

Partnership to Sustained and Sustainable Growth

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Abstract

Development and Growth has been a topic of debate for some decades, but it has recently intensified in a stimulating way due to the radical economic changes that have shaken the world, the strong increase in social tensions and the constant degradation of the environment. Within such an unbalanced context, an alternative proposal for Sustainable Development and Growth arises - aiming for social inclusion, economic well-being, and the preservation of natural resources – that may become compulsory in the business world.

Partnership for Sustained and Sustainable Growth is an FDC partnership that brings together entrepreneurs and mid and large-size companies with a common objective: to find new sustained and sustainable growth models.

These companies and FDC get together in guided meetings to seek their original entrepreneurial spirit and to create new management models that can generate growth and profits but that can also promote the sustainable development of all the social actors that surround them.

A committee of experts called sponsors that is made up by local and international professors, managers and executives from the fields of market, finance, people and sustainability works together with the CEOs of the partner companies and offers advice, model validation, conceptual knowledge and shared knowledge.

Keywords: growth, strategy, sustainable, innovation.

1. INTRODUCTION

The Fundação Dom Cabral (FDC) is a center for the development of executives and companies that for more than 35 years has practiced dialogue and committed involvement with organizations, building integrated educational solutions with them. It is orientated towards the formation of teams to interact critically and strategically within companies.

FDC acts as a facilitator in Business Partnerships by setting up networks made up by companies who share common characteristics and goals. Executives from these organizations meet and collectively exchange experiences, discuss relevant themes and find shared solutions for problems they have in common. A business partnership is supported by six fundamentals: cooperation, reciprocity, complementarities, trust, shared decisions and value added to the partners and to society. Thus such partnerships will work as a resonance box for current needs and future trends, and end up by being centers that will generate new management tools.

Synergy with the companies is the result of the link made between the theory and practice of effective management technologies. This practice is reinforced by the interactive work of its technical team that combines academic background with business experience.

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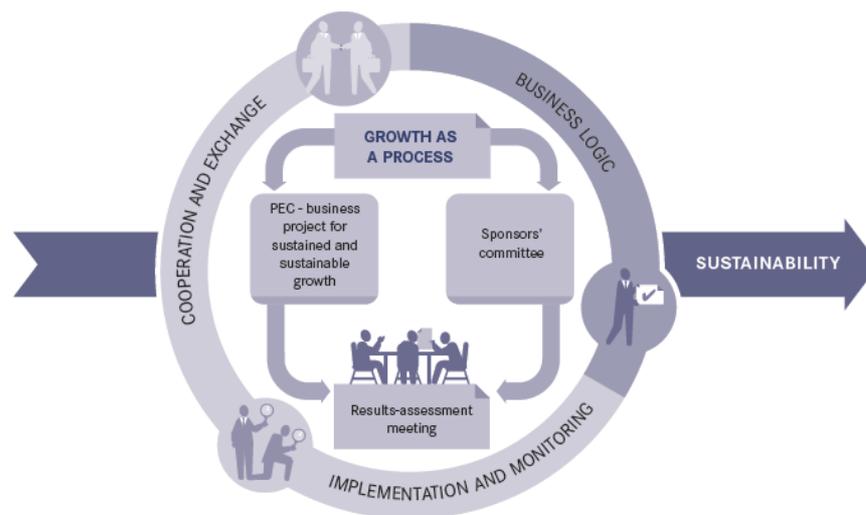
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2. PARTNERSHIP: WORKING DYNAMICS

The partnership brings together groups of 6 to 20 Brazilian or international companies that do not compete among themselves within the productive chain (Figure 1). It is aimed at the main executive who will lead the company to a new level of sustainable growth.

