

AGENTS OF CHANGE

SUSTAINABILITY AND INDUSTRY TRADE ASSOCIATIONS: AN EVOLVING VALUE PROPOSITION

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Trade associations are addressing some of society's greatest challenges. Increasingly we see coalitions of the willing converge around common goals. "Visible rivals" work alongside their competition, as well as customers and suppliers with shared aims around social purpose and environmental stewardship. This preliminary inquiry looks at how far they've come and suggests that as trade associations advance their programming activities along a business and society trajectory, they will not only increase their ability to affect important issues, they will also increase their value proposition for their member companies.

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PREFACE

Business and industry trade associations (TAs) are not obvious solution providers when it comes to addressing society's big challenges. Wouldn't it make more sense to look towards governments or non-governmental organizations when looking at issues such as climate change, capacity building in developing markets, access to medicines, food security, nutrition or natural resource stewardship? Yet such societal and environmental challenges increasingly require not only the efforts of NGOs and governments but also a fresh look at some of the more traditional players who may be poised to engage in new approaches.

The Agents of Change inquiry focused on a handful of trade associations to learn whether they might be 'force multipliers' - playing a role in changing company behaviors at the scale and speed needed to make a difference on some of these important challenges.

We wondered how far these organizations have advanced along a business and society trajectory. Have they moved from a "protect the business and ensure compliance" mindset to "practice responsible business" thinking? Are they embracing and embedding sustainability concepts? Have they

gone even further, linking business success to solving societal and environmental challenges - creating shared value¹?

Through our inquiry, we found that the trade associations participating in this work are influential and instrumental in the following ways:

- TAs have, or can have, the capacity to attract resources to tackle larger challenges than companies can address on their own;
- TAs can operate on longer time horizons than companies (driven by quarterly reports) or governments (driven by the daily news cycle) and thus can plan and develop strategic partnerships, identify essential resources and implement and, increasingly, evaluate programs;
- TA secretariats are being challenged to both predict megatrends and to shape those trends, to steer their industry away from reactivity and toward a positive future vision that resonates with governments and the general public;
- Member companies cede leadership to TAs on many global policy agendas.

¹During our inquiry and in this paper, we use the term "shared value" to mean "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates." (Porter, Michael and Mark R. Kramer, "Creating Shared Value", Harvard Business Review, Jan-Feb. 2011, p. 6.)

"It is interesting when the companies have to step back and take the longer view – company people are not required to do this very often."

We see these trade associations as “force multipliers”, working to:

- Facilitate dialogue on global policy to tackle critical problems around nutrition, health, climate and employment;
- Convene best-practice platforms to improve standards and performance;
- Collaborate on research to fast-track innovations for new technologies, processes, products, and;
- Develop tools and training programs to advance sustainability and create shared value.

We attempt to capture one of the ambitions of these organizations, which is to position their industries as part of broader, more systems-based solutions. For example, increasingly, seed science and fertilizer companies view their industries as central players in sustainable agriculture and food security systems; the pharmaceutical sector sees itself as a hub for advancing global health; consumer goods (FMCG) and retailers are committed to empowering consumers to adopt healthier lifestyles;

and the European chemicals sector is positioning itself as “supporting the European economy and society... an enabler of a sustainable future.”

This involves stretching partnerships beyond immediate and traditional supply and value chains and working more with clusters of competitors and collaborators from government, civil society and academia.

We conclude with an assertion: as trade associations advance their programming along a business and society trajectory, they will not only increase their ability to be force multipliers on important issues; they will also simultaneously increase their value proposition for their member companies.

Not everyone interviewed will fully agree with every point: the following discussion is a synthesis and distillation of our conversations. Our aim is to generate thoughtful internal debate and hopefully move trade association membership towards more innovation around solving environmental and societal challenges.

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PROJECT OVERVIEW

The challenges facing society are daunting, systemic and urgent. The ability of governments to step up, lean in and make concrete contributions to large-scale solutions is bleak and in certain countries really grim.

In the US, partisan politics has brought government to its knees, while public infrastructure crumbles and education budgets dwindle. In Europe, consumers are hurting. Italy and Spain have more than 40% youth unemployment and the Eurozone is close to its third recession in six years. Japan's economy is sclerotic. China faces its slowest growth in close to a decade, while Beijing's intolerable air pollution is so severe that people protest in the streets. Many United Nations organizations, dependent on government funding, are scaling back programming while ramping up their fundraising efforts. This puts them on a collision course with cash-strapped civil society groups in the competition for corporate dollars. Some intergovernmental organizations are mired in scandal or weighed down by bloated bureaucracy. This leaves few players on the field with the 'kit and credibility' required to tackle the many and varied social and environmental ills.

Against this backdrop, business leaders are undergoing transformational thinking about their role and relationship with society. Some of this thinking is driven by necessity: If governments can't deliver, then who will? Some of this thinking is driven by globalization, which has intensified environmental and societal concerns. This in turn places pressure on companies to account for their use of natural resources in order to secure their license to operate, innovate and grow.

Refreshingly, a new breed of corporate leadership is gradually applying a shared value lens and sets of tools to its decision-making - developing *"strategies that deliver quantifiable business benefits that are linked to specific improvements in societal conditions."*² But in order for them to address societal and environmental challenges at the scale and speed required to make a difference, leaders need to look for ways to accelerate and magnify success and best practice.

While championing the uptake of business models that are anchored in the principles of sustainability and unlocking shared value opportunities will move us in the right direction, the impacts can be even more

² Porter, Michael and Mark R. Kramer, "Creating Shared Value", Harvard Business Review, Jan.-Feb. 2011.

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significant if these efforts are multiplied among and within coalitions of companies via their trade association networks. This thinking, at its core, links business success to solving societal and environmental challenges. Innovating to meet society's needs and build a profitable business is the next competitive frontier.³

But how far along are “big business” platforms in their thinking around this new competitive space? Our inquiry picks up this question and looks at how companies, working collectively through coalitions of “visible rivals,” might deliver even more impactful results.

This ‘Agents of Change’ project is intended to act as a conversation-starter with business and industry trade associations (TAs). Although business in general and companies in particular have been the focus of enormous amounts of research, analysis, case studies and media attention, trade associations have, by and large, been excluded from thoughtful inquiry. In our pursuit of ways to magnify, amplify and scale solutions to big problems, we argue that TAs are a platform worthy of understanding.

Our goal was to learn who and what is driving strategy at trade associations and to investigate, at a preliminary level, how far along TAs are on their business and society journey and gain insight into whether there is potential to unlock further opportunities and help increase their value proposition.

