

# Marketing and Finance

## Coop Style

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COOPERATIVES CAN ADAPT  
BETTER TO THE  
DEVELOPMENTS IN SOCIETY  
*(ALSO REGARDING MARKETING AND FINANCE)*

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PGGM as a cooperative

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Q&A's

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Q&A's

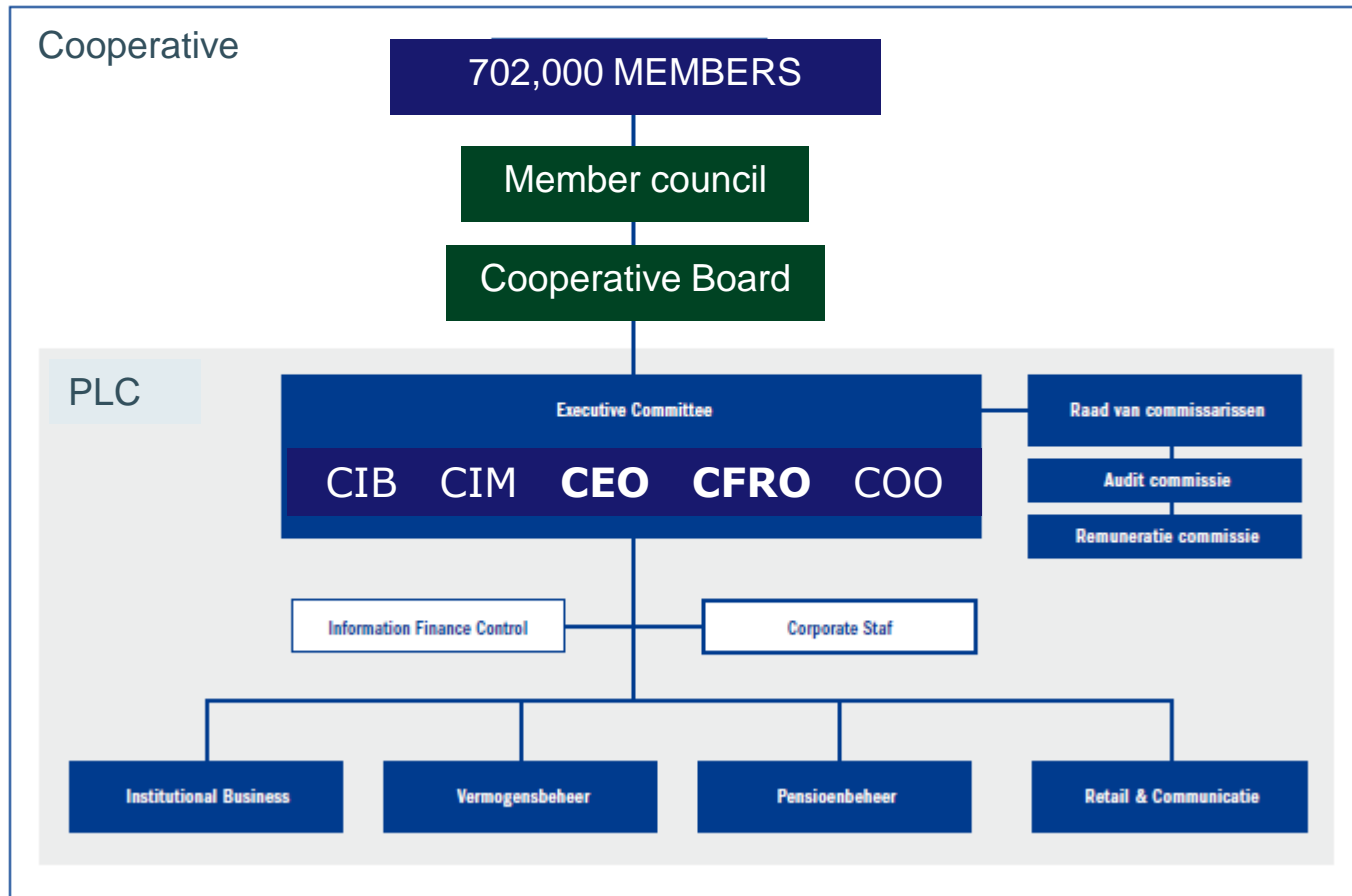
# PGGM in a nutshell

- Founded in 1969
- Originate from pension schemes in health care and social services
- Institutional clients: 8
  - Participants of pension schemes: 2.7 mln
  - Assets under management: €200 bln
  - Average annual ROI (1970-2014): 8.5%
- Cooperative since 2008, members: 702,000
- Revenues (2014): €260 mln
- Employees: 1,400



