

# Grow the Pie: ー パーパスと 利益の二項対立を超えて、持 続可能な経済を実現

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# I. The Idea

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**vodafone**



**m-pesa**

# Tax and our total contribution to public finances

**The amount of tax paid by large companies is a matter of significant public debate and scrutiny.**

Individuals and companies have legal obligations to pay tax; but those obligations do not extend to paying more than the amount legally required. Companies also have a legal obligation to act in the interests of their shareholders. Vodafone's shareholders include many of the investment funds relied upon by tens of millions of individual pensioners and savers.

At the same time, individuals and companies must meet their responsibilities to contribute to the funding of public services and infrastructure, without which societies cannot operate effectively.

Achieving a transparent and effective balance between those obligations and responsibilities is therefore integral to operating sustainably.

**£11.1 billion**

In 2011/12, Vodafone contributed more than £11.1 billion in cash to the public finances in our countries of operation.

- Corporation tax is paid on profits, not on revenues. If a company makes little or no profit – for example, as a consequence of declining sales, competitive market conditions or a period of intense capital investment, particularly if funded through borrowing, it will generally incur lower tax charges than another similar company with higher profits. This approach is common to all countries as without it, companies enduring periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment in infrastructure. In a number of Vodafone's markets, including the UK, the cost of acquiring radio spectrum from the government, high operating costs, substantial levels of capital expenditure and sustained competitive and regulatory pressures have a significantly negative effect on the profits of our local businesses. In addition, in some markets, other taxes that are levied on revenue (together with non-taxation-based contributions such as spectrum fees) have the effect of depressing profit and so reducing corporation tax liabilities
- Taxation is local. Taxes generally fall due wherever profits are generated, and the tax liabilities that arise as a result are decided under the rules of the country that is host to the business in question. So, for example, a company operating



# Vodafone

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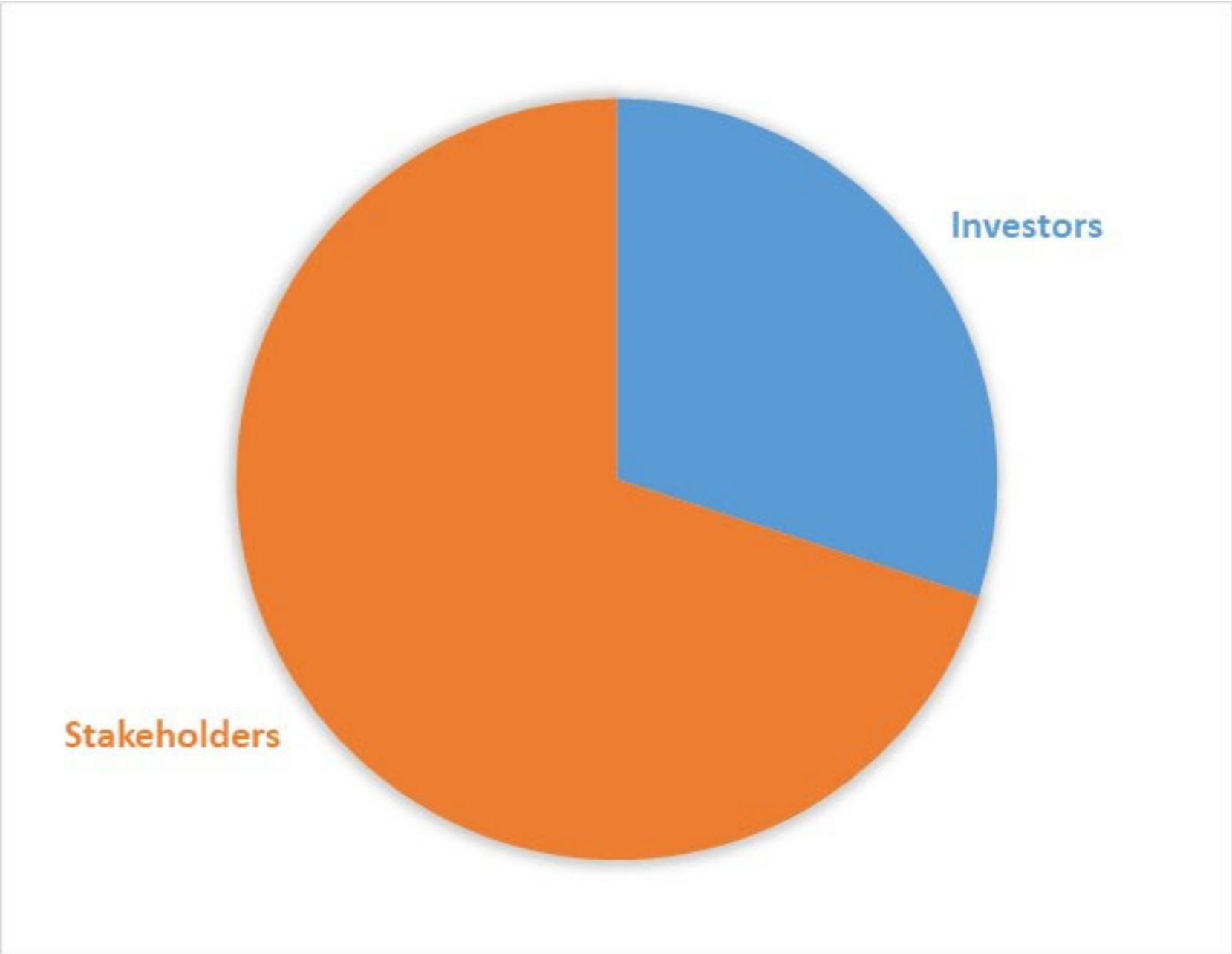
- Which of these decisions created most value for society?
- Which of these decisions, if not taken, would have led to most public outrage, or worsened Vodafone's ESG rating / reputation?

