With a history spanning over 350 years, Saint-Gobain brings a uniquely long-term perspective to its sustainable and inclusive business activities. Saint-Gobain utilizes inclusive business activities as a way to innovate and reach new clients, as well as to invest in a workforce for the future. Partnerships with organizations such as YouthBuild help the company support the next generation with the skills-training necessary for construction, while its DomoLab innovates and adapts building designs for new markets. It invests in sustainable buildings not only to protect the environment but also to cut costs and become a market leader that appeals to clients attracted to sustainability. Ultimately, Saint-Gobain, a company that has endured through multiple revolutions throughout the course of its long history, sees long-term value in adapting to new markets by promoting sustainability and inclusion.

COMPANY OVERVIEW
Saint-Gobain is a large aggregate and building materials company founded over 350 years ago. Its business is organized into three sectors: innovative materials (24%), construction products (28%), and building distribution (48%).¹ Innovative materials is a portfolio of materials and processes for industrial markets. Construction products include interior and exterior deliverables to enhance building and home comfort, such as plaster, insulation, roofing, and pipes systems. Building distribution consists of services for building professionals, private project owners, and large companies, and serves new construction, renovation, and home improvement markets.² As a 350-plus-year-old institution, Saint-Gobain’s definition of sustainability differs from other companies; it sees sustainability as being less about mitigating impact to the environment and more about planning for future generations.

SAINT-GOBAIN’S INCLUSIVE BUSINESS EDGE
Saint-Gobain believes its company’s long history gives it a unique view of sustainability. There are two primary challenges to growth, according to Saint-Gobain: 1) unprofitable sustainable growth that can weigh down future investments, and 2) unsustainable profitable growth that implies a company is not “keeping up with [its] social contract.”³ Saint-Gobain operates in dozens of countries and has a diverse portfolio of multi year investments. Such broad reach drives a longer-term business strategy that invests in new markets to eventually develop future business. Saint-Gobain takes a different position on globalization; rather than thinking global and acting local, the company instead thinks local in order to expand globally. This is in part due to the nature of the industry in which it operates because, “in the construction materials industry, it’s hypo-regionalized; what you buy in the American Southwest is very different than what you buy in the Pacific Northwest or the East Coast. It’s the same everywhere around the world”.⁴

In October of 2011, Saint-Gobain launched The DomoLab, a center to promote engagement with key stakeholders to foster innovation in construction. Its founding was motivated by a desire to serve diverse market segments and bring together the company’s various areas of expertise. One result from this initiative is a working method to encourage innovation and the use of renewable energies in social housing with the Federation of French State Housing Organizations.⁵ Saint-Gobain views this kind of collaboration as a competitive advantage that encourages more tailored responses for more specific problems, which can then be applied globally. For example, a solution to a heat and humidity problem in Thailand could also be applied to South Florida. As

“It’s credibility over time that builds trust. When you are reaching out to local communities, you cannot jump in and jump out.”¹

©2016 Institute for Business in the Global Context
a global company, Saint-Gobain has “an advantage because people are trying to solve problems of a planet, but ultimately all the solutions are localized.”

**PARTNERSHIPS:** Saint-Gobain also pursues inclusive business through partnerships. One such partnership is with YouthBuild, a US-based not-for-profit organization that trains disadvantaged youths in professional skills and through which Saint-Gobain provides training in construction science. Recently, it announced it will expand its YouthBuild efforts to South Africa, with an eye to the future when the South African market will be profitable. The partnership with YouthBuild represents a shift in strategy for Saint-Gobain. Several years ago, the company supported a wide range of organizations. However, it has since narrowed its focus in order to make a more substantial, measurable impact, and is focused on building out those relationships.

**SUSTAINABILITY:** A key feature of Saint-Gobain’s inclusive business is being a leader in sustainable building construction. Saint-Gobain’s goal as a company is to be a reference for building solutions, which includes serving as a reference for sustainable habitats. The building industry accounts for 40% of energy consumption and 38% of greenhouse gas emissions in industrialized countries, and Saint-Gobain is seeking to innovate in ways that appeal to environmentally conscious customers. This effort has led to the CARE:4 Program (Company Actions for Reduction of Energy by 4), which seeks to reduce overall energy consumption and greenhouse gas emissions fourfold in all Saint-Gobain service buildings by 2040. The program ensures Saint-Gobain designs and constructs high-quality sustainable factories and buildings, something it sees as a competitive advantage with benefits including energy and operational efficiency. For a capital-intensive and competitive business, any small reduction in costs helps. Globally, the company belongs to more than 30 Green Building Councils that represent local efforts to promote sustainable buildings. In order to ensure it’s reducing its environmental impact, Saint-Gobain uses Life Cycle Assessment tools to measure its footprint and routinely reevaluates suppliers in terms of sustainable practices.

Saint-Gobain’s development strategy is to cultivate decentralized operations that can readily respond to local markets as it continues to expand globally. It has increased economic activity in emerging markets, where 25% of supply purchases are made, indirectly generating over 200,000 jobs. The importance of local markets to Saint-Gobain’s operations means a strong community presence is vital, and in part this motivates the activities of the Saint-Gobain Initiatives International Corporate Foundation. The Foundation encourages solidarity between local communities and employees through community-based employee engagement, supporting 262 projects in 52 countries since it was created in 2008.

**THE BUSINESS CASE FOR SAINT-GOBAIN**

Saint-Gobain’s inclusive business activities target the development of the bottom of the pyramid (BOP), directly attributable to its target customer base being the middle class. By working in and with communities, Saint-Gobain promotes economic development which it believes will, in turn, promote its business interests. Those who can rise from the BOP to the middle class are potential new customers, able to afford Saint-Gobain’s products and services. With its long history, Saint-Gobain recognizes the importance of investing in the long-term.

“I think you have to [...] look back over history – how did we survive the Industrial Revolution? How did we survive the French Revolution? You start to realize that it is the quality of your people, it is the investment in that type of next generation thinkers, doers, work force.”
Saint-Gobain encourages its employees to participate in local community development through its Foundation, participation that is an important part of building a local presence, where over 70% of sales are generated. Over time, these efforts build credibility and trust with local communities.\textsuperscript{16}

Saint-Gobain strives to make environmentally sustainable development part of its value proposition to customers.\textsuperscript{17} It believes that by making operating processes and construction environmentally sustainable, it can lower its operating costs and increase efficiency.\textsuperscript{18} Furthermore, by pursuing sustainability, Saint-Gobain increases its value to customers who demand efficiency. DomoLab is part of the company’s strategy to enter new markets, creating a “forward-thinking dialogue” between companies, customers, and other stakeholders.\textsuperscript{19}

Saint-Gobain also has an eye to its future workforce. It has observed that members of the Millennial generation are looking for jobs that contribute to society. Making the case that the company has a broad, positive impact on communities becomes a business advantage with respect to finding and retaining talent.\textsuperscript{20} Saint-Gobain also strives for a diverse workforce, which it believes gives the company a competitive advantage as it finds that a workforce with diverse experiences, backgrounds, and skill sets is better able to solve problems. Additionally, when investing abroad to build a plant, it’s in the company’s interest to train the local workforce rather than bring outside people in. One of Saint-Gobain’s biggest challenges for the future is evaluating if the company is developing the right talent, and YouthBuild has become a key partner in its plan to improve its general workforce.\textsuperscript{21} Ultimately, Saint-Gobain believes its continued success depends on employing inclusive business activities to be ready for new markets and new challenges. \[ \]


