

## **Partnerships for sustainable business at first RSM Sustainability Forum**

Partnerships and an integrative approach are important tools to realise more sustainable business practices. This was the message from the first Sustainability Forum organised by Rotterdam School of Management, Erasmus University (RSM). The programme included workshops sessions with eight international organisations that have already used partnerships to address sustainability issues, as well as expert speakers from business and academia.

### **Ideas and inspiration**

More than 140 people attended RSM's first Sustainability Forum in the 16<sup>th</sup> storey conference suite of the Intel Hotel on Friday 24 May, with panoramic views over the Rotterdam waterfront. RSM Vice-Dean Gerrit van Bruggen gave the official welcome and urged the capacity audience of MBA, MSc and bachelor students to take ideas and inspiration from the Forum to create partnerships for sustainability in the future.

### **16/09/2012. A critical date – Professor Gail Whiteman**

First speaker on the platform was [Gail Whiteman](#), Professor of Sustainability, Management and Climate Change at RSM, who set the scene for those attending.

Prof. Whiteman is also Professor in Residence of the World Business Council for Sustainable Development (WBCSD), to which 200 businesses – representing 10% of the world economy – contribute.

She described the WBCSD's long view of the coming decades. It estimates there will be nine billion people living on the planet by 2050. The planet cannot handle that size of population unless it adopts a low-carbon economy, said Prof. Whiteman. She explained that last autumn NASA witnessed the lowest arctic sea ice levels ever observed, a full 30 years before it was predicted. "Remember 16 September 2012! This is a critical date, maybe a tipping point," she said. "This phenomenon is setting into motion [environmental] feedback loops from which we cannot recover. It was predicted to happen 30 years from now, but it happened in 2012. So what will happen to the arctic ice melt this year? They predict that 2015 might be the first observed arctic ice-free summer."

That might be good news for shipping and perhaps for oil and gas, but it is bad news for climate, and businesses that depend on the climate, she explained. More recently, record levels of carbon dioxide have been measured in the earth's atmosphere; 400 ppm CO<sub>2</sub> is the highest ever recorded.

### **Transgressing safe boundaries**

Prof. Whiteman remarked that her audience would graduate to become business managers at a difficult time. “The price of carbon is not related to the seriousness of the situation. Economic incentives are not organised in the right way,” she said. “We are transgressing the safe boundaries in which humans and companies will thrive.” The ‘safe boundaries’ refer to the [nine Planetary Boundaries](#) within which humanity can continue to develop and thrive for generations to come. Three of the nine are already overstretched, driven by skyrocketing business, said the professor.

She said the role of the audience – when they become business managers – is to use the power of their companies to bring humanity into a safe space. Sustainability is already on the agenda of business, said Prof. Whiteman and so far had gone through two phases – in the 1990s CSR was the ‘1.0’ version, which became ‘2.0’, a dialogue about sustainability in the first part of the 21<sup>st</sup> century. “But really we need to be at Sustainability 3.0, working on the future we want. It’s not about voluntary action and citizenship; it’s about making sure the future is a good one for the nine billion people who want to live well.”

### **Cradle to Cradle - Professor Michael Braungart**

The Forum’s first keynote speaker was [Prof. Michael Braungart](#), who has researched and promoted a system of innovation known as Cradle to Cradle (C2C) over the past 20 years, inspiring companies to change their ways of working. The principle of C2C is of a holistic economic, industrial and social framework for creating systems that are effective and waste-free. Michael Braungart’s provocative presentation gave students plenty to think about during the Forum workshops and presentations to follow and gave the audience an impressive list of examples of C2C manufacturing and operations.

He said he hoped students would take ideas from them, but also from the dozens of examples of industry and management putting effort into making ‘the wrong things’ more efficient in the name of sustainability.

He remarked that 25 years ago the opprobrium currently being heaped upon bankers was reserved for chemists and the chemical industry. Now, industry is working on the principle of reducing waste – ‘destroying less’ – but still this is not protecting the earth’s resources, said Prof. Braungart. “Minimising the damage we do is still a destruction of resources,” he explained.

He reeled off a long list of examples of incomplete cycles and unsustainable practices, including failing to ‘put our own nutrients back’ by using human faeces as fertilizer; dumping 40 million flip-flop sandals in the ocean every year; destroying rainforest to make room for palm oil plantations; manufacturing plastic children’s toys, and surprisingly, using stairs. Prof. Braungart explained that it takes five times more energy to grow the food which powers a person to climb the stairs than it does to use the elevator.

