundation*
- Scott Johnson  
*VP Global Environmental Safety & Actions, SC Johnson*
- Eric Pillmore  
*Senior Vice President, Corporate Governance, Tyco International*
- Meg Voorhes  
*Director - Social Issues Service at the Investor Responsibility Research Center (IRRC)*

They have each been featured recently on a **BSR Conversations with Newsmakers** teleconference.

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