



Win-Win Strategies: Case Studies

*First Conference on Corporate
Social Responsibility in Puerto Rico*

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Overview

- ◆ Definition of Win-Win strategies
- ◆ Case studies
 - Business problem
 - Strategy
 - Results
- ◆ Success factors



Win-Win Strategies

- ◆ Corporate engagement with communities in ways that create benefits for both
 - Uses core resources of company
 - Addresses urgent community needs
 - Supports strategic driver of corporate success
 - Product innovation and sales
 - Human resources
 - Cost reduction



Case Studies

- ◆ Fannie Mae
- ◆ Travelers Property Casualty
- ◆ Green Mountain Coffee



Fannie Mae

- ◆ Business problem: how to increase mortgage sales in US?
 - Growth in home ownership will be in minority and low-income communities
 - Insufficient funds for down-payments
 - Poor credit records
 - History of higher loan losses



Strategy

- ◆ Seek out and test innovative underwriting and lending techniques
 - Identifying credit-worthy individuals
 - Reducing risk in low-down payment mortgages
- ◆ Partner with nonprofit home ownership organization and with Ford Foundation
 - National 5-year program
 - Identify and purchase innovative loans
 - Shared risk



Results

- ◆ Successfully identified and tested new credit approaches for low-down payment mortgages
 - Pre-purchase counseling
 - Modified underwriting criteria
 - Early intervention on late payments
- ◆ Issued \$2 billion in mortgages
 - Profitable interest rates and loss ratios



Travelers Property Casualty

- ◆ Business problem: need to increase sales of homeownership insurance in low-income inner-city areas
 - Higher loss costs per \$1000 of insured home value
 - Premiums same as higher-income areas
 - BUT: Data suggests causes of loss can be controlled



Strategy

◆ Approach:

- Team up with nonprofits, local government and foundations
- Create Home Safety Partnerships
 - Educate homeowners about hazards
 - Free home safety inspections
 - Low-interest loans to remediate hazards



Results

- ◆ Three-year pilot program in six cities
 - Reached 3000 households
 - Loss data shows positive trends
 - Now working on reducing program costs
- ◆ Rolling out program to 25 cities



Green Mountain Coffee

- ◆ Business problem: affording price premium for “fairly traded” coffee
 - Green Mountain requires high-grade coffee
 - Current market prices far below level required to sustain coffee farmer livelihood
 - But paying “fair trade” price drives up costs



Strategy

- ◆ Create “Fair Trade” line of coffees
 - Certified by TransFair USA
 - Independent third-party certifier
 - Promotes “fair trade” imports
 - Helps to build consumer awareness
 - Assures consumer that Green Mountain Fair Trade coffee meets international standards



Results

- ◆ Fair Trade brand gains price premium and consumer acceptance
 - 15% of Green Mountain sales in 2003
 - Fastest growing line
 - Heavy purchasing by universities and hospitals
- ◆ Increased income for farmers
 - From 1999-2003, TransFair certification generated \$18 million additional income



Success Factors

- ◆ Focus on core business issue
- ◆ Focus on core community concern
- ◆ CSR managers understand business operations
- ◆ Multi-year effort
 - Commitment made in phases
- ◆ Nonprofit and governmental partners leverage company resources



Success Factors in Working with Nonprofit Partners

- ◆ Thorough process for recruiting and screening of potential partners
- ◆ Up-front investment in developing shared understanding and goals
- ◆ Based on complementary competencies
- ◆ High levels of alignment between business goals and community goals
- ◆ Use facilitator or secretariat to keep process on track



For More Case Studies

- ◆ Conversations with Disbelievers
 - www.brodyweiser.com
- ◆ www.conversations-with-disbelievers.net
- ◆ Innovations through Partnership
 - www.accountability.org
- ◆ www.winwinpartner.com



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