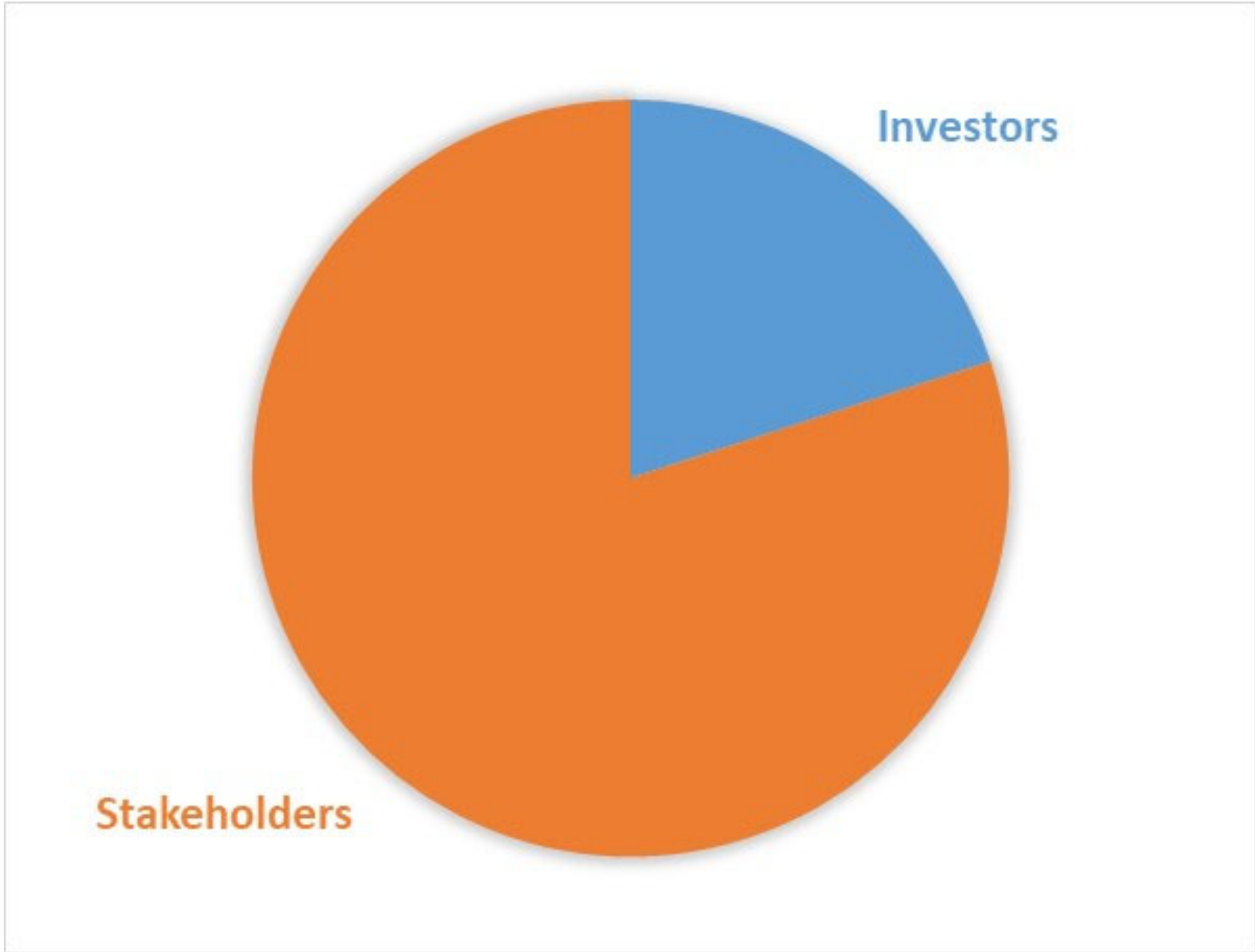


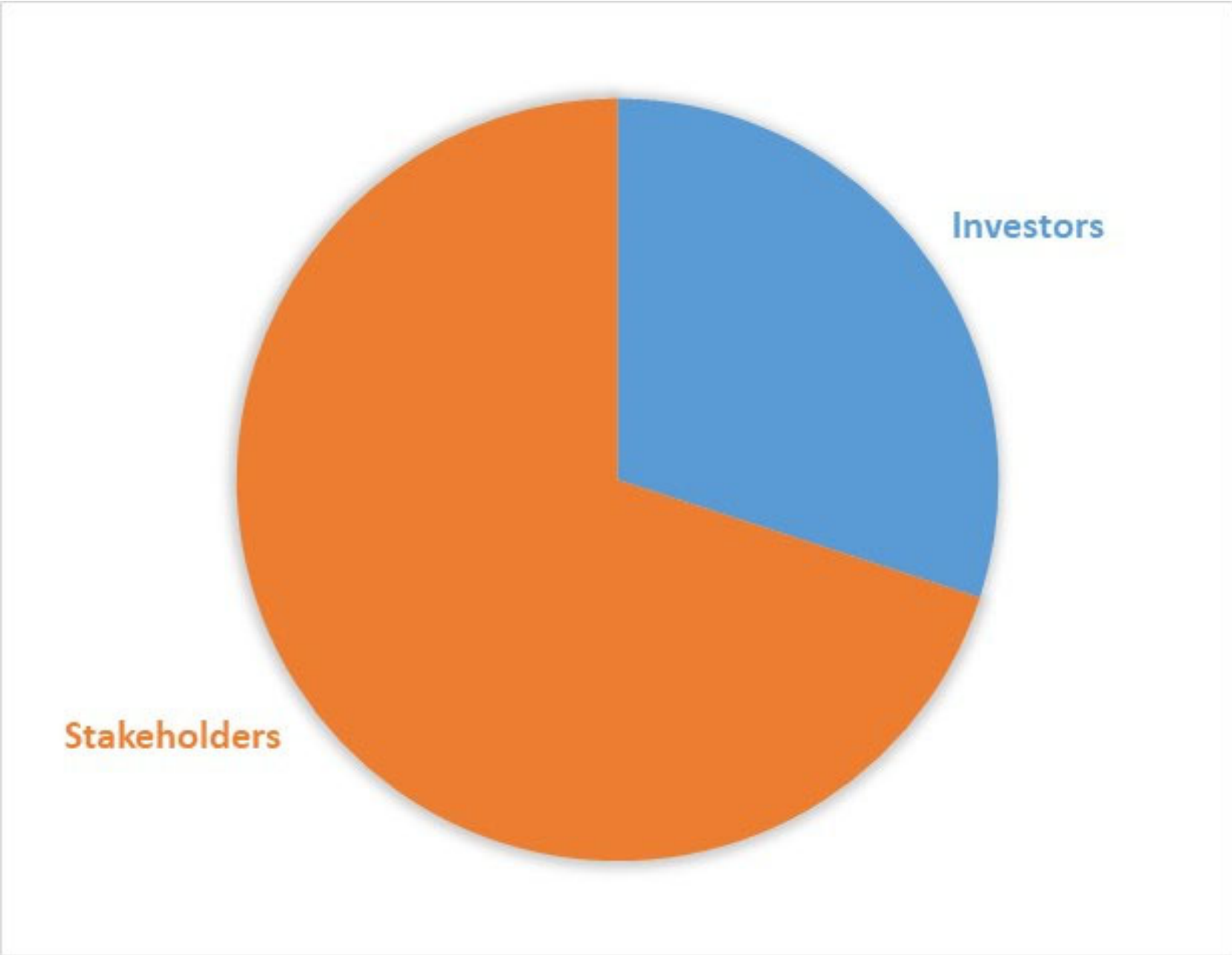
# now

make the most of now

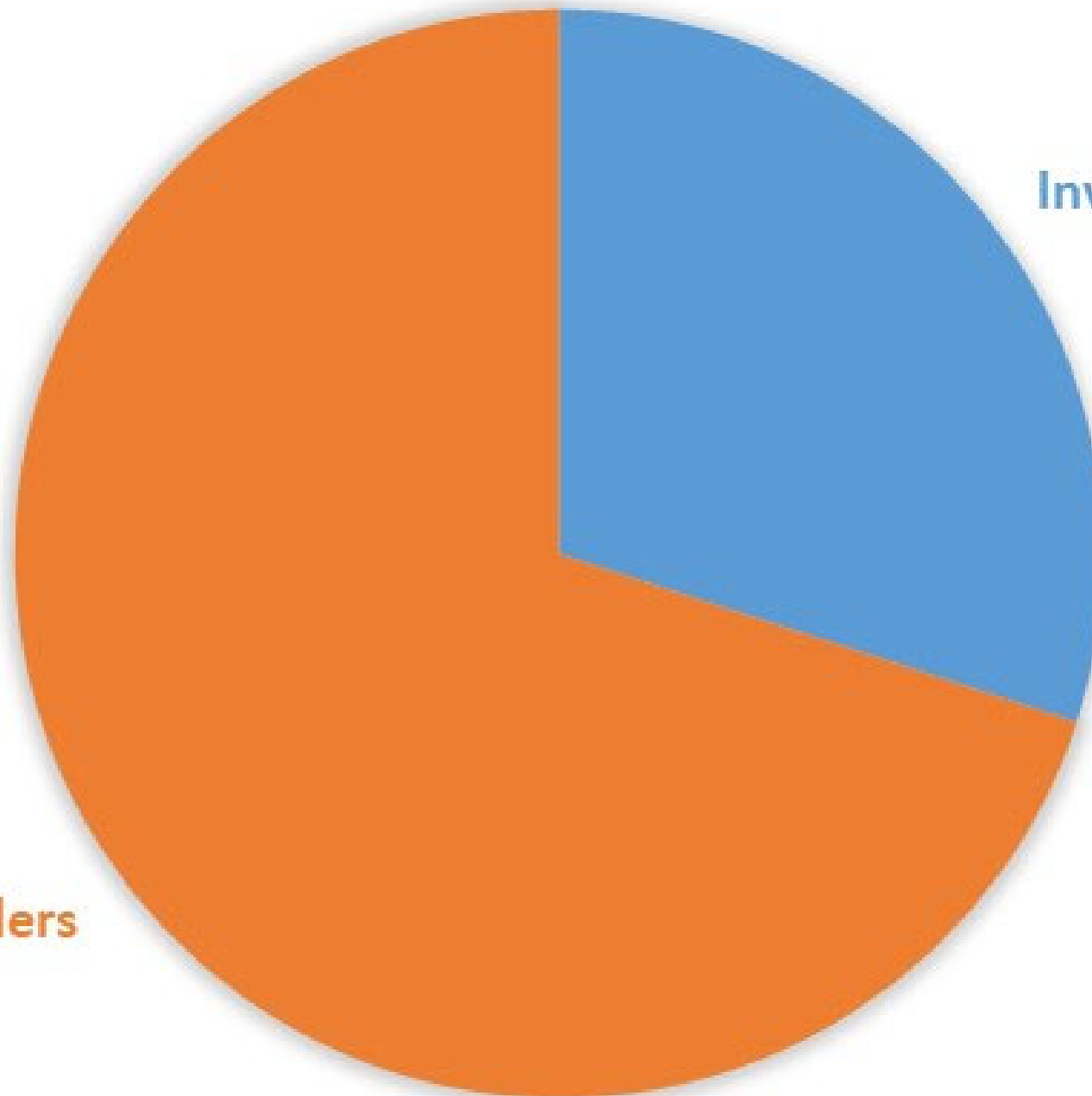








**Stakeholders**



**Investors**

# Do You Really Need A Pie-Growing Mindset?





**vodafone**



**m-pesa**



## II. The Evidence

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# Beware Confirmation Bias

- People accept “evidence” if it confirms what people would like to be true
