



Universiteit Antwerpen
| Faculteit Bedrijfswetenschappen
en Economie

Portfolio strategy & Sustainability

2024-2025

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Structuur cursus

● Afspraken	Slides
● Concept: Wat is strategie?	Slides/lesmateriaal + H2 cursus
● Concept: Concurrentievoordeel en waardecreatie	Slides/lesmateriaal + H3 cursus
● Techniek: Externe analyse	Slides/lesmateriaal + H4 cursus
● Techniek: Interne analyse en kerncompetenties	Slides/lesmateriaal + H5 cursus
● Strategische keuze: Groei- en portfoliostrategie	Slides/lesmateriaal + H7 cursus
● Organisatie & opvolging: Duurzaamheid	Slides/lesmateriaal
● Organisatie & opvolging: Cultuur	Slides/lesmateriaal + H8 cursus



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Part I

Portfolio strategy

Portfolio strategy: Introduction

- Strategic business units
 - Own mission
 - Own product/market combinations
 - Own customer group
 - Clearly identifiable competitors

Corporate strategy

"Our" focus: portfolio management

- Products/markets in which the company is/aims to be active
- Various models:
 - BCG matrix
 - MABA matrix

Portfolio thinking – General

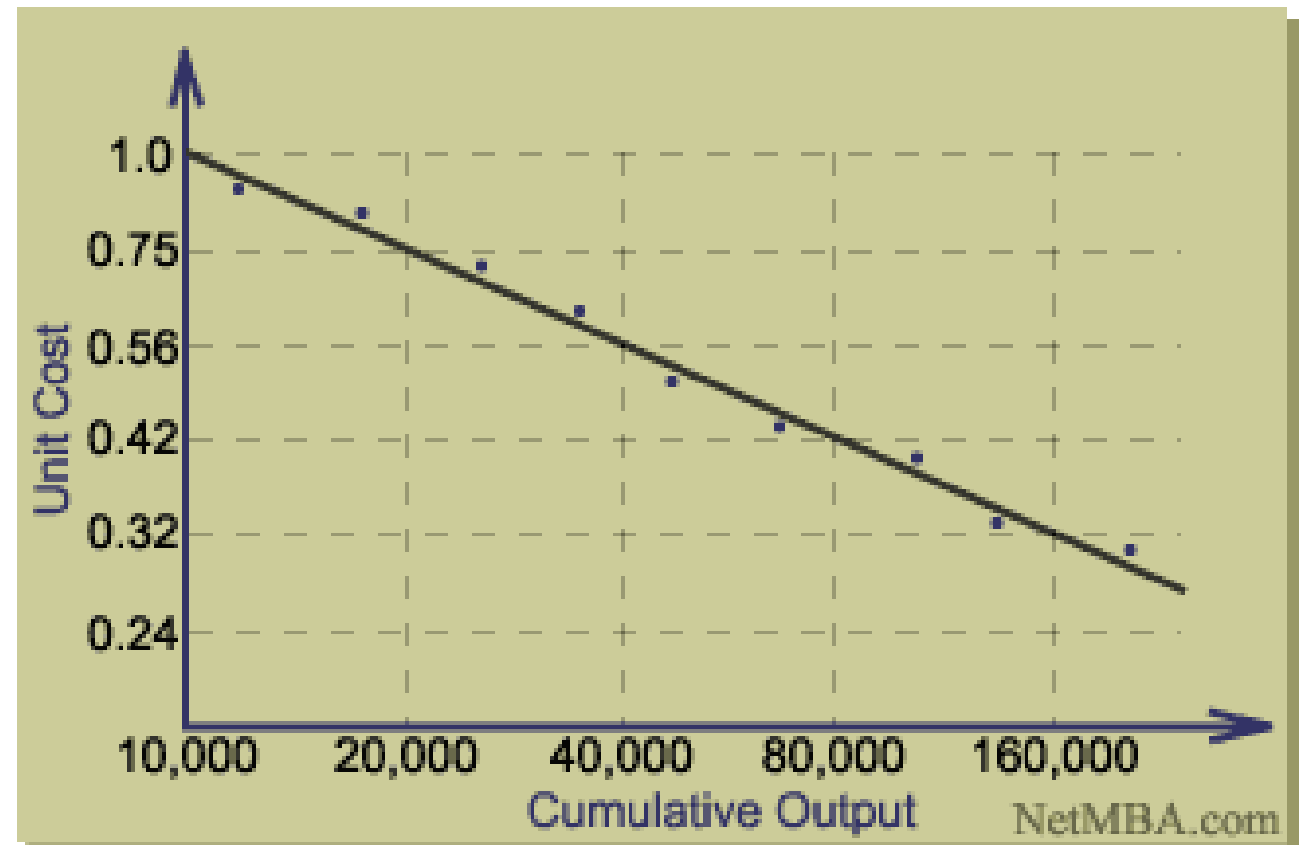
■ Problem

- How can we ensure the continuity and profitability of the entire enterprise?
 - How to bring together various product/market strategies?
 - Usually: criterion: stage of product life cycle

Portfolio thinking – BCG

- Basis: experience curve!