The highest ambition of a city would be to become carbon neutral – and several cities including Rotterdam and Copenhagen have this ambition for the coming decades – but a tree is more intelligent, said the professor. “A tree is cleaning the air, making soil, and creating a habitat for insects, and is therefore carbon positive.”

He pointed out the folly of management analysts introducing efficiencies into every system. “If you’re doing something wrong, don’t make it more efficient!” he said. Here, the professor made his starkest assertion. “Sustainability is not enough,” he said. “Some manufacturers make the wrong things perfect. Don’t put effort into making the wrong systems perfect.” First, establish the right thing to do. “We will never be able to feed nine billion people with beef or milk, so don’t try to squeeze more milk from the cow.”

He quoted former US vice-president and philanthropist Al Gore, who said an important goal is to stabilise the human population. This is crucial to healing the global environment, said Prof. Braungart.

The target of the cradle-to-grave process is zero harmfulness, and the target of C2C is all-encompassing quality and usefulness, or 100% eco-effectiveness, he said, and summarised the C2C design process as increasing the positive impact as well as reducing its negative impact.

He dismissed the triple bottom line (‘people, planet, profit’) in favour of the triple top line: “Good for the economy, good for society and good for the environment,” he said, and emphasised that business should be a *positive* effect on the environment.

“Be effective, not efficient, and do the right thing rather than optimising the wrong thing,” he said. “We are not slaves to the economy; it is our tool to quality of life, not the opposite. Everything in life that matters is not efficient, but it is effective,” he said, and added that the circular C2C economy was still a part of the economy.

He gave the example of sportswear company Puma’s C2C range, called ‘[Incycle](#)’. “If Puma is successful, it will rub off onto the other major sports labels and will change the whole textile industry. We need to *reinvent* stuff so it is more useful, not just less damaging, and can ‘flow back’ into biological or technical cycles,” he commented. There are already many products making use of this principle, such as chairs, carpets and printing inks, but other manufacturers may need to develop different business models to make the most of the principle.

He concluded by reminding the audience that life is short. “Do it now,” he said. “We can easily have enough if you change the design. Celebrate the human footprint, don’t minimise

it. Don't just manage what you see in front of you but choose the right thing and optimise it.”

### **Breakout workshops – improving partnerships**

Each participant was assigned to one of the four breakout sessions based on an existing partnership, and run by representatives of the organisations involved. Participants were asked to apply their creative thinking to suggest improvements or alternatives. The eight organisations taking part were Eneco and the World Wildlife Fund; PostNL and the Municipality of Delft; Cargill and Unilever; and KLM and SkyNRG.

### **KPMG RSM Sustainable Master Thesis Award**

Returning from the company breakout sessions, it was time to celebrate excellence with the presentation of the [KPMG RSM Sustainable Master Thesis Award](#). Tim van Kooten, former Issues Manager at Shell read out the jury's report of the five shortlisted master theses. Shortlisted theses from the academic year 2011-2012 all had a theme of sustainability and a mark of 8.5 or higher.

Jan van den Herik, Director of Strategy & Innovation at KPMG, said the jury had been unanimous when it decided to present the [award to Sylvia Feilhauer](#). Her thesis explains the benefits to the supply chain of sharing information about carbon footprints. It illuminates an under-researched topic, said the jury. They commended as excellent her 'very solid piece of work and ... insightful case study', which offers concrete guidelines for practitioners. Sylvia graduated from RSM's [MSc International Management/CEMS](#) in 2012, and now works as a Senior Business Analyst at A.T. Kearney in Zurich. She won €1,000.

Runner up was Anne Manon Wijnbergen, who graduated from the [MSc Global Business & Stakeholder Management](#) in 2012. Anne now works for Dutch development bank FMO as a Portfolio Analyst for Africa and Latin America. Her thesis evaluates the role of microfinance in halting poverty. Her work 'highlights the dark side of microfinance, offering new insights', said the jury. They also said the thesis had practical relevance for financial institutions.

Jurors were Jan van den Herik, Director of Strategy & Innovation at KPMG; Elfriek van Galen, Partner at The Rock Group; Tim van Kooten, former Issues Manager at Shell; and Jan Bom, Editor-in-chief of P+ magazine.

Other shortlisted entrants included Lianne Urlings with a thesis on urban poverty, Violina Todorova on "Others' morality: A standard or an excuse,", and Elvira Laanen with a thesis on sustainable leadership.