Figure 1 – Partnership’s Framework

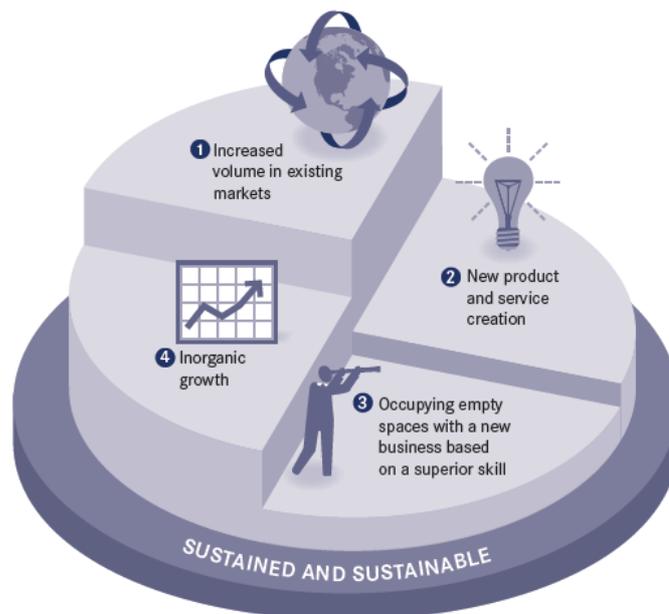


To allow it to achieve the expected results, the partnership proposes to last for five years, and contracts will be renewed yearly based on the following pillars:

- **PEC - Business Growth Project:** This is the partnership’s main pillar and the tool that will identify the new business platforms that will make the organization’s growth cycles possible, as well as helping the company to understand how such an option reflects on its stakeholders (Figure 2). It is preceded by economic/financial, market, risks and sustainability diagnoses. The project is prepared jointly by FDC and its partner

companies and developed individually with each company by melding theory to the organization's day-to-day routine so that the best growth strategy can be chosen, as well as the best way to achieve it.

Figure 2 – PEC: Business Growth Project



- **The Sponsors' Committee:** It is made up by local and international professors, managers and executives from the FDC community from the fields of Market, Finance, People and Sustainability. This group will sponsor the main executive from the partner company.

Its role will be to validate management models as well as to offer conceptual and referential knowledge and shared knowledge.

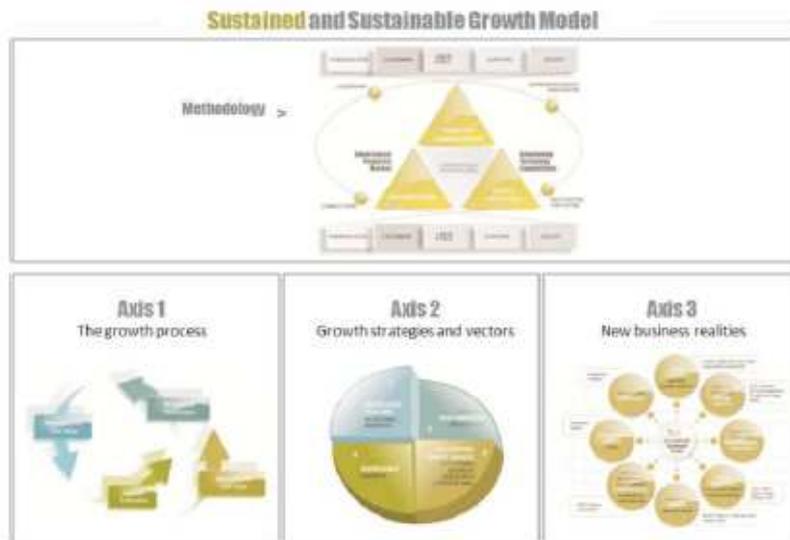
- **Cooperation and Exchange:** This pillar is based on FDC's accumulated experience that proves how efficient learning is when it is based on an exchange of experiences among companies. The presidents' committee: four annual meeting on themes related to sustained and sustainable growth with professors, entrepreneurs, domestically and internationally renowned executives, where companies share experiences.

- **Business Logic:** An annual structured visit, either domestic or international, to benchmark with other companies, business schools, reference centers, fairs or financial institutions to understand the logic of their businesses and their sustainable practices. These visits will be organized by the technical coordinator for each ongoing group.
- **Monitoring the Implementation of the Business Growth Projects:** Mentoring by an FDC professor while carrying out the projects and cooperating with their peers on the difficulties and the successes, innovation, etc.
- **Meeting to Assess Results:** Six results assessments focused on the short-term economic/financial and sustainability pillars of the Business Growth Project.