- Learning effect
- Economies of scale
- Specialization
- Increasing know-how

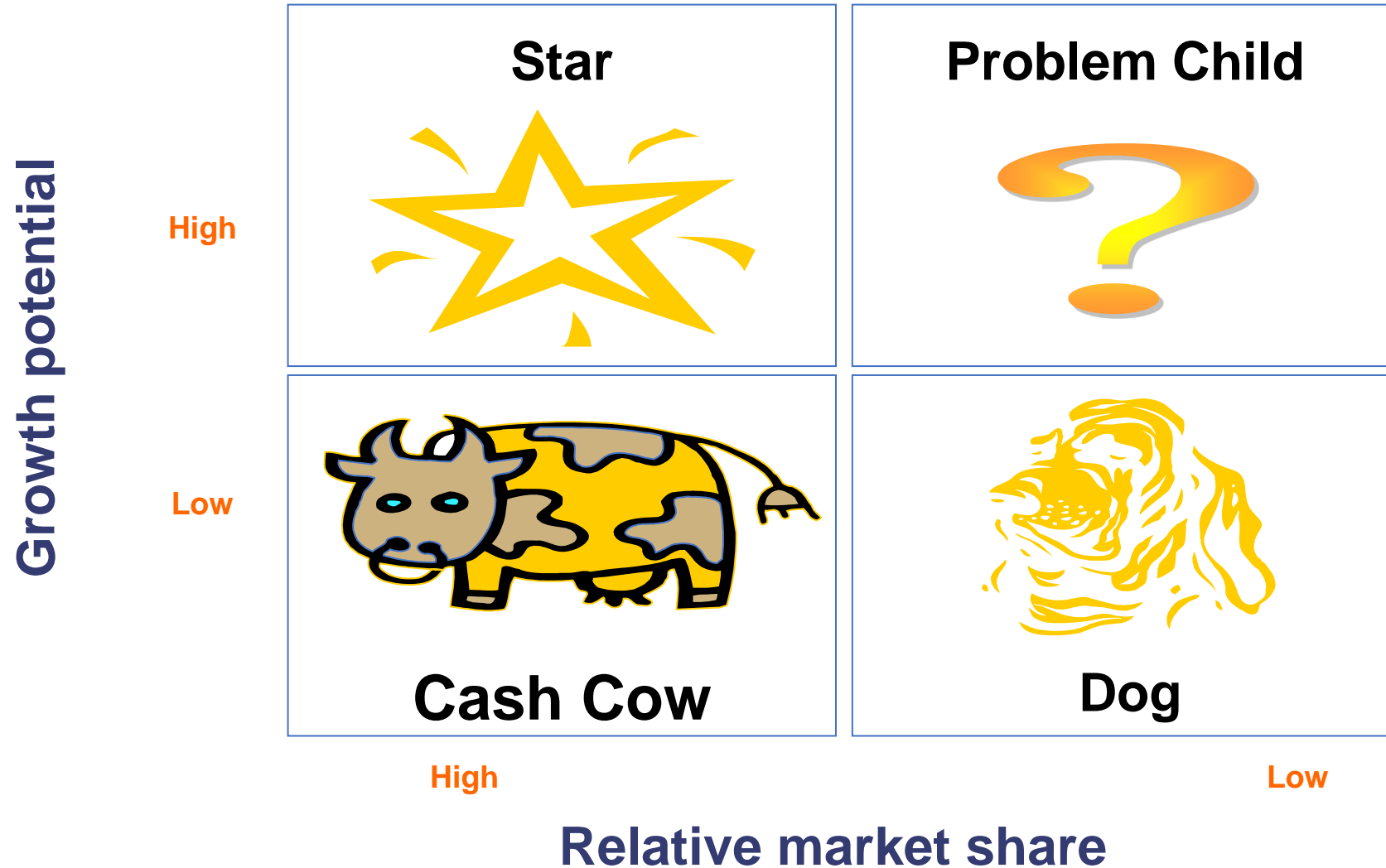


Portfolio thinking – BCG

Two dimensions:

- Market share:
 - Higher → higher output volume → lower production cost per unit
- Market growth:
 - Higher → more opportunity for increased production volume → lower production cost per unit

