



# **Shared Value : Creating Competitive Advantage**

## **共享價值：締造競爭優勢**

# Forum Rundown

Date: 9 September 2015  
Venue: Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong

08:30-09:00	Registration	Grand Ballroom Foyer, 1/F
09:00-09:10	Opening	Grand Ballroom 1, 1/F
09:10-09:20	Welcome Message by Chief Secretary for Administration, HKSAR Government	Grand Ballroom 1, 1/F
09:20-10:20	Keynote Presentations	Grand Ballroom 1, 1/F
10:20-10:50	Coffee Break	Grand Ballroom Foyer, 1/F
10:50-12:15	Panel Discussion I: Creating Shared Value and Learning from Global Experiences	Grand Ballroom 1, 1/F
12:15-13:15	Networking Lunch	Harbour Grand Café, 3/F
13:15-14:45	Breakout Sessions (choose one of the following) <i>Session A:</i> Education and Innovation for Shared Value <i>Session B:</i> Working with Underserved Groups	Grand Ballroom 1, 1/F Salon II & III, 5/F
14:45-15:15	Coffee Break	Grand Ballroom Foyer, 1/F
15:15-16:30	Panel Discussion II: Dialogue with Mark Kramer	Grand Ballroom 1, 1/F
16:30-17:00	Closing Remarks	Grand Ballroom 1, 1/F

# Why the Forum

In Hong Kong today some enjoy opportunity and prosperity but others experience increasing difficulty in finding security and prospects for themselves and their families. While traditional measures provide a safety net that alleviates hardship, finding new ways to restore opportunity to those left behind socially or economically makes good sense. Social innovation is not a new idea, but the stresses of modern societies have recalled it to the minds of men and women around the world who are concerned to see more equitable societal development.

For the business sector, social innovation involves putting to market new products, services, practices and strategies that offer solutions to meet social needs. The argument is that companies can enhance their role in society by contributing assets and skills to communities, and in so doing increase competitiveness, protect shareholder returns and enhance their social licence to operate through building trust from customers and other stakeholders. The Shared Value approach encourages companies to think about innovative ways in which they can create greater value for their business, their shareholders and the communities in which they operate.

The Social Innovation and Entrepreneurship Development Fund (SIE Fund), as a catalyst for social innovation in Hong Kong, connects our community with different sectors, including businesses, NGOs, academics and philanthropies to create social impact through innovative solutions that address poverty and social exclusion. The Fund is organising Hong Kong's first ever Shared Value: Creating Competitive Advantage Forum, which aims to provide a platform for business leaders to discuss how the Creating Shared Value (CSV) model might work in the Hong Kong context. It is hoped that the Forum will inspire participants to incorporate CSV into their corporate strategy.

The Forum marks the launch of a comprehensive Shared Value initiative. The SIE Fund will organise workshops and provide support to help businesses explore how they can go about implementing CSV initiatives within their organisations.

## What is Shared Value

Shared Value (SV) is the policies and practices that enhance the competitiveness of a company while simultaneously advancing the economic, environmental and social conditions in the communities in which it operates in a planned way.

Innovation is central to the Shared Value approach and business needs to think about new ways to unlock the next wave of economic growth that simultaneously meets social needs.

## Shared Value and Competitive Advantage

Shared Value initiatives are designed to:

- Provide a business return
- Address a specific social need
- Efficiently and effectively leverage corporate assets
- Create measurable value for business and community

Creating Shared Value is achieved in a number of ways including:

- **Redefining products and services** to meet social needs and increase returns to business through efficiencies, differentiation, opening of new markets and serving new customers.
- **Enhancing efficiencies in the value chain** that are able to create inclusive business opportunities for people who are traditionally poor or vulnerable, in a way that creates productivity and quality improvement benefiting communities and the company.
- **Creating new clusters of local economic development** through investment in people, small businesses and entrepreneurship, growing the local economy and therefore consumer demand over time.

## The Forum

### Welcome Message



**Carrie Lam**

Chief Secretary for Administration, HKSAR Government

### Keynote Presentations



**Mark Kramer**

Co-founder and  
Managing Director, FSG



**Heekyung Min**

Executive Vice President,  
Global CSV, CJ Corporation

## The Forum

### Panel Discussion I: Creating Shared Value and Learning from Global Experiences

Following on from the key themes of the keynote address, this interactive panel will discuss different approaches to Creating Shared Value (CSV). We will examine a new global movement towards CSV and how this is now being reflected in Hong Kong. Innovative CSV approaches being undertaken by companies will be outlined and there will be discussion about the role that the private sector can play in social innovation.