  - A particular issue with responsible business



The logo graphic for Forbes, featuring a vertical black line intersected by a horizontal black line. To the left of the intersection are three overlapping squares: a yellow one at the top, a red one on the left, and a blue one at the bottom.

# Forbes

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- “Companies that excel in their sustainability and responsibility programmes outperform their peers financially.”
- “That is the premise of a new report, and it is an accurate one, *judging by many conversations with those interested in better business, better corporate governance and a sustainable future.*”



# Does Purpose Pay Off?

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- How to measure purpose?
- Input: expenditure on CSR?
- Output

**FORTUNE**

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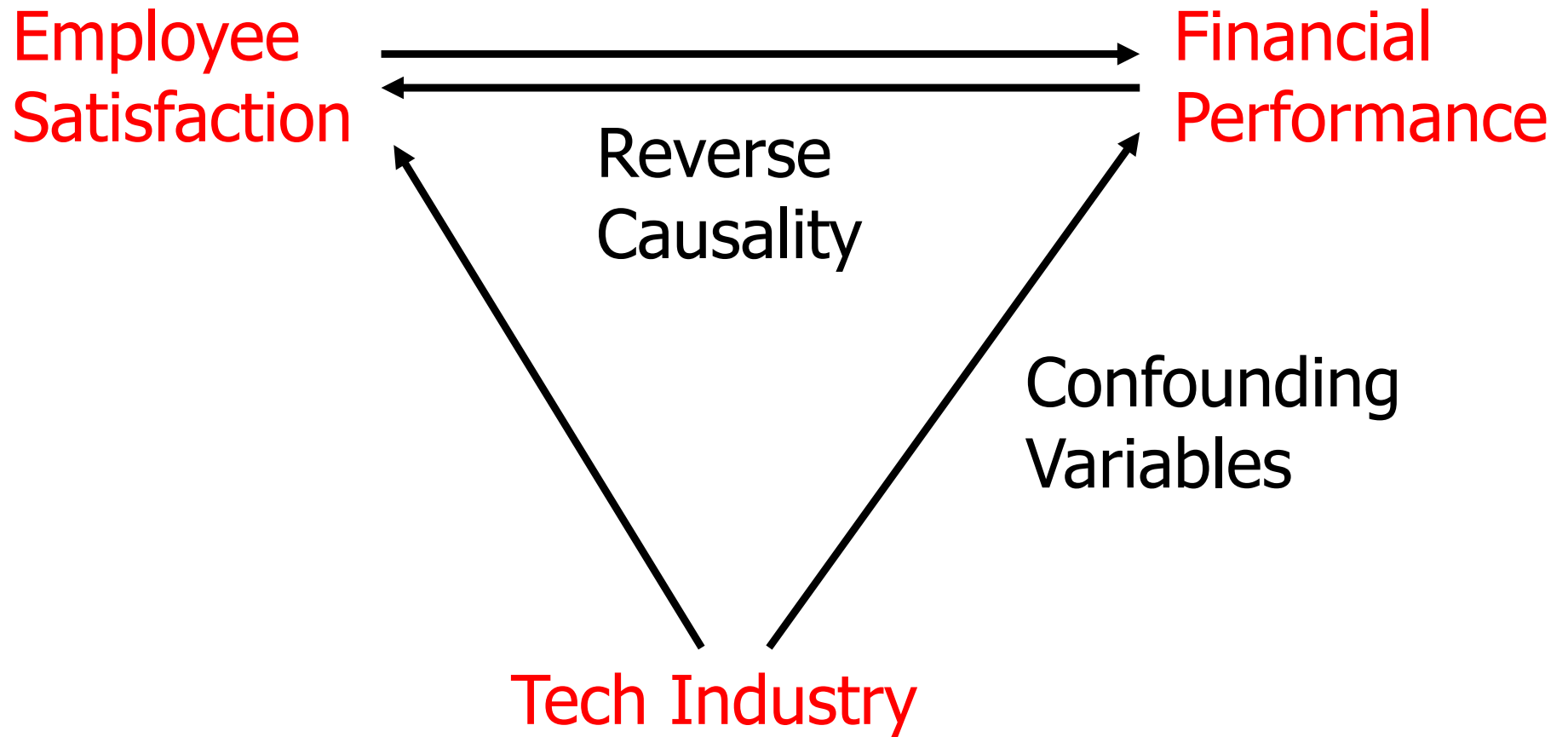
**100**