BCG Growth Share Matrix



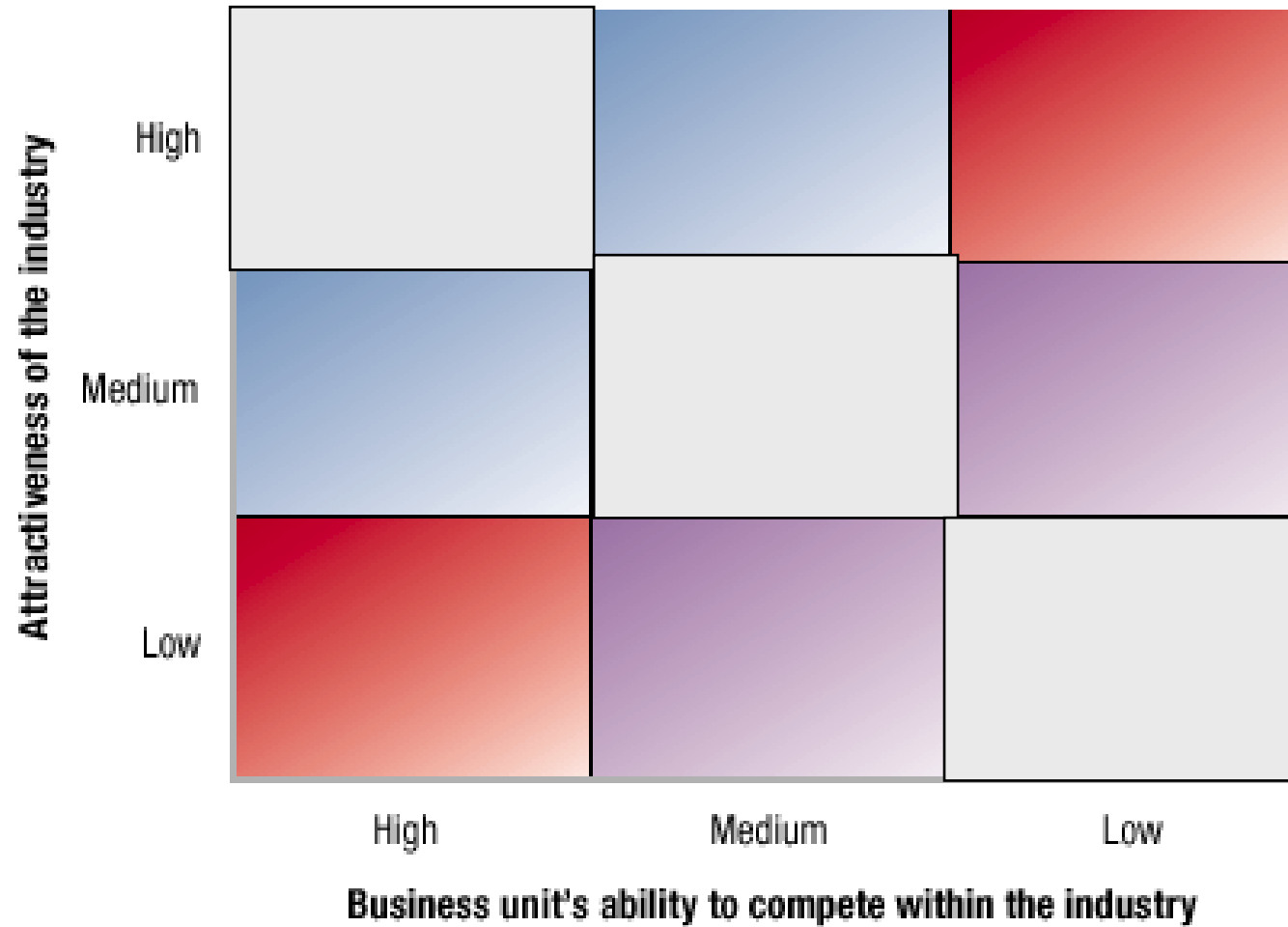
Portfolio thinking – BCG

- Challenges:
 - Determining market share
 - What is high/low? → largest competitor as benchmark
 - Which market? Delimitation?
 - Determining market growth
 - Future?
- Criticism:
 - Limited perspective: only market growth/market share
 - Market share:
 - Small market share can also be very profitable! (<-> dog/question mark)

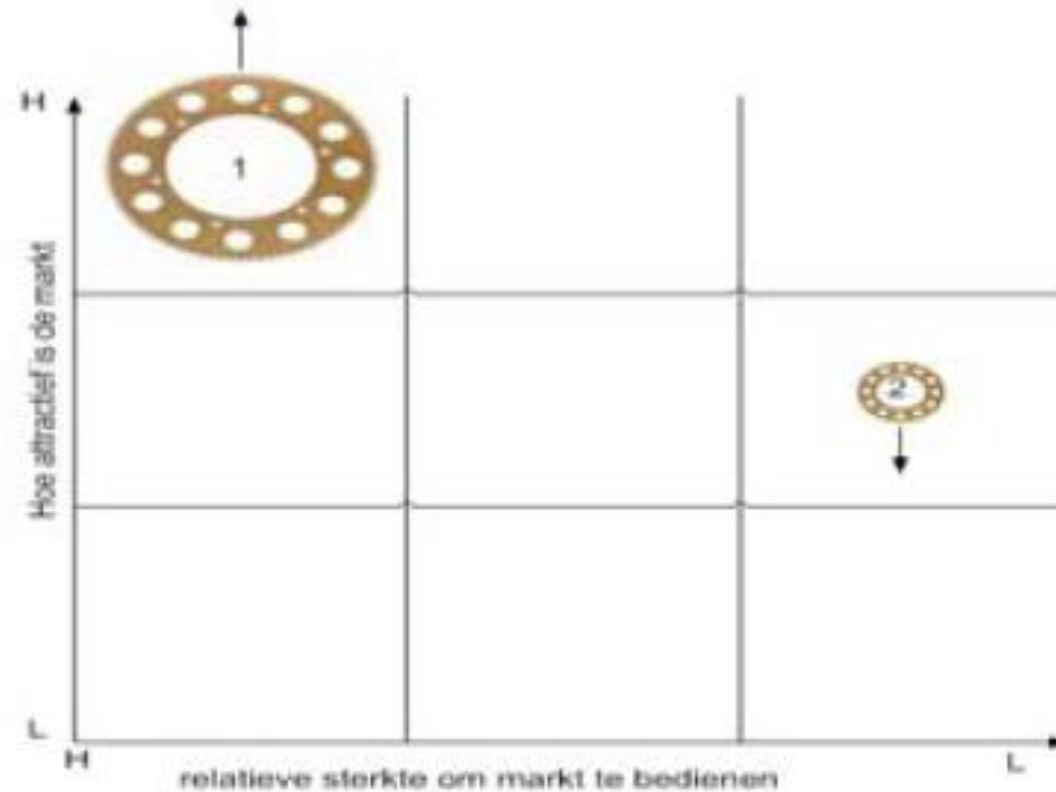
MABA-matrix

- Dimensions:
 - Broader
 - Market attractiveness: besides market growth, also PEST aspects
 - 1. Business strength (ability to compete): besides market share, also internal aspects of SBU
 - 2. PEST/structural analysis of the industry
 - weighted averages!
- Size of "ball"; arrow = future

MABA-matrix



Example: Hansen Transmissions



1. Tandwielkast voor windmolens
2. Tandwielkast voor industriële toepassingen

Portfolio thinking: Evaluation

- Danger:
 - Determining product groups
 - Quality
 - Assigning labels instead of making decisions about tasks, strategy
 - Motivation
 - Allocating resources
- Especially interesting for accounting purposes!