## Speakers



**Joe Ngai**  
Managing Partner,  
McKinsey Hong Kong



**Mark Kramer**  
Co-founder and  
Managing Director, FSG



**Manuel Rybach**  
Head of Public Policy Asia  
Pacific, Credit Suisse



**Heekyung Min**  
Executive Vice President,  
Global CSV,  
CJ Corporation



**Ada Wong**  
Convenor and Director,  
The Good Lab

## The Forum

### Breakout Session A: Education and Innovation for Shared Value

Three companies will share their different experiences of using initiatives focused on education to add value to local communities whilst creating value for their own businesses, and the drivers behind the uptake of CSV.

## Speakers



**Natalie Chan**  
Director, Corporate  
Responsibility and Sustainability,  
The Hongkong and Shanghai  
Hotels, Ltd.



**Dominic Scott**  
Vice President,  
Government Affairs &  
Strategy, Cisco



**Lawrence Chow**  
Chief Marketing Officer,  
Samsung Electronics HK  
Company, Ltd.



**Argon Ho**  
Director,  
Commercial Sales, Cisco  
Hong Kong and Macau



**Richard Welford**  
Chairman, CSR Asia

## Facilitator

## The Forum

### Breakout Session B: Working with Underserved Groups

Poverty remains a challenge in Hong Kong and many are working hard to address the growing divide between the rich and the poor. This discussion will examine three very different approaches to working with the poor and other underserved groups and consider the lessons learned for Hong Kong. They will share their reflections on what makes a CSV initiative successful.

## Speakers



**Wayne Fong**  
Head of Corporate Affairs,  
Citigroup



**Jonathan Dong**  
Vice President of Corporate Affairs,  
Nestlé Greater China Region



**Penny Burt**  
Vice President of Government  
Affairs and Public Policy,  
Asia Pacific, Visa



**Mara Chiorean**  
Executive Director, CSR Asia

## Facilitator

## The Forum

### Panel Discussion II: Dialogue with Mark Kramer

The final panel discussion will revisit some of the main themes of the day. In a dialogue with Mark Kramer, we will explore how CSV can be an important part of social innovation in Hong Kong. We will examine new innovations that can reignite creativity and entrepreneurship and examine the role of the private sector in developing clusters of economic activity.

## Speakers



**Alan Cheung**  
Chairman & Managing Director,  
Grandion Industrial Limited



**Vanessa Cheung**  
Property and Business Development  
Director, Property Development and  
Investment Division,  
Nan Fung Development Ltd.



**Pat-Nie Woo**  
Director, KPMG & Executive Committee Member,  
Sustainable Fashion Business Consortium



**Stephen Wong**  
Adjunct Lecturer, Chinese  
University of Hong Kong

## Facilitator

## CSV in Practice

CSV – strategies for addressing society's challenges through profitable business models – is a new model for responsible companies. Leading global businesses are already expanding their markets and enhancing profitability, while simultaneously advancing the economic and social conditions in the communities in which they operate.

In the following pages, prominent examples of CSV from around the world including China and Hong Kong are presented.

With the Forum as a start, and with the success of forerunners to make reference to, it is hoped that businesses in Hong Kong will be inspired to take the leap to embark on CSV, and eventually reap the benefits of enhanced competitive advantage while creating social value.

## CSV in Practice

### CJ CheilJedang – Creating Shared Value in the Agricultural Supply Chain in Vietnam



#### *CJ CheilJedang's Shared Value Initiative*

CJ Group is a multi-industry company based in South Korea with operations in 23 countries worldwide, focusing mainly on four business areas: food and food services; biotechnology and pharmaceuticals; entertainment and media; and retail and logistics. In 2013, acknowledging the need for a new paradigm in business that integrates business efforts with social and environmental values, CJ Group established its Creating Shared Value (CSV) Management Department.

One of the projects overseen by the CSV department was developed jointly by CJ CheilJedang, a subsidiary of CJ Group, and the Korean International Corporation Agency (KOICA) in Vietnam, which was identified by CJ CheilJedang as an important strategic location while assessing the range of its supply source and consumer markets. In partnership with KOICA and with input from the ongoing Sustainable Development Goals Initiative, CJ CheilJedang identified a failing farming system as one of the factors contributing to the vicious cycle of poverty in agriculture-dependent rural areas in Vietnam. CJ CheilJedang saw an opportunity to tackle this endemic poverty by better integrating rural Vietnamese farmers into its resource supply chain mechanism.