Jan van den Herik of KPMG said the Award's sponsoring companies agreed it was important for future leaders in the audience to understand the bigger picture and think beyond what

happens today. He referred to KPMG's ['Expect the Unexpected'](#) report, which identifies 10 important sustainability trends that are all interlinked and present global challenges. He urged students to seek meaningful interactions with real companies, and not to rely on desk research to produce their theses.

### **Sustaining a passion for sustainability - Dr Herbert Smorenburg**

It might be difficult for students to imagine what a career in sustainability looks like. But the second plenary lecture from RSM alumnus [Dr Herbert Smorenburg](#) (EMBA 2002) described the themes running through an inspiring 20 year career. The choices he made resulted in a partnership-oriented approach to creating sustainable progress – and health benefits – in the food industry, and there were three defining moments that helped him make career choices.

“A few years ago, very few people even knew what sustainability was,” he began. After studying physics as a bachelor student, in 1991, Dr Smorenburg chose to conduct theoretical research at Delft University. On completing his PhD, he realised that while he enjoyed student life and in-depth study, he got no intellectual satisfaction and could see no practical application for the new knowledge he had created. He decided to research a subject that was scientifically more complex and more applicable. Dr Smorenburg subsequently joined Unilever and worked in Ghana and South Africa, but these choices were not as straightforward as they now appear, he said.

First, Unilever asked him to work out how to prevent the chocolate coating on ice cream bars from cracking when they were consumed at altitude. “I enjoyed thinking about that kind of day-to-day problem, which requires creative thinking. It was my first decision to go deeper into science, and my driver was intellectual challenge.

“A couple of years later, I led a project to develop a zero-fat spread that would imitate the properties of butter for the American market. This was an enormous intellectual challenge. We made good progress, but Unilever decided it didn't fit with their strategy of selling *healthy fats*, and my project was stopped. Eventually I realised that was the right decision, although I didn't have the satisfaction of completing the project.

“This was the second defining moment – realising the importance of *why* you are working on a particular project,” said Smorenburg, and explained that meaningfulness in your work is perhaps more important than what you do.

He moved to a small R&D group within Unilever, working on innovations for the baking industry, but the group was sold three or four months later, resulting in the 35-strong team facing redundancy. But team spirit was strong, and they negotiated a new role for themselves as an independent bakery R&D team, becoming internal consultants for Unilever. It was during this time that he studied for his MBA at RSM.

“My discontent, plus the interdependent relationships with my colleagues showed me that intellectual and spiritual challenge is not enough. There is also an emotional element to work,” said Dr Smorenburg. “I think those three dimensions are all equally important.”

Dr Smorenburg also explained that working at the frontiers of society and engaging with others’ perspectives are where an individual’s contributions can make the biggest difference.

### **Health campaign on ‘the forgotten continent’**

He explained how Unilever followed the lead of Nestlé in creating regional health institute centres in the developing world. “This seems obvious now, but 10 years ago Africa was still a forgotten continent.” As a result of this, Smorenburg has moved his wife and family to Ghana and worked in a three-way partnership with Unilever, Unicef and the Ghanaian ministry of health.

He gave an example of the work he did in Ghana. “Iodine deficiency is common in Ghana, even though it’s present in lots of foods, including fish.” It’s important for the brain and mental development; a deficiency can result in fatigue, a lower IQ and a lack of growth. But some areas in Ghana, with a particular type of soil, simply don’t have enough iodine. In those areas, it’s added to common table salt, he explained.

Salt harvested by evaporating seawater naturally contains plenty of iodine. A campaign to increase consumption of this iodide salt from Unicef and the Ghanaian Ministry of Health had not worked. Unilever used its marketing methods to analyse the problem and discovered that consumers did not distinguish iodide salt from plain salt, nor did they realise that iodine deficiency was connected to the medical condition goitre and impaired mental development. Unilever also discovered that there were problems in the supply chain for iodide salt.

Unilever collaborated with Unicef to develop a new brand of iodide salt, [Annapurna](#) salt, creating brand awareness by making it whiter than other brands and by running campaigns targeted at mothers, and at schoolchildren. These fairly normal marketing activities had not previously been part of Unicef’s ‘toolkit’. The consequences for public health were important, said Dr Smorenburg.