**BEST COMPANIES  
TO WORK FOR 2021**

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The “100 Best Companies to Work For in America” beat their peers by 2.3-3.8%/year over 1984-2011

(89%-184% cumulative)





# III. Putting It Into Practice

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# Purpose

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- “Our purpose is to serve customers, workers, suppliers, the environment, and communities while generating returns to investors”
- Purpose is **why** a company exists – **who** it serves, its **reason** for being and the **role** it plays in the world
  - Why: Principle of Comparative Advantage









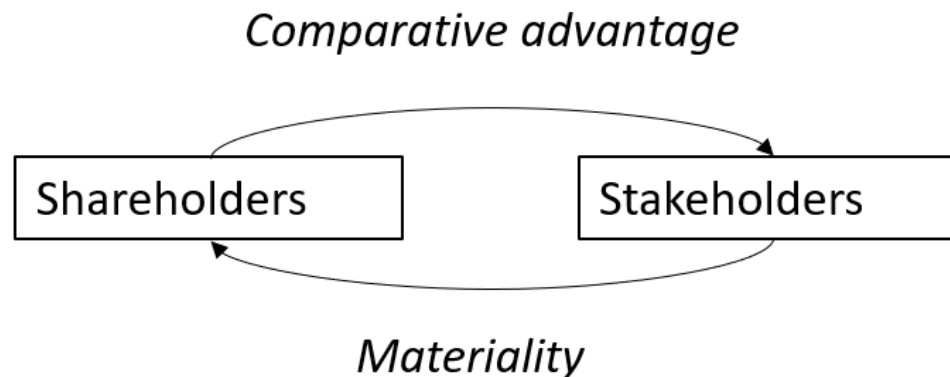
# Principle of Comparative Advantage

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- Vodafone / M-Pesa
- Toyota: masks and face shields
- Eisai: DEC tablets to control lymphatic filariasis; donated free to endemic countries
  
- Charitable donations

# Principle of Materiality

- Purpose is why a company exists – who it serves, its reason for being and the role it plays in the world
  - Why: Principle of Comparative Advantage
  - Who: Principle of Materiality



- Yamaha makes outboard motors for fishing
  - Customers: free *Fishery Journal* to teach methods of catching, processing, and selling fish
  - Partners: recruit and train local mechanics for repairs



# 1. Doing New Things

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- New business generation, driven by the desire to serve society
  - New products/services
  - New clients
- Purpose-driven cost-cutting

# 1. Doing New Things: New Clients



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- Rose Review: £250bn of value could be added to UK economy if women could get same access to financing as men
- Underrepresented markets
  - Females
  - BAME
  - Outside London and South East
  - Non-degree



# 1. Doing New Things: Cost-Cutting

- Partnered with Carbon Trust to study the carbon footprint of a packet of crisps
- Found that most of the footprint came from drying potatoes
  - Bought potatoes by gross weight, so farmers kept potatoes humidified
- Shifted to dry weight
  - Reduced carbon footprint by 7%
  - Saved 4,800 tonnes of carbon emissions
  - Lowered energy bill by £400k/year