CJ CheilJedang and KOICA developed a Shared Value strategy to improve the company's food manufacturing and distribution activities by enhancing the capabilities of local Vietnamese farmers. CJ CheilJedang works to improve the



region's agricultural yield by sharing the latest advanced farming techniques and practices, such as sustainable seed selection, and establishing effective infrastructure, such as redesigning and recuperating the much-needed agricultural water system in the province. CJ CheilJedang is also involved in reinforcing community capabilities through support of farmer unions and microcredit, and improving living standards by renovating educational facilities and remodeling village facilities including village halls, kindergartens and primary schools. In 2015, CJ CheilJedang launched a project to install water pipes for 188 households by the end of 2015, thus ensuring that everyone in the 250-household village will have access to water.

### *Shared Value for Business and Society*

As a major food processing company, securing a steady flow of high quality agricultural products is essential for CJ CheilJedang's business. By contracting cultivation of key ingredients, CJ CheilJedang manages to secure a stable core production base and gain greater control of supply to reinforce quality and price competitiveness of its products. The capacity building and infrastructure development at local communities help form a positive social-business cycle and empower local farmers with improved livelihood and sustainable agriculture business models. The partnerships with local governments and businesses also enhanced CJ CheilJedang's business knowledge, leading to valuable insights that were integrated into the company's strategy. Through its local activities, CJ Group gains brand awareness in Vietnam, while greater local presence opens up connections and opportunities in a promising emerging market.

In the future, CJ CheilJedang will continue to explore crop species suitable for local farming conditions and develop standards and criteria for measuring the social and business impacts of its Shared Value model. The results of the pilot programme are also expected to illuminate key areas of focus for future anti-poverty initiatives in other agricultural areas of rural Vietnam.



## **CSV in Practice**

### **Cisco – Creating Shared Value with the Cisco Networking Academy**



### *Cisco's Shared Value Initiative*

The Cisco Networking Academy programme was launched in 1997 to help students develop foundational ICT skills along with other career skills such as problem solving, collaboration, critical thinking and an entrepreneurial mindset. The hands-on learning activities and network simulations are filling a growing need for ICT & networking professionals around the world.

Through a public-private partnership model, Cisco works with educational institutions, non-profits and non-governmental organisations, governments, and community centres that provide classroom space, computer lab equipment, and qualified instructors. Cisco provides online curricula, teacher training, and professional development for instructors, as well as career and employment focused programmes for students.

Networking Academy courses include rich multimedia content, interactive activities, videos, games, simulations, and quizzes to support a variety of learning styles and help increase knowledge retention. The course model combines classroom instruction with online curricula, interactive tools, hands-on activities, and online assessments that provide immediate feedback to learners and teachers. The Academy helps students prepare for entry-level ICT jobs, pursue additional training or education, and earn globally recognised certification so they can maintain the IT infrastructure and services that form the backbone of global economy.



## Shared Value for Business and Society

Since the launch of the programme in 1997, more than 5.5 million people have participated in the Networking Academy and more than 9,000 institutions across 170 countries, including schools, universities, community centres, and other non-profits, offer the Networking Academy programme today. Between 2005 and 2013, 1.2 million students have obtained new jobs after completing the core Networking Academy curriculum.

The Networking Academy has built an ecosystem that connects and generates Shared Value for students, educators and employers. At the same time, the Networking Academy provides an opportunity to familiarize the students and educators with Cisco's own products and services, which generates student brand loyalty and preference, which often leads to a desire to work for Cisco and with Cisco technology.

Other key business value generated for Cisco includes reduced barriers to business growth through decreased IT skill gaps in key markets, not just for Cisco but for customers and partners, which expands the overall market opportunity for Cisco. The programme also leads to an improved reputation among key stakeholders, especially with governments, where skills and education are key national agenda issues.

In the age of Internet of Things, the demand for IT skills is ever growing. Continuous investment in the Networking Academy by Cisco is bringing up-to-date curricula for the industry, enhanced employment outcomes for students, and solid foundations for the company's business growth.



## CSV in Practice

### The Hongkong and Shanghai Hotels – Creating Shared Value through Honing Skills for Hospitality



#### *The Hongkong and Shanghai Hotels' Shared Value Initiative*

The Honing Skills for Hospitality programme by The Hongkong and Shanghai Hotels, Limited ("HSH") is the Group's community impact programme under its Sustainable Luxury Vision 2020. Organised in partnership with Hong Kong Council of Social Services ("HKCSS") and two local high schools, the programme aims to support the personal and career development of underprivileged ethnic minority youths.