3. GROWTH WITH SUSTAINED AND SUSTAINABLE: THE MODEL

Development and Growth has been a topic of debate for some decades, but it has recently intensified in a stimulating way due to the radical economic changes that have shaken the world, the strong increase in social tensions and the constant degradation of the environment. Within such an unbalanced context, an alternative proposal for Sustainable Development and Growth arises - aiming for social inclusion, economic well-being, and the preservation of natural resources – that may become compulsory in the business world. Such is the hypothesis articulated (Figure 3).

Figure 3 – Model for Sustained and Sustainable Growth



4. THE GROWTH FORMULA

The growth model that we have developed at Fundação Dom Cabral stems from observing, following-up and studying companies that have managed to prosper and grow. It is based on the Process, Strategies and Emphasis set that makes up what we consider as Growth Axes, brought together within a methodology that focuses on stakeholder management. The Integrated Model for Sustained and Sustainable Growth (Figure 4) displays the aforementioned methodology.

5. THE AXES OF SUSTAINED AND SUSTAINABLE GROWTH

5.1. Axis 1: The growth process

The role of the leadership is to identify the next emerging opportunity, as the market matures. This is a fundamental effort for mature organizations, because it is inevitable that its core business growth will slow down, stop growing and begin to decline. This has been the outcome of consistent offers within a competitive and constantly changing world. Actually, there is a natural trend for businesses to decline as they mature. To keep this from happening, it is necessary to find new opportunities. Business growth plans begin by assessing existing Business Units and the opportunities they offer. As events unfold, such units must predict future growth based on their

managers' perspectives. Deep down, the method practiced by managers aims to create efficiency round known tasks, adding value to existing structures, working at maintaining the brand and expanding the business within the scope of established products and services. As they can already manage well that which they know, they seek to expand this basis.

5.2. Axis 2: Growth strategies and vectors

How is it possible to promote growth without compromising short-term results or risking damage to processes and personal relations within an organization? In other words, how to grow sustainably? Although we do not have a magic formula, let us analyze some tools that have been adopted by companies that have been able to grow successfully through long periods.

Our aim is to go deeper into one of the growth model strategies presented by assessing the results of such positioning. Every company, whether it is a large multinational or a startup, will face the same challenge: how to make the business prosper so that profits will grow and shares will increase in value? However, it frequently happens that companies will find it difficult to keep on growing, because they become risk-averse and opt for incremental product increase (safer) and for better services instead of launching themselves into more daring project.

5.3. Axis 3: New business realities

True profit accrues from social and environmental responsibility that melds the sustained to the sustainable. Although they are currently confused with each other, those two concepts do not represent the same thing.

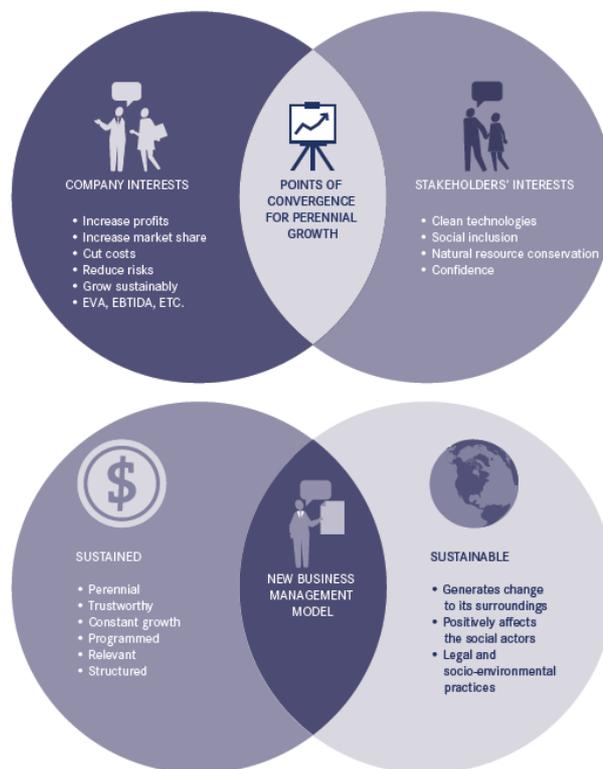
Sustained growth is a form of constant and lasting growth in which maintaining the factor that allows for continuous growth is assured.

Sustainable growth is related to environmental issues and it is based on the fact that we must not grow just for growth's sake, while destroying finite resources with no criterion and usefulness and thus making the development of future generations unfeasible.