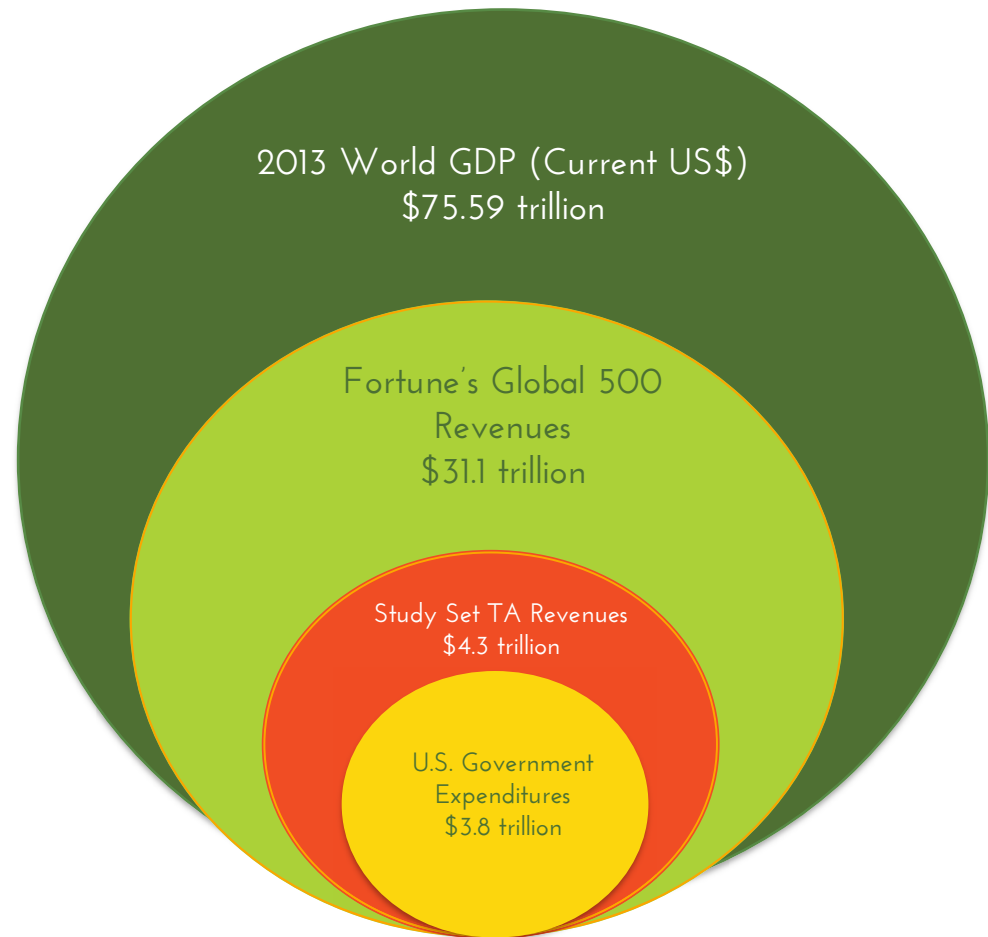
Our underlying hypothesis is that TAs either already are or can be force multipliers—playing a role in changing company behaviors, moving business beyond sustainability, and, using a shared-value lens and tactics, achieving greater societal and environmental impact.

Five trade associations, all headquartered in Europe, were invited to participate in this research project.⁵ Four of the associations are international, with members and mandates covering global business while one is focused regionally on European business. The associations are diverse (size, membership, mandate) and active in the biotechnology/seed science, fertilizer/nutrients, chemicals, pharmaceutical research, and consumer product value chains. Aggregate revenue from their member companies is about \$4.3 trillion.

³ Ibid.

⁴ This inquiry was neither initiated by the participating associations nor are they clients of the authors. The participants were asked to contribute funds to cover the out-of-pocket expenses for travel to interviews, costs for report production and the convening of a workshop to discuss results.

2013 Comparative Financials: *How the five TAs measure up*



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 <p>CEfIC: European Chemical Industry Council</p> <p>The voice of a €673 billion industry, CEfIC represents 30'000 large, medium and small chemical companies with EU policymakers.</p> <p>Organized around 6 programs covering: Energy & HSE; Industrial Policy; Legislation & Institutional Affairs; Product Stewardship; Research & Innovation •Public Affairs; Sustainability</p>	 <p>CGF: Consumer Goods Forum</p> <p>Representing a global industry network of 400 consumer goods manufacturers, retailers and service providers, CGF's members total a combined sales revenue of €2.5 trillion.</p> <p>Services include a cross-cutting approach of knowledge and best practice sharing around 4 "pillars": Sustainability; Food Safety; Health & Wellness; Value Chain & Standards</p>	 <p>CropLife International</p> <p>A global advocacy federation for the plant and seed science industry, CropLife International has 8 member companies (~€55 billion in revenue) and 15 regional associations.</p> <p>Programming targets the promotion of innovations for crop protection and plant biotechnology through collaborative research, capacity building and training programs and public awareness campaigns.</p>	 <p>IFA: International Fertilizer Industry Association</p> <p>IFA promotes the interests of the global fertilizer industry (~€180 billion) through a membership network of 560 members representing manufacturers, distributors, retailers and service providers.</p> <p>Research and outreach initiatives cover 4 core program areas including: Statistics & market intelligence; Business networking; International engagement; Benchmarking and best practices.</p>	 <p>IFPMA: International Federation of Pharmaceutical Manufacturers Association</p> <p>The key advocate for the research-based pharmaceutical industry, including biotechnology and vaccine sectors, IFPMA is composed of 30 company members and 49 national / regional association (~300 billion in revenues).</p> <p>Programming aims to improve global health by representing members in dialogue within key global policy platforms including governments and civil society.</p>
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See appendix for full details on each of the participating trade associations (revenues, jobs, budget, etc.)

Information sources included interviews with trade association staff, including the chief executive, interviews with people from companies that are members of the trade association, the trade associations' own self-reporting, business data aggregators, and academic studies. We also asked two additional companies to serve as an informal "advisory board". The following six logos represent the companies consulted in the interviews/advisory board.