With keen competition in university admission and lack of mastery in written Chinese, ethnic minority youths in Hong Kong face many barriers in the society. Launched in 2013, the Honing Skills for Hospitality programme provides a six-week internship opportunity for selected students studying Tourism and Hospitality to work in HSH's operations, including The Peninsula Hong Kong, The Repulse Bay, The Peak Complex as well as Cathay Pacific Lounges and Butterfield's under Peninsula Clubs and Consultancy Services. The programme provides a series of training in three modules, from an introduction to HSH's operations, service training, to internship and mentorship – all aim at supporting the development of ethnic minority youths.

## *Shared Value for Business and Society*

HKCSS conducts a community impact assessment of the programme annually, evaluating the programme's impacts in three levels: individual, organisational and community. The findings showed that the programme was able to help these students enhance their self-esteem and social skills and build their aspirations for a career in the hospitality and tourism industry. Apart from empowering disadvantaged youths and marginalised groups in the community, the programme could also help HSH build the pipeline for its future workforce. It also facilitated cross-cultural understanding, contributing to the long-term process of racial inclusion in Hong Kong.



## **CSV in Practice**

**Samsung – Empowering education with technology through Smart School Programme**

# SAMSUNG

### *Samsung's Shared Value Initiative*

As one of the world's largest information technology (IT) companies, Samsung Electronics Co., Ltd. (Samsung) recognises that IT is critical to modernising classrooms and equipping future generations with the necessary knowledge and skills for tomorrow's success. To fulfil its commitment to creating positive change for people everywhere, Samsung has been striving to create Shared Value in 90 countries through its Smart School Programme, which is built on its education technology expertise.

In Hong Kong, the Samsung Smart School Citizenship Programme supports the government's Fourth Strategy on IT in Education (ITE4) by offering a complete Samsung e-Learning Set to selected schools for a year at no cost. The Samsung e-Learning Set, each including 22 to 40 Samsung tablets (exact number as per schools' request) with pre-installed Samsung School Solution software and one multi-function printer, will be gifted to the schools at the end of the programme if they fulfil their commitment to "give back" to the education community. In the 2014/15 school year, the programme facilitated over 3,500 e-learning classes for more than 21,700 students and 67 selected schools in Hong Kong.



## *Shared Value for Business and Society*

As part of its wide range of vertical solutions, Samsung offers a series of education-related products, including Samsung School Solution, which was adopted in the Smart School Programme. The programme not only benefits schools with a free-of-charge opportunity to experiment with advanced e-learning technology, but also helps Samsung broaden its customer base by gaining access to local schools, teachers, parents and students, who are potential customers of its education-related solutions. The real-life applications also add to exemplary case studies that facilitate sales and marketing efforts.



While it is recognised that technology can empower educators with innovative and interactive teaching tools, some schools can be wary of technology innovation due to the lack of resources or experience. In the Samsung Smart School Programme 2014/15, Samsung provided teachers with the training and tools they need to undertake e-learning in classrooms. The training sessions, conducted by Samsung employees and partners, empowered teachers with e-learning knowledge, and enabled the employees and partners to better understand the challenges faced by Hong Kong's educators. This improved understanding of the education sector has translated into invaluable market intelligence for Samsung.

The programme also established an e-learning peer sharing community, where schools gathered regularly to share their e-learning progress. In 2015, Samsung initiated an Award Scheme to encourage Samsung Smart Schools to share their e-learning experience with other educators and parents. Highly committed schools were awarded with additional e-learning tools to further enhance their classrooms' digital resources. A survey of participating teachers indicated that 96% of respondents observed enhanced student engagement and learning-teaching experience – a strong testament to Samsung Smart School's success in empowering teachers with tools, skills and experience and advancing the development of e-learning in Hong Kong. In the 2015/16 school year, Samsung will continue to support Hong Kong's ITE4 and promote wider adoption of e-learning across local schools.

## **CSV in Practice**

### **Citigroup – Creating Shared Value with the Hope Development Accounts Programme (HDA)**



#### *Citigroup's Shared Value Initiative*

In 2008, Citi saw a need in the Tin Shui Wai district to support low-income females who typically had a low self-esteem and huge huddles to find a job. In view of this, Citi partnered with the Tung Wah Group of Hospitals (TWGHs) to launch the Hope Development Accounts (HDA), a pilot project in Hong Kong to help these individuals (and later extended to family-based) build personal, social and financial assets, develop a positive orientation toward the future, and ultimately enhance their self-sustainability.