Exercise

- Choose within your group a (fictional) company with various business units.
- Discuss how each business unit would position itself on the BCG or MABA matrix and justify this position.
- Agreements:
 - Appoint a spokesperson from your group.



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Part II

Sustainability

Content/structure of the lesson

- Ethical behavior
 - Definition
 - Influences on ethical behavior
- Corporate Social Responsibility (CSR) and Shared Value Creation
 - Definition of CSR and Shared Value Creation
 - Approaches to CSR
 - How CSR activities are developed?
- Circular economy
 - Definition
 - 5 business models
 - Applications



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Ethical behavior

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1. Definition

- Ethics

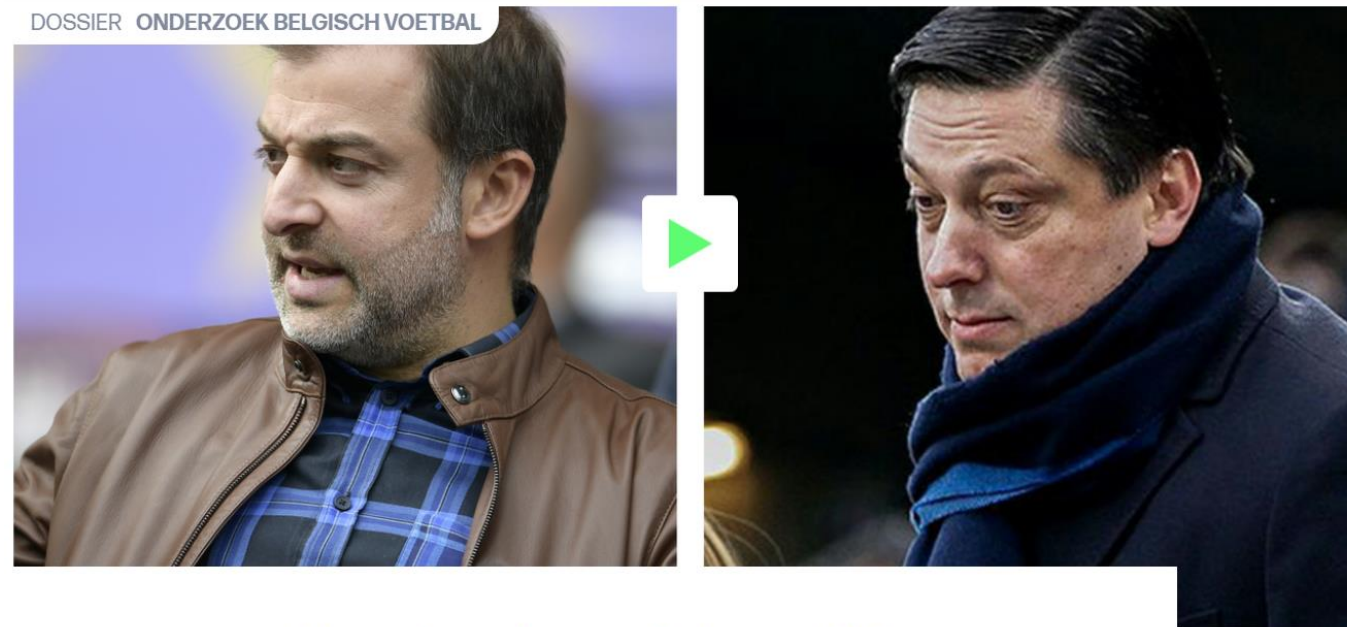
= the principles of and standards for moral behavior

- General: for individuals or groups in society
- Organizations: application of moral standards to business situations = **organizational ethics**

- Important!

- Active ethical behavior
 - **Fair competition**
 - No deception, no intimidation of customers, competitors, ...
 - Example: mystery shopping?
 - **Honest communication**
 - Importance of transparent communication
 - **Not causing harm to others**
 - Example: insider trading, e.g. Enron

Example



Hanne Decré
⌚ 18:53
⌚ 15:39

**Vooral spelersmakelaars, KV
Mechelen en scheidsrechters in het
vizier van voetbalonderzoek**

- Belgian football
- Ethical behavior

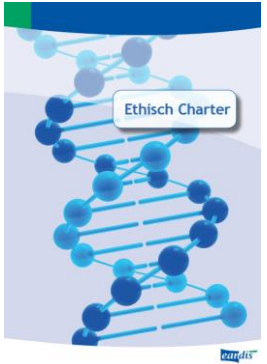
Example



Ryanair

- Canceling flights without clear information
- Not informing passengers of their rights

2. Influences on ethical behavior



- Cultural differences
 - Example: Dismissal during pregnancy
 - Note: Dismissal may not be considered "ethical" but is nevertheless - whether voluntarily or not - "accepted"
 - Example: Gifts
- Knowledge
 - Example: MySpace profiles created by pedophiles; removal by MySpace, in some cases arrests (USA) - thanks to knowledge, MySpace can "act ethically"
 - Note: Using Facebook and WhatsApp in the fight against terrorism?
- Organizational behavior
 - **Ethical code of conduct** → on which values and principles should one base business decisions
 - Supported by targeted communication, training programs, etc.
 - **Whistleblowers**, e.g.: whistleblowers in the HaZoDi police zone (Hasselt, Zonhoven, Diepenbeek), Edward Snowden, ..

2. Influences on ethical behavior

How to make a decision?