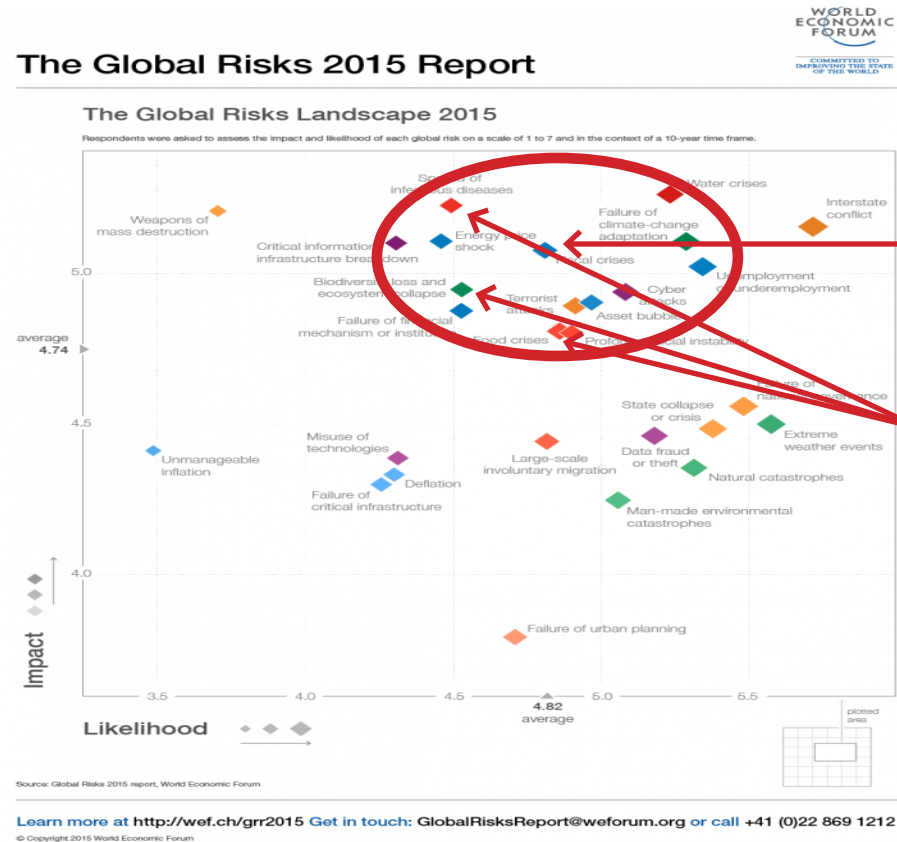
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In addition to the authors, the research team included a group of Master's students from Tufts University in order to benefit from perspectives of tomorrow's leaders in our discussions and deliberations.

A couple of additional points about why we selected this specific set of industries to participate in this work.

First, we looked at industry sectors that were particularly timely and relevant to some of today's biggest societal challenges; this is certainly the case with this group of five. The World Economic Forum Risk Map provides an interesting reference point, serving to illustrate just why this is so. Many of the high risk/high probability events scoped for this WEF report overlap with the core business interests of the membership from these 5 trade associations.

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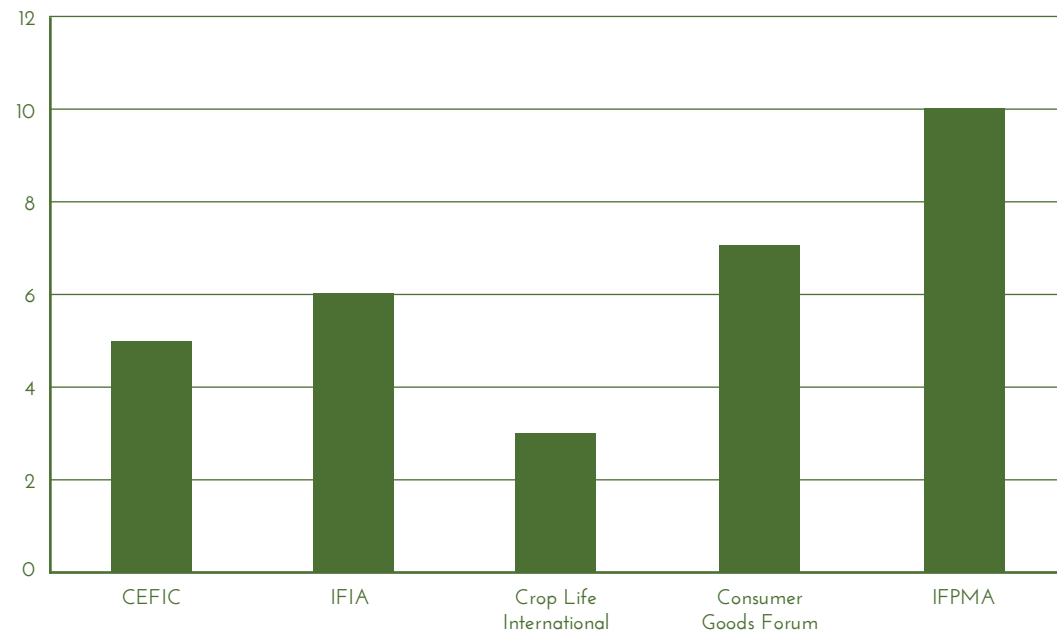
Wicked Big Problems

Industry Sectors with 'skin in the solutions game':
Chemicals
Consumer Goods
Food / Agriculture
Health / Medicines

Second, we had an interest in trade associations that represented a significant percentage or ‘voice’ of the particular industry sector. Although there are many ways to capture this, we looked at whether or not the biggest players from a sector are members of the association. As the accompanying bar chart shows, there is a spectrum of top company engagement among the five TAs we examined. For example, IFPMA has, as members, 10 out of the top 10 companies (revenue) from the pharmaceutical sector and Consumer Goods Forum has, as members, 7 of the top 10 and so on.

Other data points from the TA membership can be useful in helping calibrate the industry ‘voice’. The number of companies represented in the TAs and their regional/national affiliates varies from hundreds to tens of thousands. These numbers suggest trade associations are positioned to exert influence over important networks.

Number of Top 10 Revenue-Generating Public Companies within the Trade Association



i.e., using Bloomberg data 10/10 top revenue generating public companies in that sector are members of IFPMA

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TAKING STOCK

Historically, trade associations have not been seen as thought leaders—particularly on business and society issues. In fact, many have been criticized as devoted to defending the status quo.