The charity accounts set up through Citi allow participants, including housewives and youths, to deposit monthly savings of between HK\$200 and HK\$500, which are then matched at a ratio of 1:1 by the Partnership Fund for the Disadvantaged and another charitable foundation, over a period of two years. This approach helps participants build financial assets to follow through on long-term plans and encourages a habit of regular savings. Besides, a mentor support network and training workshops on personal, financial and career development skills are provided by the programme to help enhance participants' self-sustainability and quality of life in the long term. Citi also mobilised its staff to understand the needs of the participants by working with them as mentors.



#### *Shared Value for Business and Society*

The HDA programme was launched with a mission to help alleviate the poverty level and improve the quality of life amongst low-income families in Hong Kong. The programme in Tin Shui Wai has successfully increased the

employment rate by 50% among the participants. Nearly 100% of the participants indicated that they have developed a stable saving habit after joining the programme. While the programme started from Tin Shui Wai, it has since expanded to more low-income families in need in other districts including Tuen Mun, Ap Lei Chau, Shatin, Tai Kok Tsui, Sham Shui Po and Yuen Long, benefiting over 200 families. To date, over 600 individuals have benefited from the programme with results such as 100% of the participants developing a savings habit, 70% finding employment (21% in full time and 49% in part time), 28% no longer requiring/receiving less Comprehensive Social Security Assistance (CSSA) and 58% starting to operate their own businesses.

HDA's successful model was recognised by the HK Council of Social Service (HKCSS) with the Outstanding Partnership Project Award in 2011 and by the Institute of Financial Planners of Hong Kong with the Financial Education Awards 2013 with Excellence in Family Financial Planning. The programme also served as a good model for HKSAR Government's Child Development Fund.

Though the target beneficiary is limited per intake due to the heavy commitment financially and in terms of manpower running the project, it is one of the key initiatives for Citi in Hong Kong which demonstrates a strong Shared Value between the business sector and the community sector – that Citi and the TWGHs both see a need in poverty alleviation in this special group of people, and how positive economic value and community progress would be realised by “teaching them how to fish instead of feeding them.”

Moreover, the programme is also part of Citi's staff engagement programme which encourages staff members to participate in community works. So far, more than 100 Citi executives join the programme as volunteers, offering training, experience sharing and support to the participating families. With the success of the HDA programme, in 2011 the Citi Foundation also funded a research to study the feasibility of setting up a long-term microfinance programme in Hong Kong.



## CSV in Practice

### Visa – Creating Shared Value with Visa Government Solutions



#### *Visa's Shared Value Initiative*

The Dominican Republic is a small, densely populated country with a large, impoverished population dependent on welfare benefits. Because many eligible recipients are unbanked, the government previously distributed benefits manually. Food was often provided to ineligible people, leaving many who should have received food empty-handed. The problem was further compounded by a severe recession in the Dominican Republic in 2003.

In 2004, the Dominican Administradora de Subsidios Sociales (ADESS) partnered with Visa and four financial institutions to launch the Solidaridad prepaid card to beneficiaries of the Comer es Primero (“Eat First”) subsidy. Since then, Visa has helped install more than 4,500 terminals at participating corner stores and local merchants, so they can accept and process grocery transactions using the cards. The card can only be used at participating merchant locations and funds cannot be withdrawn at ATMs. With the success of this payment system, ADESS added the Incentivo a la Asistencia Escolar (“School Attendance Incentive”) to provide grants that encourage attendance among school-aged children.

With the Visa prepaid card programme, the Dominican Republic can now track and control benefits distribution to ensure it helps those most in need while reducing subsidy distribution costs. Because this system has proven to be easy and effective, the Dominican Republic now uses the Visa Solidaridad card to disburse funds for ten different social subsidies including support to low-income university students, fuel, gas and electricity subsidies. According to the ADESS, as of February 2014, over US\$1.6 billion has been distributed to over 1 million beneficiaries on Visa Solidaridad cards.