- Base it on **standards** (for example, an ethical code).
- Rely on your **own judgment and principles**.
 - Is the decision legal?
 - Are all parties taken into account? Is the decision fair to everyone?
 - Can you live with the decision?
 - Is the decision feasible?
- Most often, **utilitarianism** is used as the basis for making a decision.
= Does the decision lead to the **greatest good for the greatest number of people?**



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CSR (MVO) and Shared Value Creation

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1. History CSR / CSR

- Origin: **1990s**
 - Nike: labor conditions in Indonesia
 - Shell Oil: Brent Spar
 - Pharmaceutical companies: AIDS in Africa
- Consequences
 - Increased government regulation / corporate governance / shareholder scrutiny

Most corporate actions: rather **superficial** ("**annual reports**": in 2005, 64% of the 250 largest multinationals published CSR reports)

1. MVO / CSR

- **MVO (Maatschappelijk Verantwoord Ondernemen)**
- **CSR (Corporate Social Responsibility)**
- = Besides striving for profit, consideration is also given to the effect of activities on planet (environment) & people (social context)

Profit, Planet, People (PPP)



1. MVO / CSR

≠ **Environmental policy** (Kyoto, 1997), Copenhagen, Cancun, Doha (Qatar), Warsaw, Paris ..

≠ **Philanthropy**

- e.g. The Giving Pledge (°2010) (Buffet/Gates) www.givingpledge.org (December 2010: 57 US billionaires, September 2017: 170 billionaires from 21 countries)

(discussion on whether philanthropic actions fit within the CSR framework)

≠ **Minimizing negative impact** on society

1. MVO / CSR

- Focus on the **tension between business and society** rather than on their mutual interdependence.
- **Not bound to the strategy** and activities of a specific enterprise.
- Promote the implementation of CSR = **embedding** it in the **strategy**.

1. Shared value creation (SVC)

Creating economic value in a way that also creates value for society by addressing its needs and challenges.

- This approach results in a win-win situation for both businesses and society:
 - **Dupont:** \$2 billion savings through energy efficiency measures.
 - **McDonald's:** 30% reduction in packaging waste.
 - **Nespresso:** Higher quality coffee through training of coffee farmers.

1. Shared value creation (SVC)

- See article on Blackboard
 - Porter & Kramer (2011), Creating Shared Value: How to reinvent capitalism – and unleash a wave of innovation and growth, Harvard Business Review

= Policy and operational decisions that increase the competitiveness of a **company**, while simultaneously improving the **economic** and **social** conditions in the **society** where the company operates.

Important

- The goal is **NOT** to redistribute the created value (= **fair trade**)
- The goal is to INCREASE the **total** amount of economic and social value.

2. Approaches to Corporate Social Responsibility (CSR)

Minimalistic

- "The only social responsibility of companies is to pay taxes and obey the law (i.e., compete transparently, without fraud or deception)." - Milton Friedman
- Against CSR; the company is NOT responsible for social policy and public resources.
- Raises some interesting questions!
 - If a company offers fairly priced items, does not break the law,..., then it meets its social obligations! It actively exhibits **active ethical behavior**.
 - For example, through tax-deductible donations, a company can contribute to societal goals.
 - According to opponents, the minimalist approach is a **too narrow interpretation of capitalism**.
 - Companies do NOT fully utilize their potential regarding their role in societal challenges when they follow this perspective.

2. Approaches to Corporate Social Responsibility (CSR)

Defensive

- The company engages in CSR activities solely to avoid **negative publicity**
- Largely influenced by activists and NGOs.

Cynical

- Companies use CSR as a **marketing tool** to divert attention from their own antisocial behavior. It's a PR stunt!
- Greenwash = green + whitewash
 - E.g., Fiji water.

Conscientious

- Companies take on extra social responsibilities beyond paying taxes and obeying the law, without being "obligated" to do so (defensive, e.g., by activists/NGOs) or purely as a marketing tool (cynical).

2. Approaches to Corporate Social Responsibility (CSR)



<https://www.youtube.com/watch?v=mOpa8kd6fBI>

2. Approaches to Corporate Social Responsibility (CSR)

"Correct" approach?

- Minimalistic?
- Defensive?
- Cynical?
- Conscientious?

- Minimalistic?
- Defensive?
- ~~■ Cynical?~~
 - Unethical!
- Conscientious?

Debate!

Advocates of minimalistic approach

Shared value creation is increasingly emphasized

3. How to develop CSR activities?

- **Philanthropic**

- Giving money to charities unrelated to one's own activities
- (see previous slide: philanthropic actions are not always seen as CSR activities)

- **Strategic CSR**

= Shared Value Creation!

- The company provides social contributions that **align with the overall business strategy**
- This way, it **increases both the total economic and social value!**
- Example:
 - Hotel chain **Marriott** provides vocational training to long-term unemployed individuals
 - Beneficial for both society (long-term unemployed learn a trade and can get jobs) and Marriott, as they had a shortage of certain staff groups
 - **Toyota** invests in hybrid car technology
 - Beneficial for the environment as well as for Toyota, as it can gain a competitive advantage!
 - Unilever's Project **Shakti** employs women from local villages to sell soap
 - Beneficial for society (increases hygiene, women earn income) as well as for Unilever, which expands its market