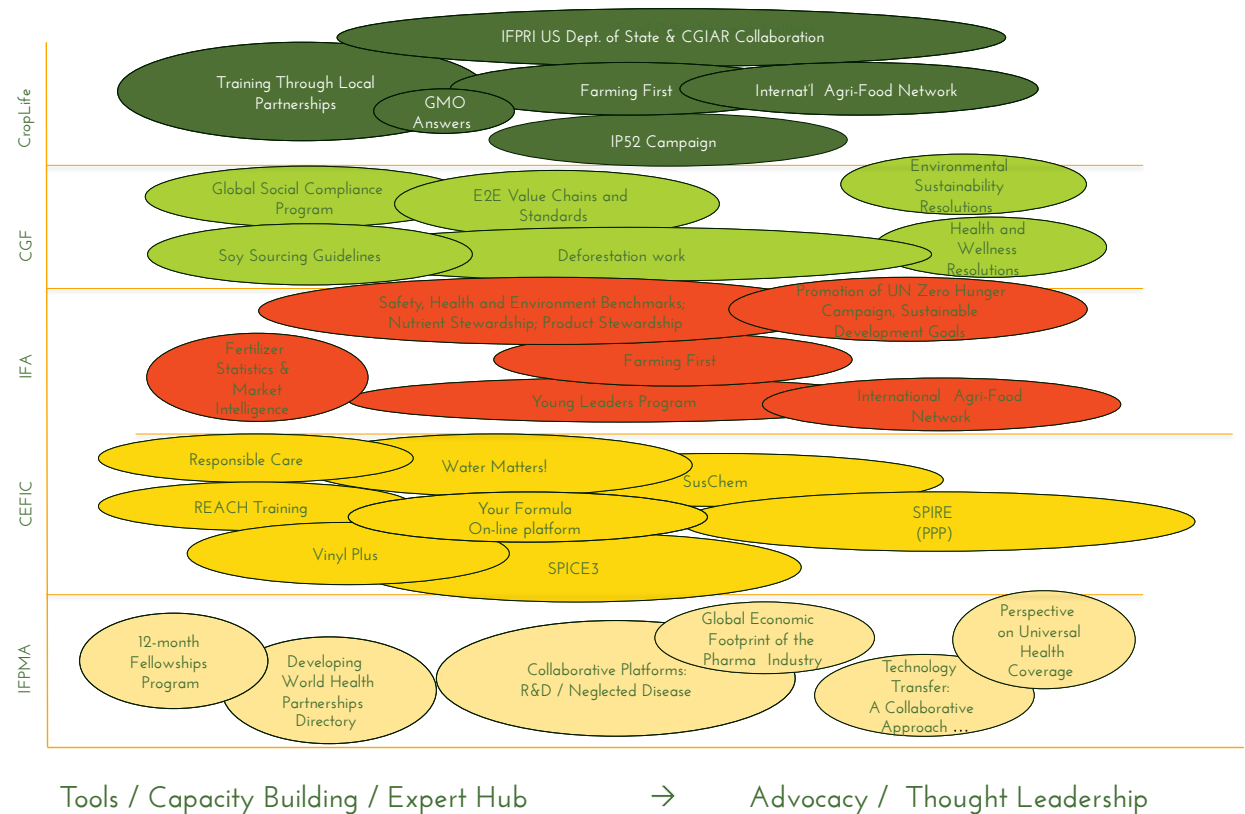
However, our discussions with those participating in this inquiry revealed something quite different: a positive story where the TAs are actively engaged and running programs that address business and society challenges.

We attempted to categorize these activities in order to better understand drivers, aims and outcomes. In rough terms, many of the programs can be plotted along a spectrum, from tactical, hands-on tools to initiatives that represent more innovation and thought-leadership around a particular set of issues.

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This chart below captures a sampling of some of the activities from each of the five trade associations.

A sampling of business/society/environment initiatives

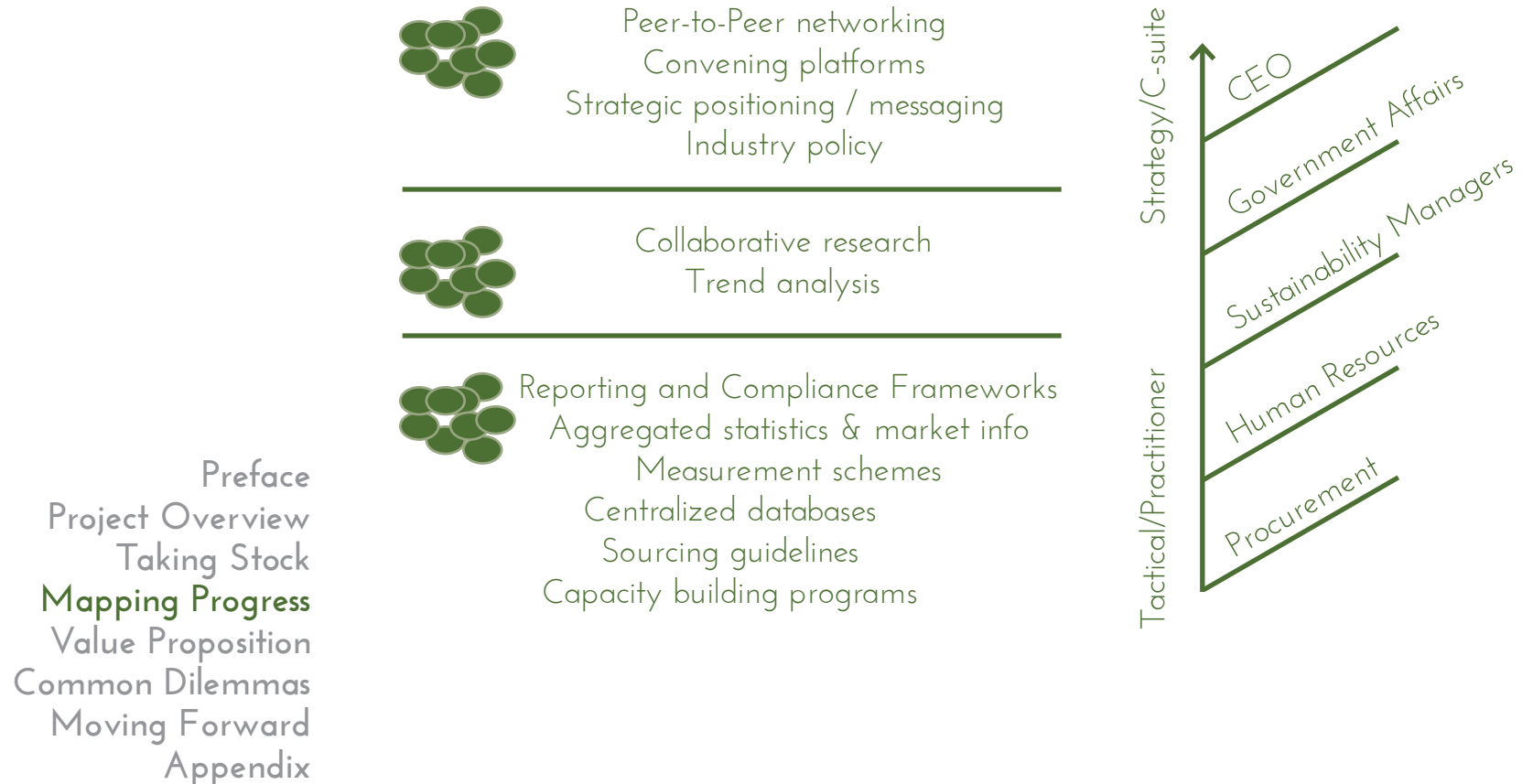


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It is important to note that these programs are not static and this chart is a 'snap-shot'; many continue to evolve over time. An initiative might originate to serve a narrow purpose (i.e., a training need) yet, as experience with that program grows, so too might the ambition level.

It was also interesting to see that the TAs are running programs calibrated to engage individuals at different levels in the corporate structure. As the box below shows, certain clusters of activities are more relevant to the practitioner whereas other types of activities are applicable to those in executive or senior management positions.