## Shared Value for Business and Society

The value of electronic payment is increasingly recognised, while the untapped potential among the population without access to banking and financial services is still huge. Other than providing electronic payment services, Visa has developed financial literacy programmes targeting different regions, which have reached out to over 33 million people in more than 40 countries around the world and helped them better understand and manage their finances. Through partnering with local governments to facilitate the delivery of aid payments and providing financial literacy tools, Visa not only provided local people with efficient access to goods of necessities and fostered financial inclusion, but also gained access to new markets and retained loyal customers of its future business, which demonstrates what a financial services provider could do to deliver Shared Value to both the community and the company.



*"I can go to the store and they swipe the card . . . the whole process is very easy for me. I am able to buy my milk, oatmeal, sugar, rice, oil, pasta . . . I am way better than before."*

— Maria Alta Gracia Reyes Alberria, Solidaridad Card User

## CSV in Practice

### Nestlé China – Creating Shared Value through Fresh Milk Procurement



#### Nestlé's Shared Value Initiative

Around the world, Nestlé has taken the approach of working with farmer suppliers in its agricultural raw materials sourcing. Through training and technical assistance, all free of charge and on a long-term basis, Nestlé agronomists help the farmers to constantly enhance both quality and yield of the raw materials. In return, Nestlé buys the products directly from the farmers at a competitive price. The outcome is win-win-win: farmers have acquired a steady source of income; local communities have prospered from the business activities; while Nestlé has secured a reliable supply of quality materials which are the basis to delight consumers with tasty, healthy and nutritious products.

As one of the earliest foreign enterprises to invest in mainland China, Nestlé had the opportunity to apply this Creating Shared Value model in fresh milk sourcing by building its first milk district, in 1987, in Shuangcheng in Northeast China's Heilongjiang Province. Following Shuangcheng, Nestlé has built two other milk districts, one in Laixi in Shandong Province and the other in Hulunbeir, Inner Mongolia.

Since several years ago, especially after the melamine crisis in 2008, China's dairy industry has embarked on accelerated and unprecedented transformation from the traditional small farmer to modern and scale farming. As a result, a host of new challenges have emerged, such as farm efficiency, environment impact, disease control. There has been a significant lack of expertise in managing these new farms.



In support of a healthy and sustainable transformation, Nestlé decided to build a dairy farming institute (DFI) in Shuangcheng in October 2014. Consisting of a training centre, three farms and various laboratories, and through a partnership with top universities and leading companies in the dairy value chain, DFI is able to offer world-class training and on-farm practice to around 700 farmers and dairy professionals annually. Since it is open to the entire industry, the DFI is uniquely positioned to support this transformation and be part of the solution to the challenges faced by the industry.

### *Shared Value for Business and Society*

For the past two decades, 30,000 farmers in the Shuangcheng milk district received training by Nestlé agronomists. Shuangcheng which had no tradition of dairy farming prospered on dairy and became the “largest dairy cow county in China”. Over 200,000 local residents benefited directly and indirectly from dairy farming. On the other hand, Nestlé was able to secure a reliable supply of safe and quality milk, a factor that has proved to be extremely important for the consumers amidst various food safety concerns.



The DFI has elevated Nestlé CSV commitment to a new high. DFI creates Shared Value for different stakeholders, from the government, the industry, and the local Shuangcheng community, to farm owners, small farmers, and Nestlé. For the government and the industry, DFI helps to set standards for the transformation. For farmers and farm professionals, DFI provides needed guidance. For Nestlé, DFI earns the respect, the trust and the goodwill that are critical to the long-term business success in this market. It positioned Nestlé as a contributor to the current transformation as the company was widely regarded a pioneer for building the Shuangcheng milk district some 30 years ago.

## **CSV in Practice**

### **Grandion – Creating Shared Value with "To Make Locally" Industrial Development**

興迅集團  
GRANDION GROUP



### *Grandion's Shared Value Initiative*

Grandion Industrial Ltd. (Grandion) is a garment manufacturing company headquartered in Hong Kong that specialises in apparel design, screen printing, embroidery, trimming and manufacturing. Faced with the increasing cost of labour in Mainland China, many companies are relocating their factories to other countries to reduce costs, but Grandion uses innovation to rethink the problem and reframe the business model, and established its To Make Locally (TML) project in Hong Kong in early 2015. Rather than continual competition for cheaper labour, TML project aims to bring added value to different stages of the garment production process in Hong Kong, to revitalise the city's historically prosperous garment industry and gain competitive advantage through increased efficiency and a new business model.

The TML project was set up with a rationale to develop a holistic and sustainable apparel value chain based in Hong Kong, with initiatives covering design, LCFP production, 3D&digital printing and an Online-to-Offline (O2O) platform.