Note: Both mechanisms can occur due to defensive or conscientious motivation

3. How to develop CSR activities?

Novartis Social Business in Vietnam

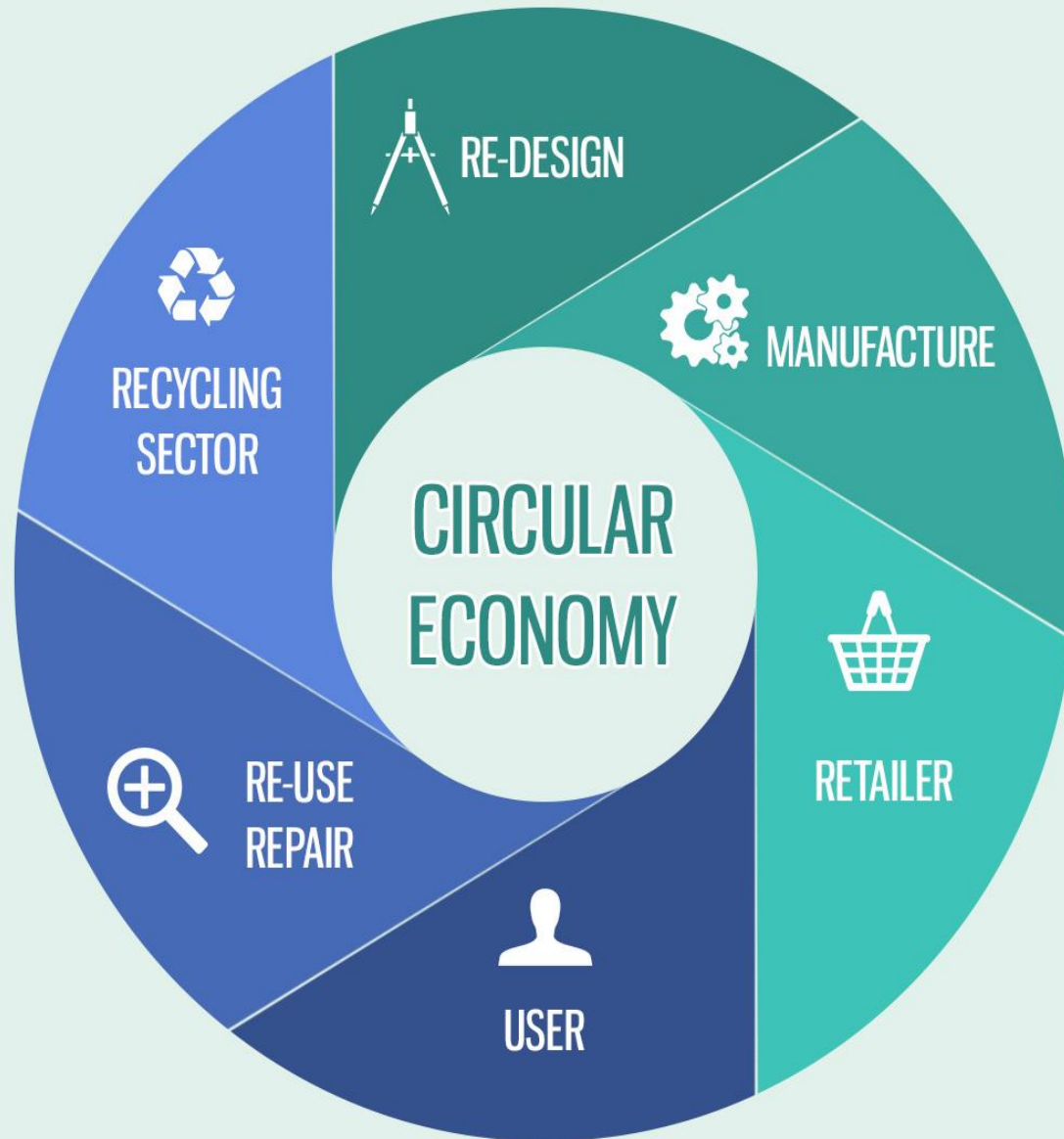
Look at home

<https://www.youtube.com/watch?v=6umpxBnb3n0>



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Circular economy



Content/structure of the lesson

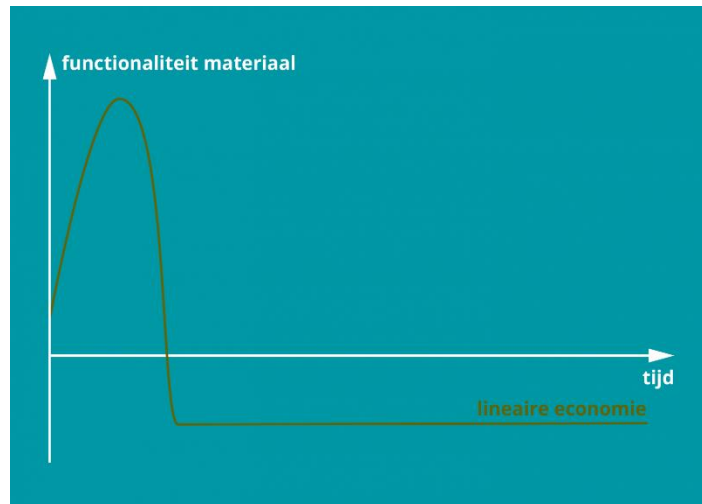
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1. Circular economy

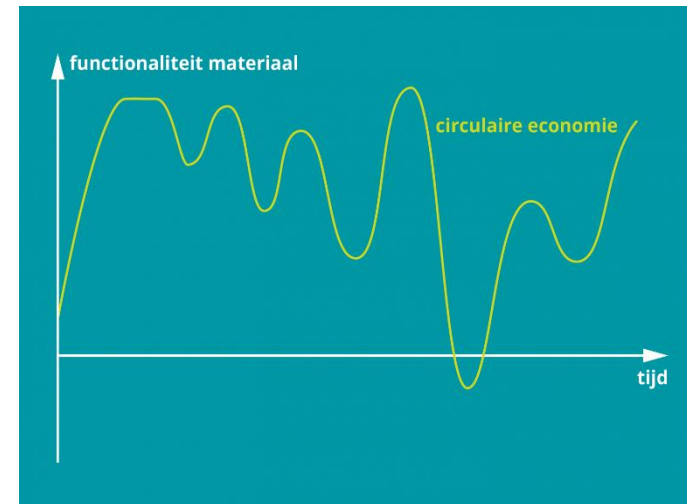
Circular economy: The circular economy is an economic system designed to maximize the **reusability of products and resources while minimizing value destruction.**

Applying strategies to keep materials and products in the economy at the highest value possible.

