



# 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](http://www.brodyweiser.com)
- ◆ [www.conversations-with-disbelievers.net](http://www.conversations-with-disbelievers.net)
- ◆ Innovations through Partnership
  - [www.accountability.org](http://www.accountability.org)
- ◆ [www.winwinpartner.com](http://www.winwinpartner.com)



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