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Creating Shared Value in Practice

Not all profit is equal—an idea that has been lost in the narrow, short-term focus of financial markets and in much management thinking. Profits involving a social purpose represent a higher form of capitalism—one that will enable society to advance more rapidly while allowing companies to grow even more. The result is a positive cycle of company and community prosperity, which leads to profits that endure.

The most fertile opportunities for creating shared value are closely related to a company's particular business, and in areas most important to the business. Here a company can benefit the most economically and hence sustain its commitment over time. Here is also where a company brings the most resources to bear, and where its scale and market presence equip it to have a meaningful impact on a societal problem.

Companies are now starting to understand that solutions to social problems represent the largest opportunities for businesses today. The opportunities to create shared value are widespread and growing.

1

Shared Value in Products & Markets

Novo Nordisk developed diabetes training programs for Chinese physicians in partnership with government, NGOs, and opinion leaders to disseminate the latest thinking on diabetes prevention, screening, treatment, and patient communication. The program has trained 55,000 physicians to date, each treating approximately 230 patients. Novo's market share in China increased from 0% to 63%, and China has become the company's third largest market with revenues of \$1.28 billion (as of 2013).

2

Shared Value in the Value Chain

Fibria, the world's leading manufacturer of chemical pulp, utilizes planted eucalyptus trees and integration of native habitat to dramatically reduce the land required in wood fiber cultivation. The company also encourages small-scale producers near its mills - which contribute 27% of the raw materials utilized in Fibria Mills - to plant eucalyptus in conjunction with other crops, assisting them with technical training and inputs. Fibria achieves far greater land and water efficiency versus traditional plantation methods while improving the productivity and income of more than 4000 households.

3

Shared Value in the Local & Regional Business Environment

Cisco has trained 4 million young people from 165 countries in ICT skills through its Networking Academy. 70% of graduates have attained a new job, or a better job at their existing employer. The Networking Academy has alleviated a key workforce constraint for not only the company but for Cisco customers, increasing industry growth. The program has also strengthened Cisco's relationships with suppliers, customers and government.

Integrating Strategy Across Levels - Novartis in Rural India

RECONCEIVING PRODUCTS & MARKETS	REDEFINING PRODUCTIVITY IN VALUE CHAIN	ENABLING LOCAL CLUSTER DEVELOPMENT
Portfolio of the appropriate and affordable medicines drawn from the company's patented, generics, and over-the-counter (OTC) businesses	Localized sales teams that know the culture and speak the dialect, understand needs and reduce mistrust	Community health education programs to address lack of health-seeking behavior
Packaging of OTC medicines to reflect consumers' limited spending power	A dense network of local distributors to reduce stock-outs	Frequent health camps for physicians in rural areas
		Microfinance partners to improve healthcare delivery infrastructure and access to working capital

SHARED VALUE INITIATIVE

Please visit the Shared Value Initiative for more case examples and to learn how practitioners are shaping the future of shared value.

> [SHARED VALUE INITIATIVE](#)



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