- The Co-creation Hub aims to help young designers, including design school graduates and entrepreneurs, start their own business
- The LCFP Green Production Centre employs approximately 100 technicians. The centre targets at employing those with past experience in clothes manufacturing, especially elder technicians and new immigrants from Mainland China.



- The 3D & Digital Printing Centre was set up to ensure timely response to the market with eco-friendly production processes.
- The O2O Experiential Centre is capable of hosting around 100 pop-up stores and aims to promote “Made in HK” and “HK Brands” through its experiential O2O business platform.

### *Shared Value for Business and Society*

While Grandion's TML project was originally set up as a strategic value chain transformation, the approach adopted and the value generated is aligned with the Shared Value model – creating Shared Value through reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development.

While tackling the intensive modern operational challenges in a traditional industry, Grandion is creating Shared Value across its value chain. Through engaging with new immigrants and elder technicians, the TML project unleashes the potential of underprivileged communities in Hong Kong while realising its vision to revitalise the garment industry in Hong Kong and facilitate the building of “Made in Hong Kong” brands. The project is committed to utilising the competitive edge of the city, including the top design talent, free flow of goods, information and funds, and a well-developed legal system for protection of intellectual property rights. With the introduction of advanced manufacturing technology, the project also increases the productivity of its value chain and enhances the company's competitiveness. Shared Value is also created for its customers, who now face a lower level of market risk and inventory cost due to the efficient operational model from the design to the sales stage enabled by TML.



## Next Steps

The Forum is the first stage of the comprehensive CSV programme supported by the SIE Fund. Following the Forum, organisations interested in exploring CSV further can receive additional support to delve deeper into CSV, and develop and launch their own CSV business plans.

### *Stage 2: CSV Workshop*

Three one-day workshops for up to 20 participants each will be organised for business leaders inspired by the Forum who are interested to explore CSV further. The workshops aim to equip participants with a deeper understanding of CSV business model design and implementation. Participants will begin to develop and test ideas for potential initiatives.

### *Stage 3: Coaching for CSV Business Plan Development*

Participants from Stage 2 that are serious about implementing and testing their CSV business plans will receive coaching and mentoring to assist with market research, stakeholder engagement and partnership building to further strengthen their plans.

### *Stage 4: Finalising and Launching Initiatives*

Participants from Stage 3 will be supported to finalise their business plans and launch initiatives developed in Stage 3 that address poverty alleviation through CSV. The goal is to have several viable CSV business plans launched by the end of this programme.

## Stage 2: CSV Workshop

As follow-on to the Forum and stage 2 development of the Shared Value initiative, three identical one-day workshops will be held from September to November for businesses interested in developing and exploring the concept of Shared Value further. These workshops aim to let potential managers in existing businesses develop ideas and test them in the market place before embarking on further planning. The ultimate goal would be to generate potential projects that can form the basis of further mentoring and support (in stage 3).

### *Outline of the Workshop (24 September, 22 October or 12 November)*

Topic	Coverage
1 Shared Value opportunities	<ul style="list-style-type: none"><li>• Defining Shared Value</li><li>• Redefining products and services</li><li>• Value chains and inclusive business opportunities</li><li>• Creating clusters of economic activity</li></ul>
2 Implementing Shared Value projects	<ul style="list-style-type: none"><li>• The process of implementation for companies</li><li>• Defining appropriate social needs to be engaged with</li><li>• Alignment with assets and expertise of the company</li><li>• Practical exercise on aligning shared value with the specific company</li></ul>
3 Shared Value and social innovation	<ul style="list-style-type: none"><li>• The importance of innovation in designing Shared Value initiatives</li><li>• The social innovation process in businesses</li><li>• Designing ways of delivering products and services to meet social needs</li><li>• Creating a culture of Shared Value and social innovation</li></ul>
4 Case studies and project development	<ul style="list-style-type: none"><li>• Examples of Shared Value initiatives</li><li>• Shared Value projects and measurement of impact</li><li>• Designing a Shared Value initiative</li><li>• Next steps for participants</li></ul>

## Forum Organiser

### SIE Fund

The SIE Fund, as a catalyst for social innovation in Hong Kong, connects our community with different sectors, including businesses, NGOs, academics and philanthropies to create social impact through innovative solutions that address poverty and social exclusion. Mostly through intermediaries, the Fund provides visionary individuals and organisations with diverse resources in support of research, capacity building and the entire life cycle of innovative programmes, from idea incubation and seed funding to implementation and eventual scale-up. The ultimate goal is to foster an ecosystem where social entrepreneurs can thrive and innovative ideas, products and services can benefit society by meeting underserved needs, unleashing underutilised talents and more. ([www.sie.gov.hk](http://www.sie.gov.hk))



## Event Partner

### CSR Asia

CSR Asia is the leading provider of advisory services, research and training on sustainable business practices in Asia. CSR Asia is Hong Kong's only representative of the Shared Value Initiative, launched by Mark Kramer and FSG.