Levels of Engagement: interventions and actors



Small farms are a critical engine of food supply in the world. However, in Africa they operate under great constraints with respect to their asset bases and access inputs, technology, services and markets. Yet, when access to these basics is improved, farmers improve their harvests with the benefits cascading to whole communities. The IFA, along with their companies and partners, work through a variety of specific initiatives to tackle these smallholder farm challenges.

www.oneacrefund.org

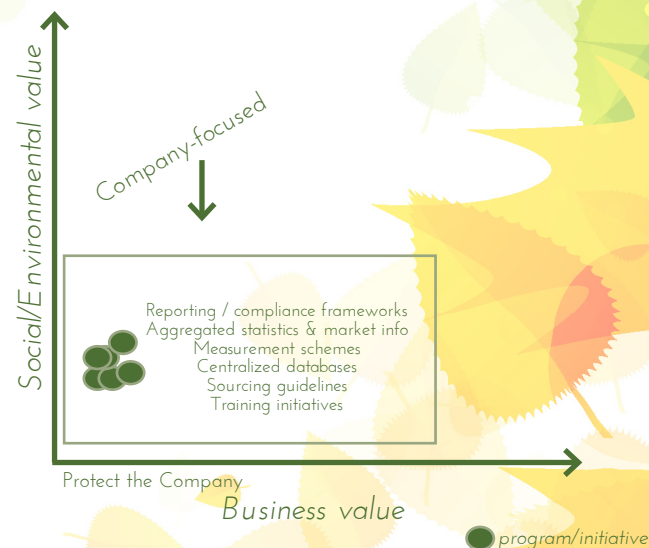
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MAPPING PROGRESS

Step 1: Anchoring the Cornerstone - Enterprise focus

Once we had a better understanding of the range of 'product offerings' across the organizations, we then looked at these activities in the context of business, societal and environmental value and grouped together initiatives that have similar characteristics. For many trade associations the cornerstone of their value proposition historically lies in activities such as capacity building, developing tools and sharing best practices. These activities tend to focus on helping the individual company protect the business while at the same time contributing to societal and environmental value.

Mapping trade association trajectory

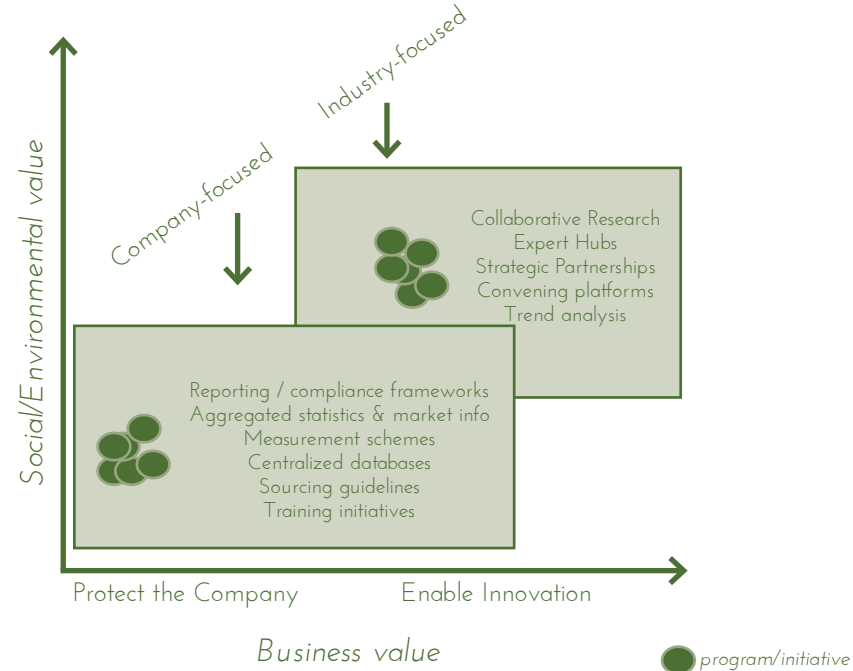


Examples of these activities include CEFIC programs on Responsible Care, the Consumer Goods Forum's work on Social Compliance and Food Safety Guidelines, and IFPMA's Global Health Partnerships Directory.

Step 2: Enabling innovation - industry focus

Moving beyond this first set of activities, we saw that TAs are running initiatives that also provide a different and perhaps higher value (in both business and societal/environmental terms). This includes activities with a broader, more industry-wide orientation that enable innovation and serve to grow the business. These activities include such things as collaborative research projects, campaigns promoting broad industry interests, technical expert 'hubs' or alignment around global policy work.

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Examples include CropLife's support for research on the role of technologies in food security (IFPRI⁵ research), IFPMA's collaborative research platform on neglected disease and IFA's Nutrient and Product Stewardship programs.

⁵ International Food Policy Research Institute (IFPRI)
Consultative Group for International Agricultural Research (CGIAR)

Finding the right balance and mix of initiatives is both tricky and vital for TA success; the composition of the membership plays a key role in this formula. If the membership is largely homogeneous and composed of companies that are similar (size, market, type of industrial process, business-to-business vs. consumer facing) alignment around a work program can be more easily facilitated. Another element to consider is the 'learners to leaders' gap. If companies are widely dispersed along this leadership spectrum then securing alignment around which activities are most worthwhile presents another set of challenges. "Learners" perhaps find more benefit from technical training initiatives while strategic policy work is more relevant for companies at the leading edge of thinking and practice.

An interesting example of a multi-stakeholder research collaboration is CropLife's support to IFPRI to conduct a comprehensive review of the potential impact of 11 agricultural technologies upon global productivity and yields, as well as the impact on food security, hunger and nutrition challenges, and environmental impacts. The US Dept of State also provided minor funding. The scope of the study was unprecedented, and it built upon an existing IFPRI complex model to study climate change. An "Agritech Toolbox" was developed as an online tool for policymakers to evaluate the outcomes and impact of contemplated policy initiatives prior to making policy choices and investments. The goal is to inform policy makers with factual information and related experiences so they can make better policy decisions to improve the livelihoods of farmers in developing countries. IFPRI worked with the CGIAR network, and consulted academics as well as the private sector in conducting the study. The study had an advisory board of experts from every continent, and the study was peer reviewed.

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"A great leap for European sustainability" is how the chemical industry (CEFIC) describes the activities of SPIRE - a collaborative platform aimed to tackle competitiveness, jobs and improve environmental performance. "The chemical industry not only has the responsibility, but also the unique ability to respond to these challenges."

Step 3: Extending value into new "space" - cross-industry focus

As our interviews progressed and thinking evolved, it became clear that our mapping needed to extend a bit further along a trajectory into a third domain. This space captures TA activities characterized by more of a systems-based approach around problem solving that included working in sector clusters and with full value / supply chain collaborators. Although the specifics will require more in-depth research the directionality is correct and, this new "space" is beginning to reflect key elements for creating shared value.