## 2. Doing the Same Thing in Different Ways

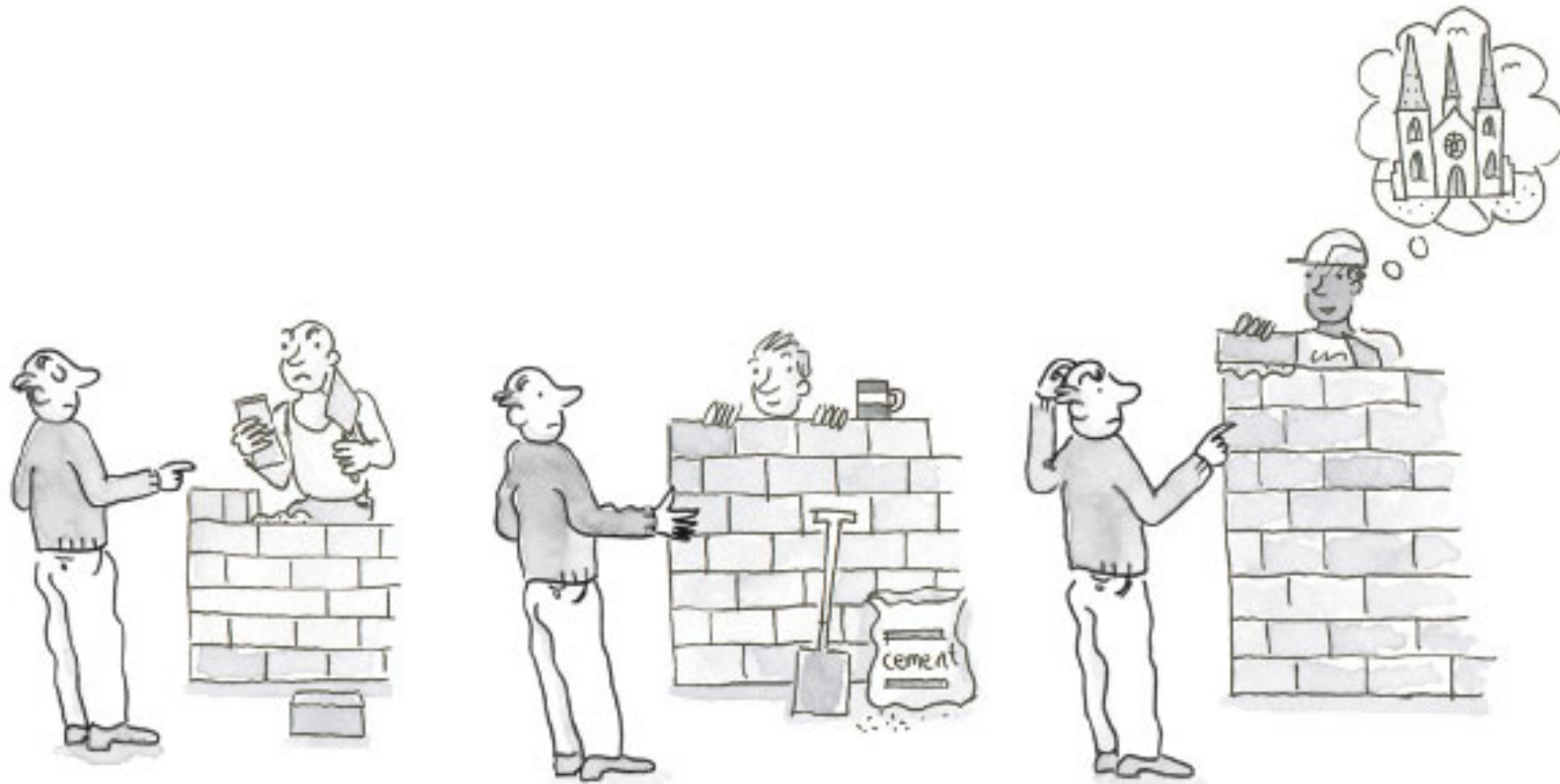
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- Excellence
- Innovation



# 3. Doing the Same Thing in the Same Way

- But recognise the purpose of what you're doing





# 3. Doing the Same Thing in the Same Way

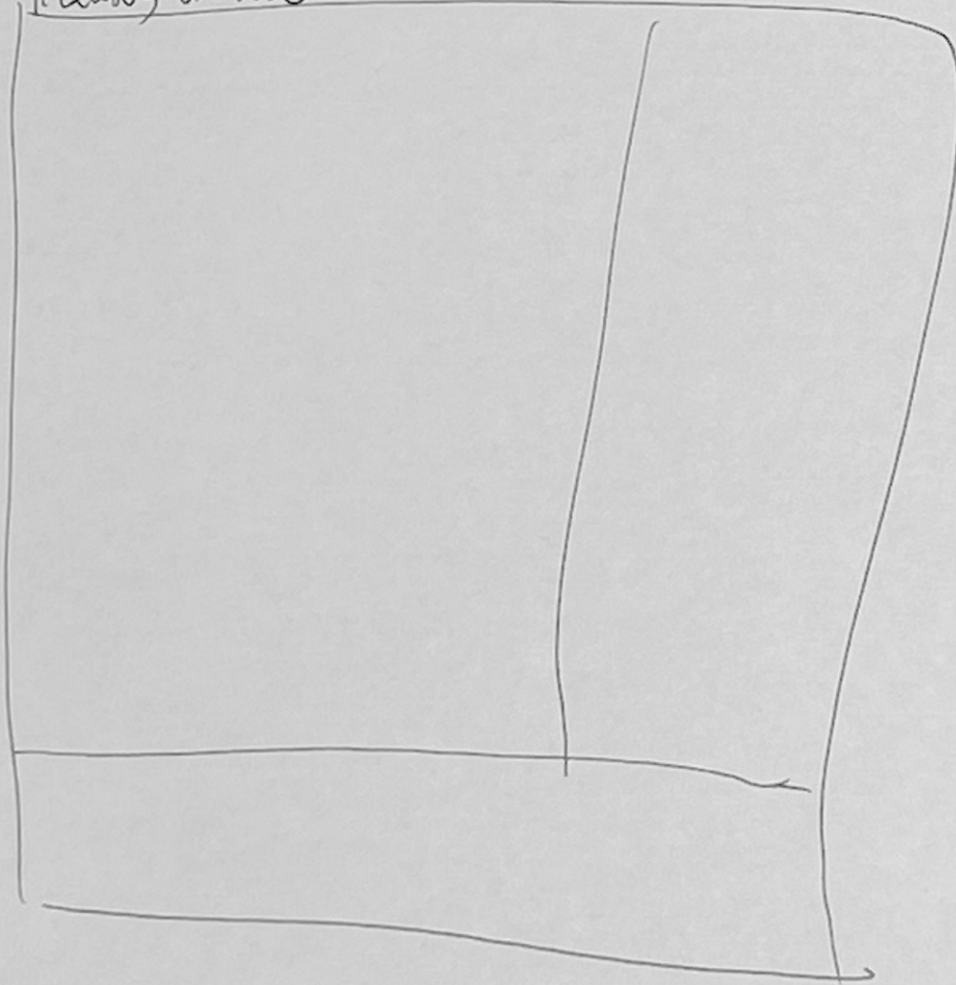
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- But recognise the purpose of what you're doing
- Have clients report the impact of your products and services
- Tell juniors and support teams how they made a difference