Founded in Hong Kong, CSR Asia is the largest, longest-established Corporate Social Responsibility (CSR) organisation in Asia and works with both the private sector and civil society organisations.

Founded in Hong Kong in 2004, CSR Asia has offices in Hong Kong, Singapore, Kuala Lumpur, Bangkok, Tokyo and Edinburgh and our strong regional focus provides us with unique insight into evolving CSR issues in Asia.

We are committed to promoting the general development of CSR in Asia by providing free public access to information through our CSR Asia Weekly newsletter, and through our events and training programmes. ([www.csr-asia.com](http://www.csr-asia.com))



## Forum Co-organisers

**FSG** FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors – individually and collectively – make progress against the world's toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximise the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum and the Shared Value Initiative, to provide the tools and relationships that change agents need to be successful. ([www.fsg.org](http://www.fsg.org))

**Fullness Social Enterprises Society (FSES)** Fullness Social Enterprises Society Ltd is a registered charity organisation set up in 2011 aiming at promoting social entrepreneurship in Hong Kong through creating, capturing, and communicating proven practical knowledge on social entrepreneurship. Our main programmes include the annual Tithé Ethical Consumption Movement, the Business-As-Mission Forum, the Social Entrepreneurship School Education programme, the Management for Social Enterprises course co-organised with HKU-SPACE, and the monthly Fullness Forum. FSES has about 200 members and associate members, most from commercial and professional fields. We are committed to contributing to the development of social entrepreneurship in Hong Kong. ([www.fses.hk](http://www.fses.hk))

**McKinsey Hong Kong** With over 9000 consultants deployed from over 100 offices in more than 70 countries, McKinsey & Company is a global management consulting firm that advises companies and public institutions on issues concerning strategy, organisation, operations, and technology.

McKinsey's Greater China Practice comprises offices located in Beijing, Hong Kong, Shanghai, Shenzhen and Taipei. McKinsey has completed nearly 2000 projects in Greater China within the past few decades, helping leading local enterprises improve their management skills and boost their global competitiveness, as well as advising multinational companies seeking to expand their business in the region. We advise clients in over 15 different industry sectors, and work with dozens of government agencies and institutions at the national, regional and municipal levels. Our clients are comprised of about 20% state-owned enterprises, 40% privately-owned Chinese enterprises, 30% multinational companies, and 10% public and social sector institutions. To meet the increasing client demand, McKinsey has developed specialised "McKinsey Solutions", including McKinsey Digital Solution, McKinsey OHI etc..

Today, Greater China Practice has more than 400 consultants and over 60 global partners. They are supported by more than 100 research professionals, and over 300 professional support staff. ([www.mckinsey.com](http://www.mckinsey.com))

**SVhk** Social Ventures Hong Kong (SVhk) is Hong Kong's first venture philanthropic organisation dedicated to the support and nurture of social innovation. It provides financial and extra-financial support to innovative and sustainable social purpose organisations that tackle social and environmental issues in Hong Kong.

Since its establishment in 2007, SVhk has incubated over 20 portfolio ventures, such as Diamond Cab (Hong Kong's first barrier-free taxi services), Light Be (Hong Kong's first affordable housing for underprivileged families), Green Monday (an environmental and health initiative), RunOurCity (community engagement through running) and Playtao Education (after-school education for grassroots students). ([www.sv-hk.org](http://www.sv-hk.org))



## Supporting Organisations



website : [www.sie.gov.hk](http://www.sie.gov.hk)  
facebook : [www.facebook.com/sie.fund](http://www.facebook.com/sie.fund)  
youtube : [www.youtube.com/SIEFund](http://www.youtube.com/SIEFund)  
mobile app : [www.sie.gov.hk/app](http://www.sie.gov.hk/app)

Electronic version of this booklet  
(English and Chinese) can be found  
at the forum website:



<http://www.sie.gov.hk/sharedvalue/2015forum>