Although there are many factors driving this trajectory, there are three key observations at the organizational level that we believe are partially responsible for supporting this new thinking into this systems-thinking / solutions oriented 'space', including:

On strategy and culture

- A systems-based lens provided a "red thread" across many of our discussions. It was clear that TAs are expanding the view of their industry sector to include not only players in the immediate supply value chain (suppliers, distributors, etc.) but also other sectors and stakeholders. This is resulting in a much broader, more holistic view and a focus on the role of their industry in solving high risk/high probability problems of the type identified by the World Economic Forum.
- There was consensus that the old way of doing business is not working; TAs expressed a need to be more pro-active, anticipatory and viewed positively by stakeholders.
- All associations are working within partnerships and collaborations aimed at tackling significant policy issues at global levels.

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"We're sick and tired, as an industry, of always being against, against, against everything ...We want to be for, for, for something good".

CEFIC has recently launched a new 'horizontal' governance structure to address sustainability issues.

IFA conducted an extensive survey of their membership before implementing measures to streamline the governance mechanisms and increase transparency

On governance and organization

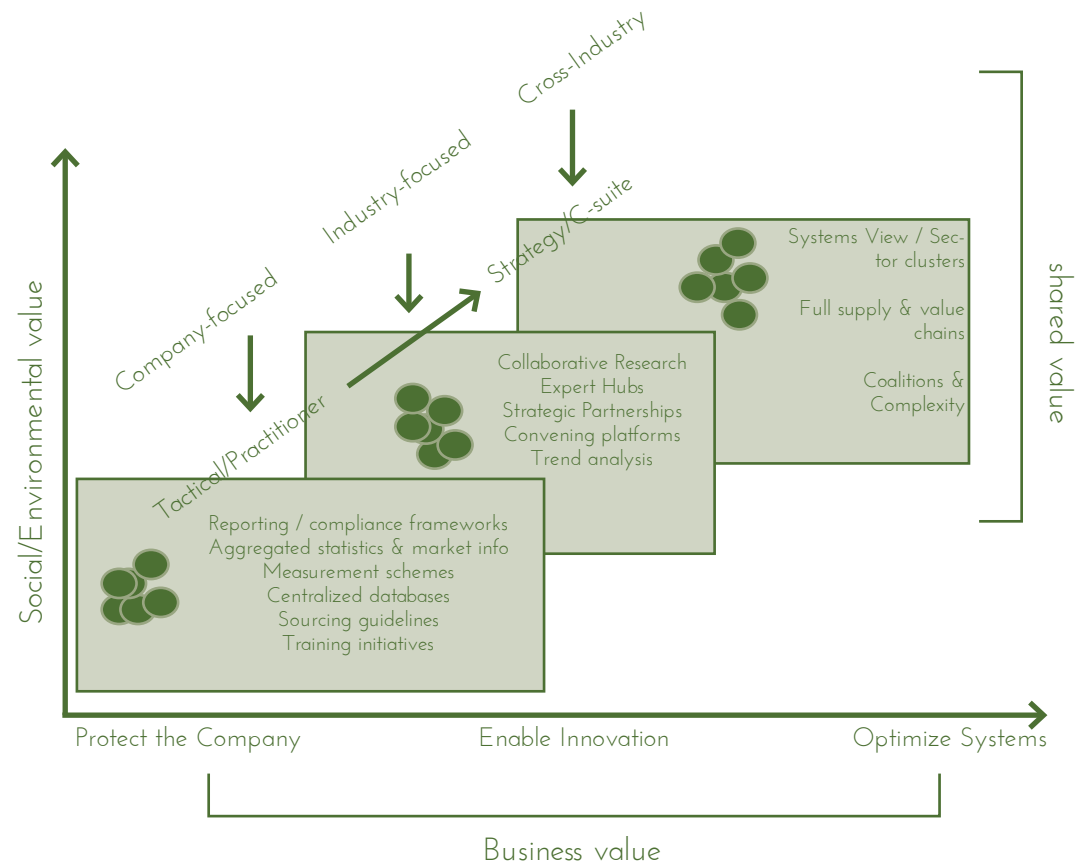
- The TAs are investing or have invested in a review of their governance structures; where this has already taken place, they have made adjustments, in some cases eliminating layers of bureaucracy to expedite and streamline decision-making and increase transparency.
- TAs are creating new governing mechanisms to specifically capture emerging business and society issues.
- Across all TAs in the study there is new or relatively new leadership, either within the secretariat management team or within the member companies active in their governance, or both.
- TAs in the study set share one noteworthy feature: highly professional and strategically oriented secretariats.

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IFPMA's work on principles for Universal Health Coverage highlights the importance of collaboration beyond the immediate industry players to include partnerships that leverage financing systems and innovative financing models. Serving as a platform for collaborative R&D around neglected disease highlights the success of continued collaboration with non-industry partners.

Each of the trade associations has good examples of where their programming increasingly reflects this set of characteristics. CEFIC's SPIRE⁶ works across 8 key process sectors to drive innovation around environmental performance and new financing mechanisms, IFA's advocacy around the UN's Zero Hunger and Farming First champion a multi-stakeholder approach to food security and sustainable livelihoods and IFPMA work to advance the global health policy agenda all capture elements of systems thinking and working in coalitions around solving complex problems.

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⁶ Sustainable Process Industries for Resource & Energy Efficiency