### **Why did it work so well?**

The common goal was mutual benefit for the population and for the partners, said Dr Smorenburg. “We wanted consumers to consume iodised salt to decrease symptoms of deficiency, and to make sales.” There was trust and transparency in the relationship, he said, but explained that the relationship didn’t work so well when the project was transferred to

New York. “You need to know the people for it to work; it doesn’t work just because you have an agreement,” he said. “It’s linked to emotions.”

Another key to a successful partnership such as this is equity, said Smorenburg. Equity is not the same as being equal; instead it’s finding what you can do that the other partner cannot. In the Annapurna salt example, Unilever had the expertise to carry out consumer research and marketing, and Unicef had credibility and customer trust.

A partnership for sustainability needs trust, a degree of emotion and an intellectual challenge, he concluded, before asking the audience what they would like to change in the current reality by balancing intelligence quotient, emotional quotient and spiritual quotient (IQ, EQ, and SQ), leaving the audience with a question: “What is your healthy discontent of the status quo?”

### **Partnerships not a luxury, but a necessity - Professor Rob van Tulder**

Closing the afternoon’s presentations, Professor Rob van Tulder, Academic Director of the [Partnership Resource Centre](#) for the past five years and RSM’s professor in International Business Society Management, gave a crash course on partnerships.

“The next corporate challenge for every one of you will be effective partnering,” he said to the audience of business and management students before running through the list of business advantages from all kinds of collaborations.

“There are many motives for partnering, from the market, the state and from civil society. We think partnerships are not a luxury, they are a necessity.”

Actors fighting amongst themselves, rather than collaborating, are missing an opportunity, he said. There were established business cases for shared value creation, co-creation and latent demand, sustainable supply chain management, reactive-to-proactive thinking and the circular economy. “These are taught at RSM at every level,” he commented, and said that recognising tipping points, creating trigger events, and identifying the wrong business model are all examples of the thinking taught at RSM.

“I define it as a challenge for business to move to the global value chain approach; you *must* become a team and align your activities internally and externally to form partnerships. Move from confrontation to collaboration, and move to proactive issue management, which also means partnering,” said Prof. van Tulder.

The result would be a multi-stakeholder jungle and a huge managerial challenge, but business students should be well equipped to deal with the challenge – and keeping up with new knowledge and research on partnering would help them to do that, he concluded.

## **Commitment and enthusiasm - Theo Backx**

RSM's Executive in Residence Theo Backx brought the Forum to a close by describing how the idea for a Sustainability Forum had taken nine months to come to fruition. The event was designed to be a spring counterpart to RSM's annual autumn [Leadership Summit](#), he said.

RSM is doing well in sustainability; several professors were now dedicated to it and the school has recently been ranked as having [Europe's most sustainable MBA](#) in an online survey by Bloomberg BusinessWeek, and is fifth out of 82 worldwide. Mr Backx said RSM intended to hold the Sustainability Forum every spring.

He thanked the contributors who had made the event possible: Cargill, Eneco, KLM, Cradle To Cradle, SkyNRG, Unilever, Gemeente Delft, PostNL, and WWF.

Mr Backx praised the commitment and enthusiasm of participants. "All of us can be proud of our achievement, and I can be sure that world is in good hands with you," he said.

He also expressed his deep gratitude to: Eva Rood, project leader of the sustainability working group at Erasmus University Rotterdam, for project management of the Sustainability Forum; three STAR Master study clubs (Global Business & Stakeholder Management, Strategic Management, and Supply Chain Management) for organising the breakout sessions and promoting the event – in particular Adriaan Nicolai, Maaike Antrag, Christèl van den Hoek, Jeroen Trietsch, and Jan Anton van Zanten – and Sustainable RSM, represented by Academic Co-ordinator Dr Frank Wijen, for bringing together the various RSM constituencies involved in the Sustainability Forum.

**Rotterdam School of Management, Erasmus University (RSM)** is ranked amongst Europe's top 10 business schools for education and amongst the top three for research. Based in the international port city of Rotterdam - a vital nexus of business, logistics and trade - it provides ground-breaking research and education furthering excellence in all aspects of management. RSM's primary focus is on developing business leaders with international careers who carry innovative ideas into a sustainable future thanks to a first-class range of bachelor, masters, MBA, PhD and executive programmes. RSM's executive education and alumni support services are also offered from its office in the Amsterdam Zuidas business district. [www.rsm.nl](http://www.rsm.nl)

For more information on RSM or on this release, please contact Marianne Schouten, Media & Public Relations Manager for RSM, on +31 10 408 2877 or by email at [mschouten@rsm.nl](mailto:mschouten@rsm.nl).