According to the Houaiss dictionary, Sustainable is that which can be sustained; passive of being sustained, and Sustained is that which sustains or has sustained itself; supported, financed; that which receives or has received means to survive; maintained, fed. Therefore, in the former sustainability is only possible, while in the latter it is effective.

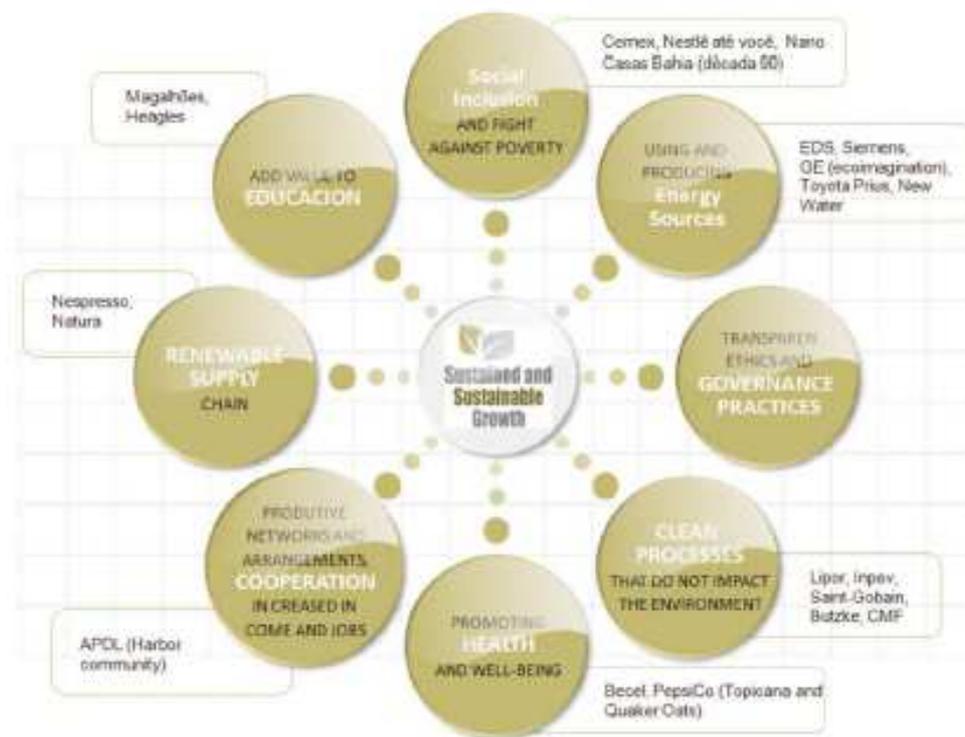
Economic and ecological thinking conflicts with these two definitions whose names are so similar and whose concepts are so antagonistic, and it even considers that they cannot even be compared. It is through sustained growth - the result of enhancing the economy's potential productive capacity - that we will consolidate the country we wish for by means of generating jobs, distributing income and social inclusion. In other words, sustainable growth would be impossible. In its physical dimension, the economy is an open subsystem of the planet's ecosystem, which is finite, not growing and materially closed. Words that seem to be exclude each other mutually, but which will reinforce an expression within the context (Figure 4).

Figure 4 – The Partnership's Conceptual Model



New markets are developed by creating new frontiers for business (Figure 5). Markets that had not been previously taken into account because of low revenues will represent new opportunities. We need great creativity to find ways to reach these potential markets. We need creative innovation and business models, product configuration and services that aim to reach the base of the pyramid.

Figure 5 - Growth and Benefits to Stakeholders



6. CONCLUSION

Sustainability is compatible with growth, and not a barrier to it, because it brings great commercial benefits to companies. The relationships built as time goes by will bring competitive advantages and opportunities, and tacit reciprocity will permeate interactions. Senior leadership, mainly the most visionary and strategic one, can

perceive the lasting effect of stakeholder management and dedicates its time to cultivating such relationships. Nevertheless, it is common that there will be some distancing - as regards management readiness and perspective to maintain relationships - among the highest levels of leadership and executive management at a company. Everyone knows that business is increasingly subject to the impact of sudden changes in the economy and that the positions that have been conquered are increasingly ephemeral. What is still little perceived is how stakeholder management can be useful at reducing risks and leveraging opportunities.

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