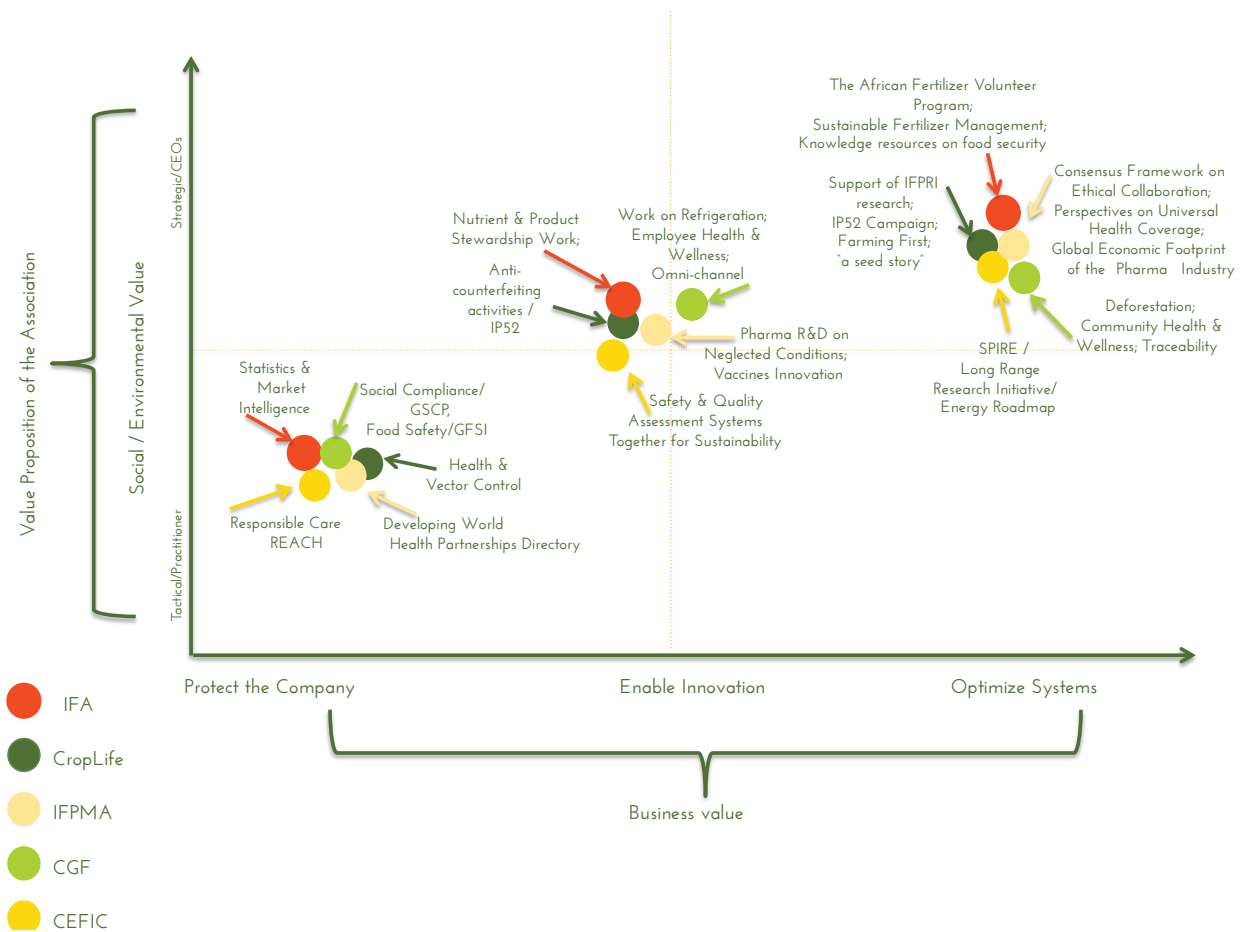
The Consumer Goods Forum is working with its members to empower consumers to adopt healthier lifestyles. To make this aspiration more tangible, CGF companies have adopted a set of explicit "resolutions," calling on retailers and manufacturers to offer shoppers products that support healthier diets and communicate that information in a transparent and fact-based way. CGF recently followed-up surveying their membership to track their progress.

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Step 4: Mapping Summary

This trajectory captures a business value progression – moving from initiatives aimed more at a “protect the company” state of play, to one of enabling innovation and subsequently, systems integration and optimization. We also suggest that as the social and environmental value increases, the audience for that value also changes, from practitioner to more senior levels in companies.

The chart below illustrates this dynamic and lists some specific examples of initiatives from across the five associations.



IFA and CropLife are founding players in "Farming First" – a platform providing information to delegates of multilateral conventions focused on food security, climate change, biodiversity. Farming First now has over 130 supporting organizations.

There are benefits for trade associations and their members as they progress along this trajectory including:

- the ability to channel resources more efficiently;
- the opportunity to shape new markets and;
- the capacity to help their membership connect societal / environmental value with business value⁷.

While not advancing in this direction has inherent risks, such as;

- individual industries will see constraints on their capacity to operate if key challenges are not resolved and,
- industries perceived as polluting or dangerous will struggle with the social license to operate, innovate and grow.

As this systems integration and optimization space takes shape and builds out, it does not necessarily mean that the other areas of program investments will be less of a priority. Capacity building, training, centralized databases, etc. will continue to serve vital purposes for the TA and its members.

And finally, given this momentum, why is there not a greater push to move into this space? What are the barriers and hurdles that need to be overcome? We see these as key questions that need further exploration and each of those participating in this inquiry recognize these challenges and welcome further discussion.

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⁷ Innovating for Shared Value / HBR / 2013 / Pfitzer, Bockstette

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"A 'going-wide' perspective extends business purpose, for example, moving our thinking from selling fertilizer to advancing food, or from developing medicines to improving global health."

"In truth this is a value proposition for the companies to be members: we don't have the resources to follow all the issues; TAs can follow them and provide insight that we just can't afford to do ourselves."

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EVOLVING VALUE PROPOSITION

As the industry adapts and evolves to the changing business and society agenda, so too must the value proposition of the TAs. Capturing and articulating a value proposition is a dynamic process that needs continual renewal; perhaps this framework can help stimulate that discussion?

Today we see the key value propositions being offered by these TAs as including:

- An ability to bring more resources to bear on a particular issue; outputs and outcomes have potential beyond what one company could achieve acting alone. This becomes exceedingly relevant when tackling large societal challenges.
- A perspective that goes beyond the interests of an individual company and increasingly beyond the sector.
- The capacity to operate on longer term time horizons than companies (driven by quarterly reports) or governments (driven by the daily news cycle) and thus can plan and develop strategic partnerships, identify essential resources and implement and evaluate programs.

- An internal lens focused on improving industry performance to better meet the societal and environmental expectations of customers and host governments.
- An external lens focused on a desire to shape industry image regarding responsibility and value to society.

Member companies recognize these strengths and, as a result, many cede leadership on key policies. Capitalizing on their awareness of such influence, a majority of the TAs position themselves to act as key nodes in social networks.

TAs are increasingly using this collective authority to help build broad coalitions (with other TAs, NGOs, governments, academia, etc.) to focus on achieving shared goals, such as increasing the pace of innovation and technology transfer, developing workforce and government capacity, and enhancing food security. For the most important challenges on the business and society agenda this is the type of thinking that needs to dominate in order to make an impact.

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*"I see us as an industry association
"2.0": we are reinterpreting our
role in a new way. I'd even say
with more risk...pushing innovation
and partnerships in a new manner.
Critically, we have a leadership
here that is not risk adverse."*

IFPMA

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COMMON DILEMMAS

Our final observations reflect on a set of common issues that all the trade associations were grappling with to various degrees and are clearly evident in the discussions around programming on the business and society agenda.

1. Measurement

Monitoring progress and measuring the effectiveness of business and society initiatives presents a common challenge for the TAs. They have captured metrics around company participation in specific programs or adopting certain guidelines and resolutions, but new partnerships to address social goals may pose measurement challenges. For example, in a collaborative effort to help develop high quality cancer registries in Latin American countries, good metrics for program development and effectiveness have been established. Attributing or apportioning success to individual collaborators (NGOs, governments, and trade associations) may be more difficult.

