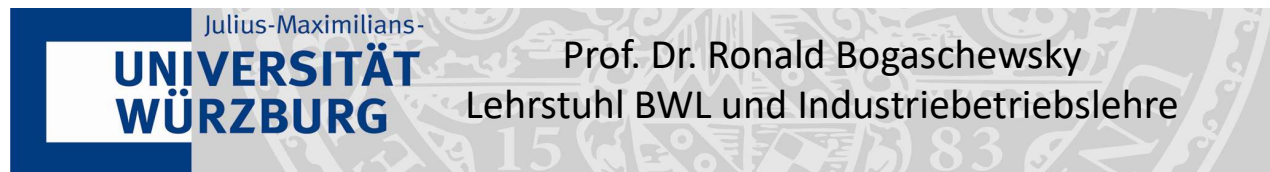


# Nachhaltigkeit als zentrales Ziel und Steuerungsphilosophie der globalen Wertschöpfung



## 74. DEUTSCHER BETRIEBSWIRTSCHAFTER-TAG

Ökologie und Ökonomie nach dem Corona-Schock - Betriebswirtschaftliche Implikationen von Klimawandel und Ressourcenknappheit

16./17. September 2020  
Düsseldorf

# Performance and Purpose

“To prosper over time, every company must  
**not only deliver financial performance,**  
but also show how it makes  
**a positive contribution to society.”**

“Without a **sense of purpose**, no company, either public or private,  
can achieve its full potential. **It will ultimately lose the license to operate  
from key stakeholders.**

It will **succumb to short-term pressures ...**  
**sacrifice investments** in employee development, innovation, and  
capital expenditures that are **necessary for long-term growth.”**

Larry Fink: “A Sense of Purpose”, Chairman and CEO BlackRock, 2018.

<https://www.blackrock.com/corporate/investor-relations/2018-larry-fink-ceo-letter>

# Purpose and long-term Value

The purpose of the corporation is

“to promote an economy that serves all Americans”

„signed by 181 CEOs who commit to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders”

“...it is more critical than ever that businesses in the 21st century are focused on generating **long-term value for all stakeholders** and addressing the challenges we face, which will result in **shared prosperity and sustainability for both business and society**”

Darren Walker, President of the Ford Foundation.

*Business Roundtable*, 19. August 2019.

<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

# Sense and Society

“What improves the circumstances of the greater part can never be regarded as an inconveniency to the whole.  
No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.”

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*,  
London, UK: W. Strahan and T. Cadell, 1776, p. 96

# Long-term Value

„The chief culprit ... is not long-term value creation but its antithesis: **short-termism**. Managers and investors ... fixate on **short-term performance** ... rather than on the **creation of value over the long term**.“

*Marc Goedhart and Tim Koller: The value of value creation. McKinsey Quarterly, March 2020*

**„...companies on the long-term end of the spectrum dramatically outperform those classified as short term.“**

**„U.S. GDP** over the past decade might well have grown by an **additional \$1 trillion** if the whole economy had performed ... as long term, generating some **five million additional jobs...**“

Tim Koller, James Manyika, and Sree Ramaswamy. *Milken Institute Review: The case against corporate short termism*, August 4, 2017  
<https://www.mckinsey.com/mgi/overview/in-the-news/the-case-against-corporate-short-termism> analyzing data from the **Corporate Horizon Index**  
by McKinsey Global Institute, McKinsey's Strategy & Corporate Finance practice and FCLT Global.

# ESG Proposition and Sustainability

A strong environmental, social, and governance (ESG) proposition also creates shareholder value.

Sheila Bonini, Timothy M. Koller, and Philip H. Mirvis, “Valuing social responsibility programs,” McKinsey Quarterly, July 2009; Witold Henisz, Tim Koller, and Robin Nuttall, “Five ways that ESG creates value,” McKinsey Quarterly, November 2019

Higher ecological and social performance over time leads to higher financial performance in the long-run.

Florian Keidel, „Der Zusammenhang zwischen ökologischer, sozialer und finanzieller Unternehmensperformance“, Dissertation Würzburg 2019

**There is no case against „triple bottom line“ sustainability!**

# Risk: Likelihood and Impact



- We have to do more to identify, measure and proactively manage relevant (global) risks while taking a holistic and systemic view!
- We have to get better in developing and executing adequate risk mitigation strategies that reach beyond last minute crises management!

Source: World Economic Forum 2007–2020, Global Risks Reports.

Note: Global risks may not be strictly comparable across years, as definitions and the set of global risks have evolved with new issues emerging on the 10-year horizon. For example, cyberattacks, income disparity and unemployment entered the set of global risks in 2012. Some global risks have been recategorized: water crises and income disparity were recategorized as societal risks in the 2015 and 2014 Global Risks Reports, respectively.

Source: [http://www3.weforum.org/docs/WEF\\_Global\\_Risk\\_Report\\_2020.pdf](http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf)

- We have to prepare for **natural resources** that are getting more and more **critically scarce**.
- We have to prepare for **severe events**, including **value chain disruptions** due to **climate change**.
- We have to prepare for more and massive **social distortions and upheavels, human crises, displacement and refugee movements**.
- We have to **fight poverty** and provide access to **clean water and sanitation** – also to **avoid (chronic) diseases** that again would lead to **poverty**.
- We have to prepare for **epi-/pandemics** that will be more likely due to **climate change and deforestation**.
- We have to take better care of our **oceans**, including the **avoidance of (micro-) plastics, oil spills, overfishing, etc.**
- We have to develop a **common model for financing the survival of the „lungs of the earth“ – the (rain) forests**.

Source: [https://de.wikipedia.org/wiki/Ziele\\_f%C3%BCr\\_nachhaltige\\_Entwicklung](https://de.wikipedia.org/wiki/Ziele_f%C3%BCr_nachhaltige_Entwicklung), see <https://www.un.org/sustainabledevelopment/>



# Purchasing & SCM

On average, a company spends about **two thirds of its revenue** to buy goods and materials from **suppliers**, while their **value-added share is even higher**.

**Contracting and managing the best matching and innovative suppliers globally** is of utmost importance to **gain and sustain competitive advantage**.

**Building up and steering cost-efficient, reliable and resilient supply chains** is a **core competency of the firm**.

Assigning not only sufficient **financial**, but also **highly qualified human resources** and **innovative digital solutions** to the **supply function** is therefore mandatory!

# Purpose and Responsibility

- **Purchasing & SCM** can play a **key role** in **translating long-term** and **sustainability-oriented goals** into **daily business** while securing a company's **competitive advantage**.
- The „**new supply function**“ can only take over this responsibility when it is **able** and **willing** to **act strategically**.
- The existing **new innovative digital tools and platforms** that allow to gain **unseen levels of (supply) market transparency**, to **proactively manage supply** and **compliance risks** and that help to **automate most operational tasks** have to be **employed NOW** in order to build up a **world class supply organization!**

# Thanks a lot for you attention!

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