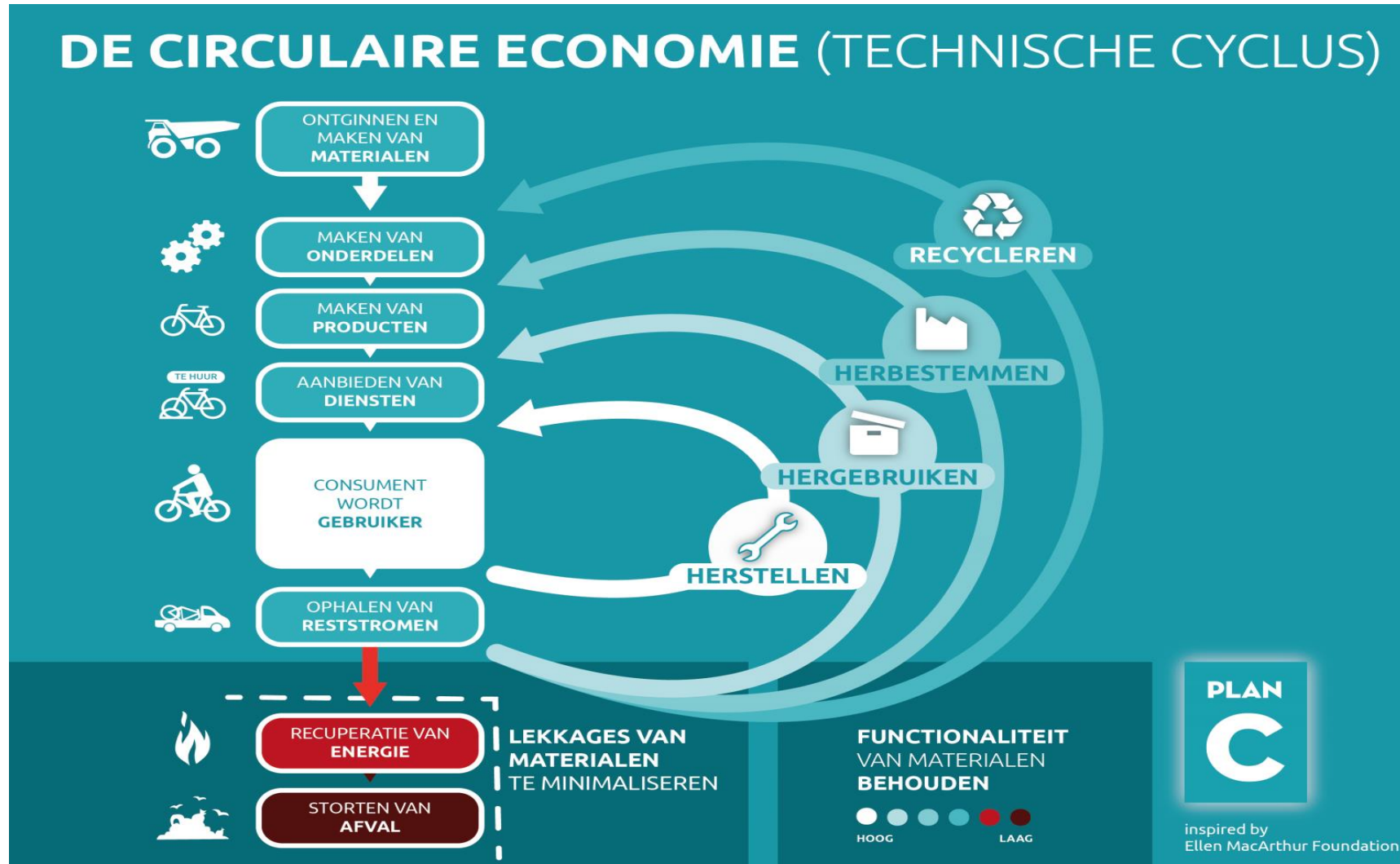
Linear economy



Circular economy



1. Circular economy



2. Five circular business models



Circular Input

Utilizing renewable energy, using bio-based or fully recyclable raw materials.

EXAMPLE: Proviron produces chemicals from algae, POET DSM produces ethanol from grain.



Sharing Platforms

Encouraging more intensive use of goods by facilitating shared use/ownership/access.

EXAMPLE: Tri-Vizor allows companies to share their transports.



Raw material recovery

Recovering raw materials and energy from waste streams (waste or by-products).

EXAMPLE: Umicore extracts gold from discarded electronics.



Product-as-a-Service

Offering access to products while retaining ownership to reap the benefits of more sustainable materials management as a provider.

EXAMPLE: Bundles offers washing machines in subscription form, Tale Me rents out high-quality children's clothing.