What types of metrics would capture TA contributions to multi-sector collaborations?

2. Reputation

When one company behaves poorly, the whole of the industry tends to also be viewed in a negative light, bringing serious and long-term reputational liabilities. Nowhere is this more evident than in the environmental and social arena.

The industries represented by the TAs in the study set all have experience with negative publicity and/or punitive interactions with governments and media. Many of those interviewed told us that, as a result, the sustainability, stewardship and shared value programs provided TAs with a "good news" story.

How can TAs more effectively build member capacity to mitigate these risks and build solving large social problems into their value proposition?

3. Engagement

There are typically three tiers of engagement in TA activities: 1) a group of leadership companies that are highly engaged and leverage the TA; 2) a larger portion of the membership with specialized or intermittent participation; and 3) a percentage that is indifferent. The TAs spoke of solid

"There are lots of recent changes in the industry, companies are committed to business and society issues. At the same time, we believe there is a lot of work ahead particularly around raising awareness on the role of nutrients, food security and sustainability. ...the SDGs (Sustainable Development Goals) are an important focal point for the industry, especially when it comes to understanding the shared value and sustainability dimension of the industry. "Agriculture is a core component to almost all of the proposed SDGs and our industry is about sustainable solutions to agricultural challenges."
IFA

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support for and engagement on their respective work programs. However, at the same time those interviewed acknowledged the challenge of securing and maintaining full engagement from the companies. A key to succeeding in this is the ability to identify clear and collective interests that have enthusiastic support.

How can trade associations share best practices and benefit from each other's experiences?

4. Member expectations and comfort zone

Trade associations have to manage a broad spectrum of member expectations. Member companies can range from those at the leading edge of policy and practice to companies on a steep learning curve or those whose systems are not yet capable of consistently delivering exemplary performance. The leadership of TAs requires a careful and judicious balance of encouraging companies to move in a specific direction (on policy or performance, for example) but not getting too far ahead of the full membership. On the other hand, member companies are looking to the secretariat for guidance and perspective on broader, industry-wide issues that might in fact put the association a bit ahead of the individual companies on a specific issue.

How can leadership best judge when to 'push / pull' their companies into more advanced positioning?

5. Governance

We saw a desire for more streamlined decision-making as well as an emphasis on transparency and accountability. Much of this discussion tracks closely to the developments in corporate governance.

Can TAs be more innovative and agile around governance than their membership companies?

6. Talent

Many of those interviewed (but not all) expressed concerns around the challenge of maintaining a strong talent pipeline for their sector. These opinions tended to focus on two areas of unease: the perception that the companies and the sector have an unfavorable reputation among younger potential recruits and in select countries including the USA, a general waning interest in science, technology, engineering and math (STEM) studies, which are fundamental educational qualifications for many of the industries in the study set.

Is there some opportunity for the associations to play a greater, more pro-active role in developing future leaders?

AGENTS OF CHANGE

MOVING FORWARD

This was a first level inquiry aimed at better understanding whether trade associations might be force multipliers for sustainability and shared value. We found that these associations are invested in infrastructure: networks, working groups, meeting platforms, policy papers, technical training, data hubs, and so on. This infrastructure is an important part of their value proposition for members and is key to promoting best practices, sharing data, transferring technology and thought leadership.

These conversations have led us to further conclude that TAs have a significant opportunity and increasingly are reframing their industries around a societal purpose—one that benefits their member companies as much as the greater society. TAs used to be about the status quo—protecting the industry and the market. Over time, they have moved on to become a platform for companies to grow their business and share information and best practices especially in the sustainability space.

By continuing to evolve and by reaching for shared value in addressing system-wide challenges, TAs may gain competitive advantage for their member companies. This goes well beyond the traditional concern of social license to operate. TAs have, in their own words, recognized that fundamental aspects of development including access to electricity, water, health, nutrition, medicines, communication and transport networks, education and rewarding livelihoods are essential to collective success.

If trade associations advance their programming along a business and society trajectory, they will not only increase their ability to be force multipliers on important business and society issues; our results from this inquiry suggest they may also simultaneously increase their value proposition for their member companies.

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1. Data Summary Chart

	CEFIC	IFPMA	CropLife International	Consumer Goods Forum	IFA
Headquarters	Brussels, Belgium	Geneva, Switzerland	Brussels, Belgium	Issy-les-Moulineaux, France	Paris, France
Industry	Chemicals	Pharmaceutical	Plant Science	Consumer Goods Manufacturers & Retailers	Fertilizer
Revenues:					
Worldwide	€3.157 trillion	€989 billion	€77 billion		€170-190 billion*
TA Revenue	€630 billion	€300 billion	€55 billion	2.5 trillion	
TA's % of Worldwide Revenue	20% (17% of world chemical production)	60%	70%		65-75% of global production/sales values including China, and about 85% ex-China*†
vMembership:					
Represents	29,000 small, medium and large European-based companies	Companies and National / Regional Associations on 6 continents	8 companies and 15 Associations	Over 400 companies within the value chain	Global fertilizer industry: 560 members
Jobs	2.6 million	Over 2 million		100 million	±1.5 million worldwide / ~50% covered by IFA membership*
# of Top 10 listed on Bloomberg	5	10	3	8	6
# Other members	650 members, 22 national federations, 8 associate federations, 23 affiliated associations, 61 partners	49 National & Regional Association Members, 30 Individual Company Members, and members from 6 continents	Regional Member Associations represent 91 national associations and ~1000 member companies	400 members (retailers, manufacturers and service providers) across 70 countries. Participation from over 1500 executives from member companies on committees/board	560 members 81 countries 50% in emerging countries full value chain – distributors, retailers, service providers, national and regional associations
Budget	Direct/General: 25 million € Project/Specific: 25 million €	€10 million	€23 million	€12 million	€8 million
Employees	152	19	20	35	28

Sources: Bloomberg / TA websites / Interviews

* estimates

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2. List of Interviewees

Alexis Brouhns, Solvay

Morgan Danielou, IFA

Peter Freedman, Consumer Goods Forum

William Garcia, CEFIC

Tim Hassinger, Dow AgroSciences

Charlotte Hebebrand, IFA

Robert Hunter, CropLife

Abdulrahman Jawahery, Gulf Petrochemical Industries Co. (GPIC)

Andrew Jenner, IFPMA

Gernot Klotz, CEFIC

Suzanne Maise, CropLife

Hubert Mandery, CEFIC

Howard Minigh, CropLife

Mario Ottiglio, IFPMA

Jon Pender, GSK

Miguel Pestana, Unilver

Eduardo Pisani, IFPMA

Dawn Rittenhouse, Dupont

Peter Paul van de Wijs, van de Wijs & Partners

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Eduardo Pisani, Director General, IFPMA.

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