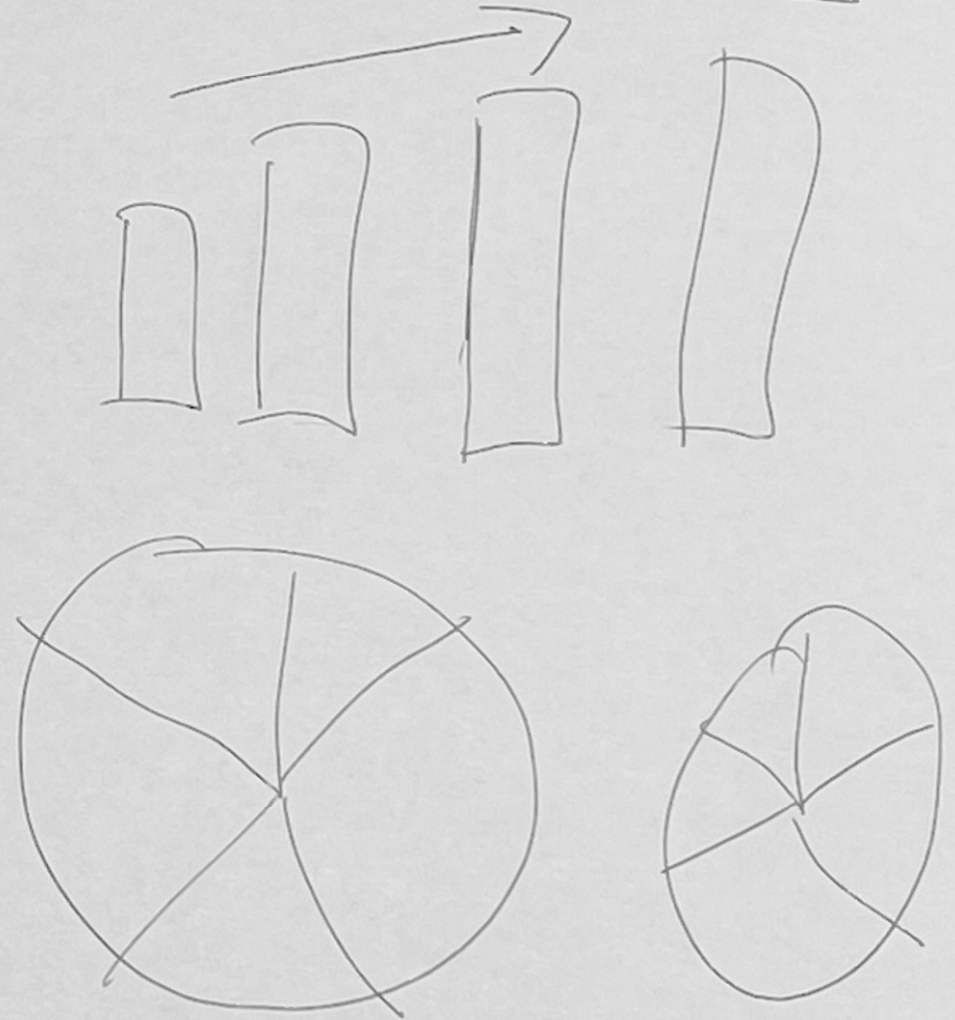


# Key Industry Trends

Industry Structure



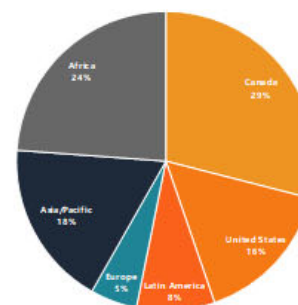
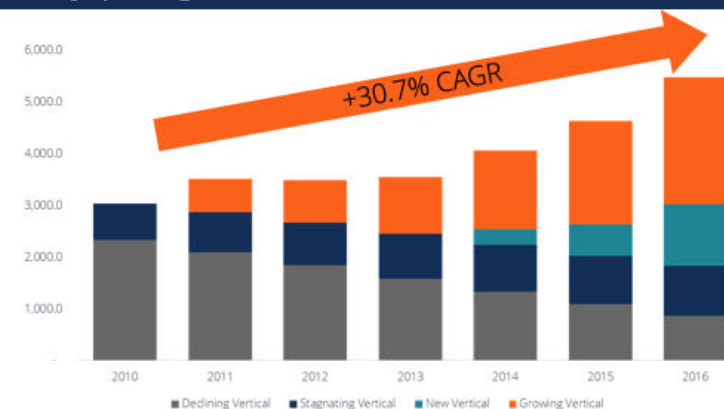
Industry Spending