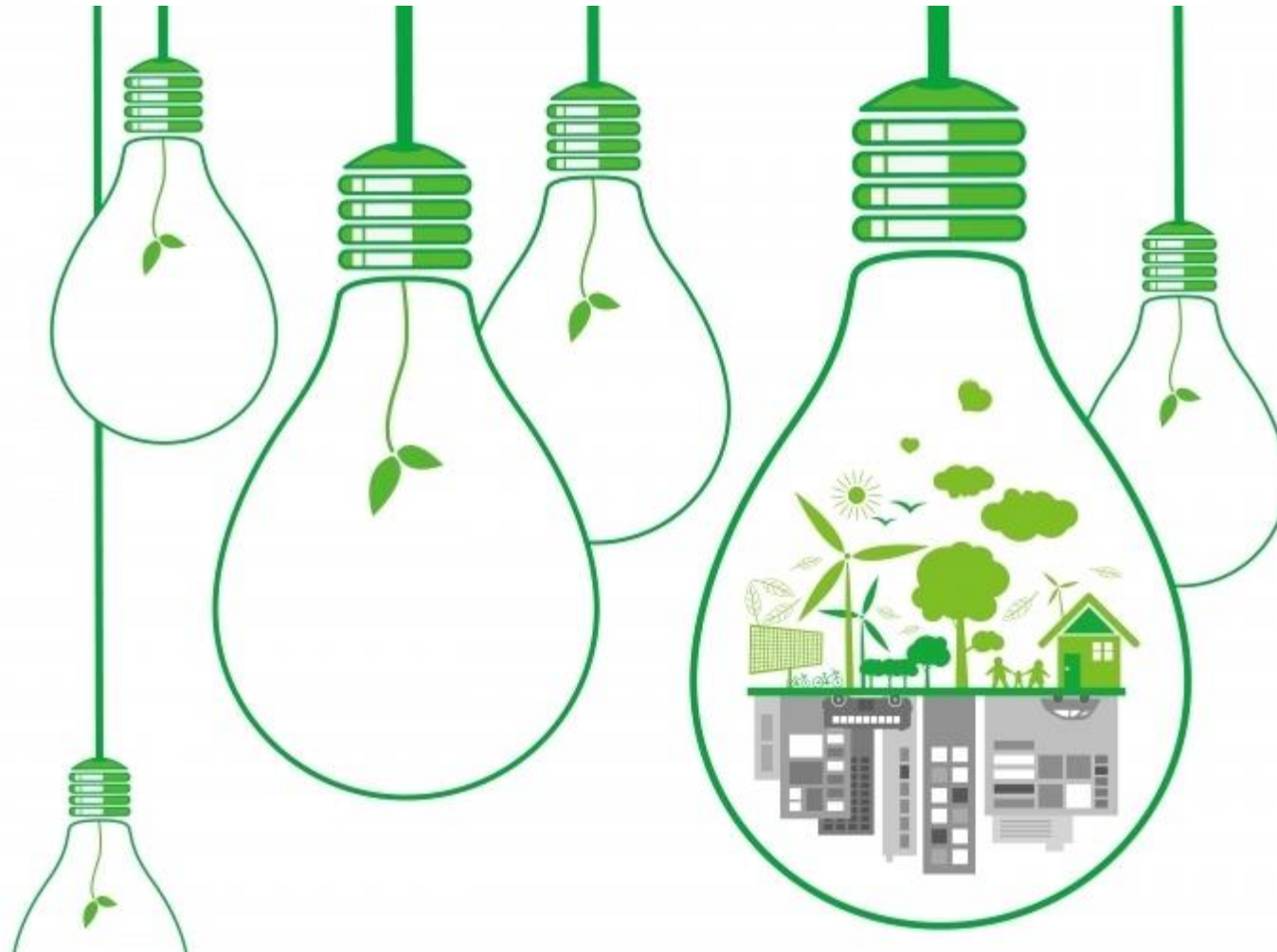


Life extension

Extending the productive lifecycle of products and components through repair, upgrading, and resale.

EXAMPLE: Caterpillar rebuilds engine blocks and charges a deposit when selling these second-hand blocks, Repair Café.

3. Application: Construction sector & Infrastructure



3. Application: Case LCDB

Questions:

- Summarize:
 - What, in your opinion, are the mission and vision of LCDB?
 - What is, in your opinion, the strategic domain (scope) of LCDB? Has this changed over time and/or is it potentially going to change in the future? If yes, how?
 - What is the strategic advantage of LCDB?
- Evaluate:
 - Does LCDB follow a shared value creation strategy? Why or why not? Has this changed over the years? Why or why not? Support with examples from the text.
 - What approach to CSR does LCDB follow? Support with examples from the text.
 - What business model of a circular economy does LCDB follow? Support with examples from the text.

3. Application: Case LCDB

Discussion:

Summarize:

- What, in your opinion, are the mission and vision of LCDB?
- What is, in your opinion, the strategic domain (scope) of LCDB? Has this changed over time and/or is it potentially going to change in the future? If yes, how?
- What is the strategic advantage of LCDB?

3. Application: Case LCDB

Evaluate:

- Does LCDB follow a shared value creation strategy? Why or why not? Has this changed over the years? Why or why not? Provide arguments, for example, through examples from the text or from the website.
- What approach to CSR does LCDB follow? Provide arguments, for example, through examples from the text or from the website.
- What business model of a circular economy does LCDB follow? Provide arguments, for example, through examples from the text or from the website.

Next weeks...

- 28/11
 - Culture
 - Review of lessons & overview
 - Explanation about the exam
- 03/12 (12h noon)
 - Deadline for course questions - to be submitted by 12h noon, via email to johanna.vanderstraeten@uantwerpen.be. The lesson on 05/12 will only take place if questions have been submitted (see BB for confirmation).
- 05/12 (online)
 - Lesson, if questions were sent on time
- 09/12 (12h noon)
 - Deadline for submitting internal analysis

Next weeks...

- 11/12
 - Feedback on internal analysis project work
 - Feedback schedule will be posted online after the submission deadline
- 19/12
 - No class. Use the time to finish your group work
- 15/01
 - Deadline for submitting project work and peer review, both via BB (group page and buddy check)
- 30/01
 - Exam