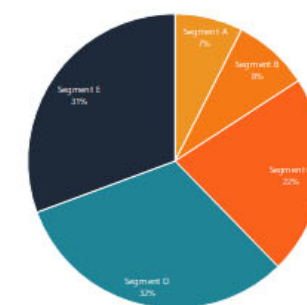
# Key Industry Trends

Industry Overview	
Industry Revenue Breakdown by Major Segment (2016)	
Growing Vertical Revenue	
New Vertical Revenue	
Stagnating Vertical Revenue	
Declining Vertical Revenue	
Key Industry Averages	
Total Debt/EBITDA	
Total Debt/EV	
EBITDA margin	
EV/EBITDA	
P/E Ratio	
Market share of top 5 players	
Global Industry	
Total revenues	
Forecasted 5-year revenue growth	
Revenue Profile	
(What are the secular trends in this industry? What is the industry outlook? What do the financial metrics imply?)	
(What are the aggregate totals? Where have we witnessed deviant trends? Where have we witnessed convergent trends?)	

## Industry Spending



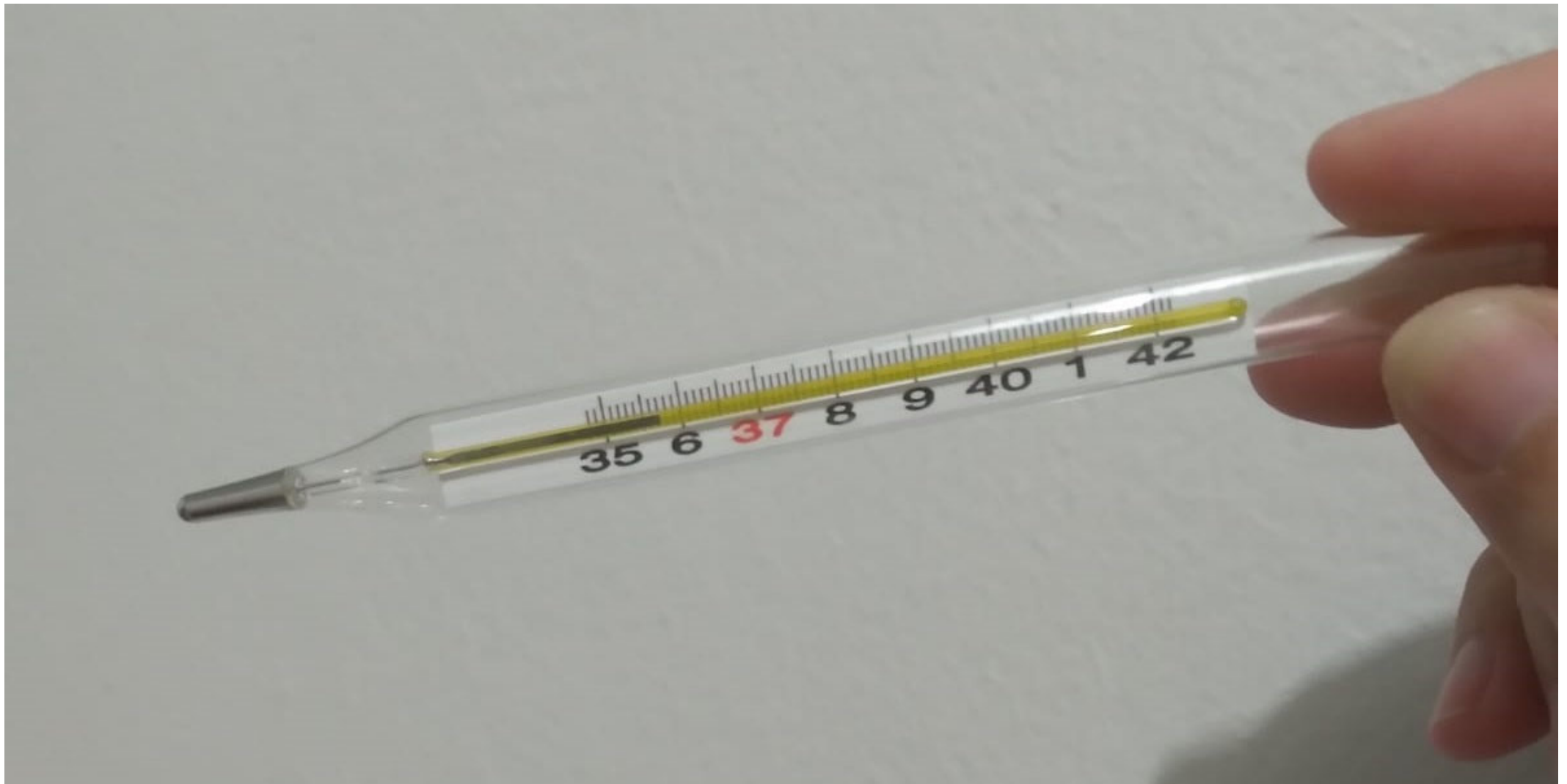
Geographic Revenue Breakdown



Segmented Revenue Breakdown



Source: TCdeOliveira







## IV. Further Reading

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# Further Reading

- Grow the Pie: – パーパスと利益の二項対立を超えて、持続可能な経済を実現