Mission: We help people to realize a **valuable future**

# Governance structure



# PGGM's belief

1. A good old day (valuable future) **is more than just money.**
2. We are a cooperative; profit is not the driver, but **the interests of the members are the main focus;**
3. When you are in pension industry you are aware that tomorrow is just as important as today; **a sustainable society is indispensable.**
4. We are convinced that quality of life is the result of **a (individual) balance** between social, economic and environmental values. Especially for our member maximizing their income is not the most important purpose;
5. We believe we can add value, **by connecting with others outside our domain**, and not merely strive for *operational excellence* within our domain;
6. We are convinced that on the long run **sustainable investments have a better return** than not-sustainable investments. From a financial-economic perspective a focus on sustainability is logical as well; and
7. We are convinced that we are a company with a **social responsibility**. Strive for a positive impact is not gratuity but a duty.

1. Moral compass AND markets that discipline
2. Dialogue with clients as a fundament
3. Cooperative pricing
4. Transparency and Accountability



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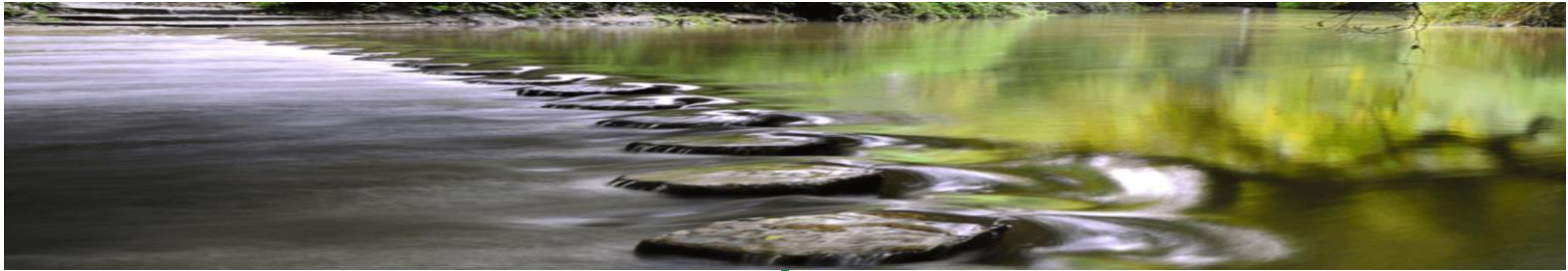
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# Hierarchy of focus



## For-profit

Profit → (is the purpose)

Transaction (sale) → (is a goal)

Service → (is a means)

to seduce

## Cooperative

Member interest → (is the purpose)

Service → (is a goal)

Product → (is a means)

to serve

# Developments in Marketing [AMA definition]

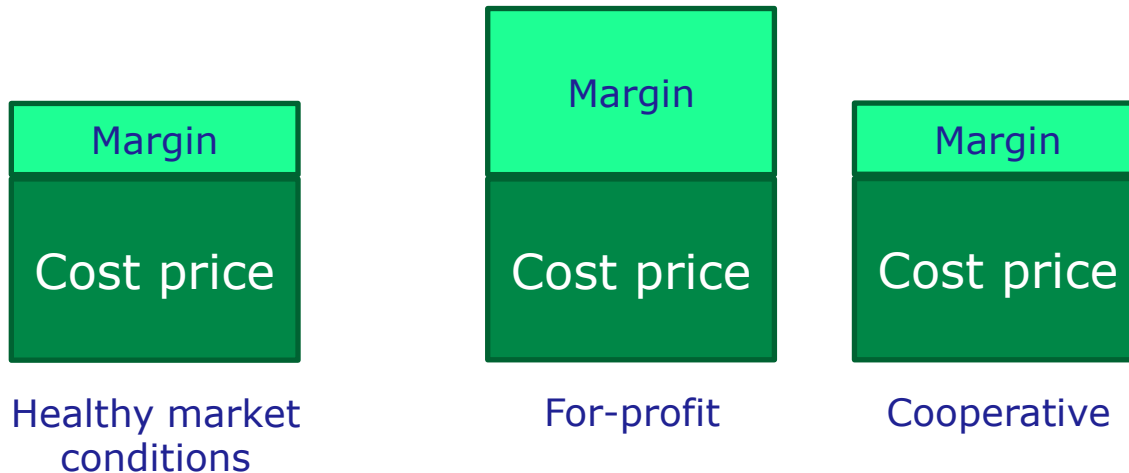
Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.



Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

# Finance: it is sometimes about equity, but always about pricing

- In some cooperatives members participate through equity (especially when the cooperative is a collective of joint economic power)
- For every entrepreneur three variables determine the pricing strategy: (1) Costs; (2) Customer willingness; and (3) Competitor pricing.



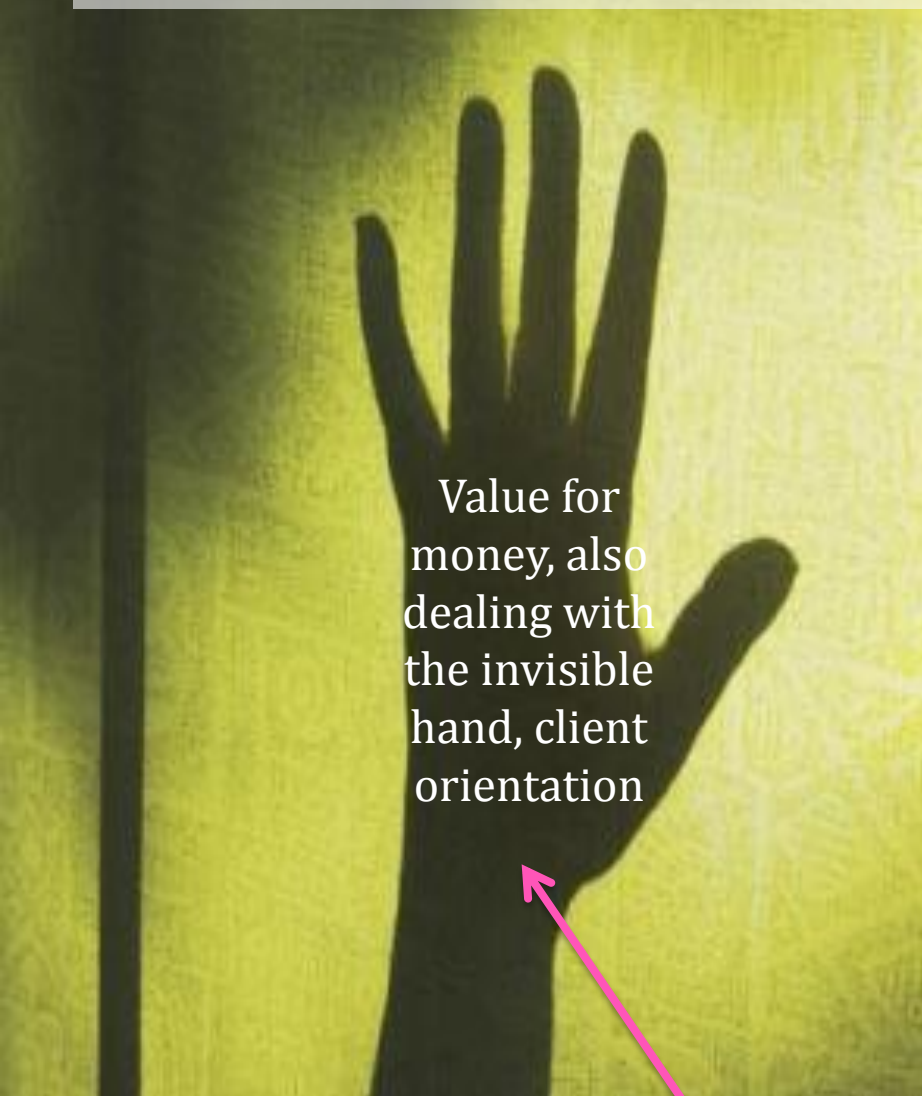
Maximizing profit  
as a goal

versus

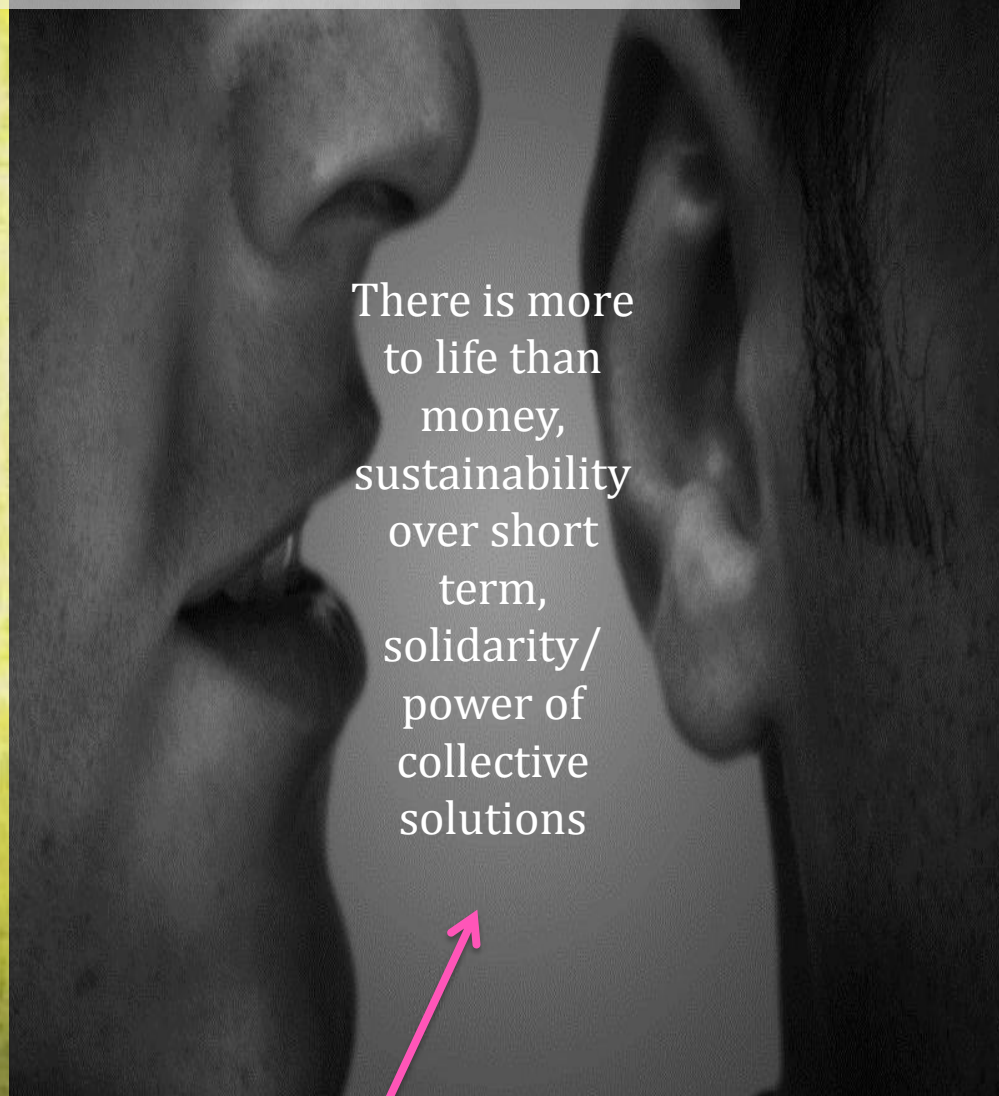
Profit as a means  
→ “prevent too  
much profit” or  
“a required  
amount of profit”

In case of  
market failure

# The cooperative answer



Value for money, also dealing with the invisible hand, client orientation



There is more to life than money, sustainability over short term, solidarity/ power of collective solutions

Combining **business** and **societal** goals

But...

... it is not about (initial) drivers,  
structure or governance, in the end it  
is about culture and behavior

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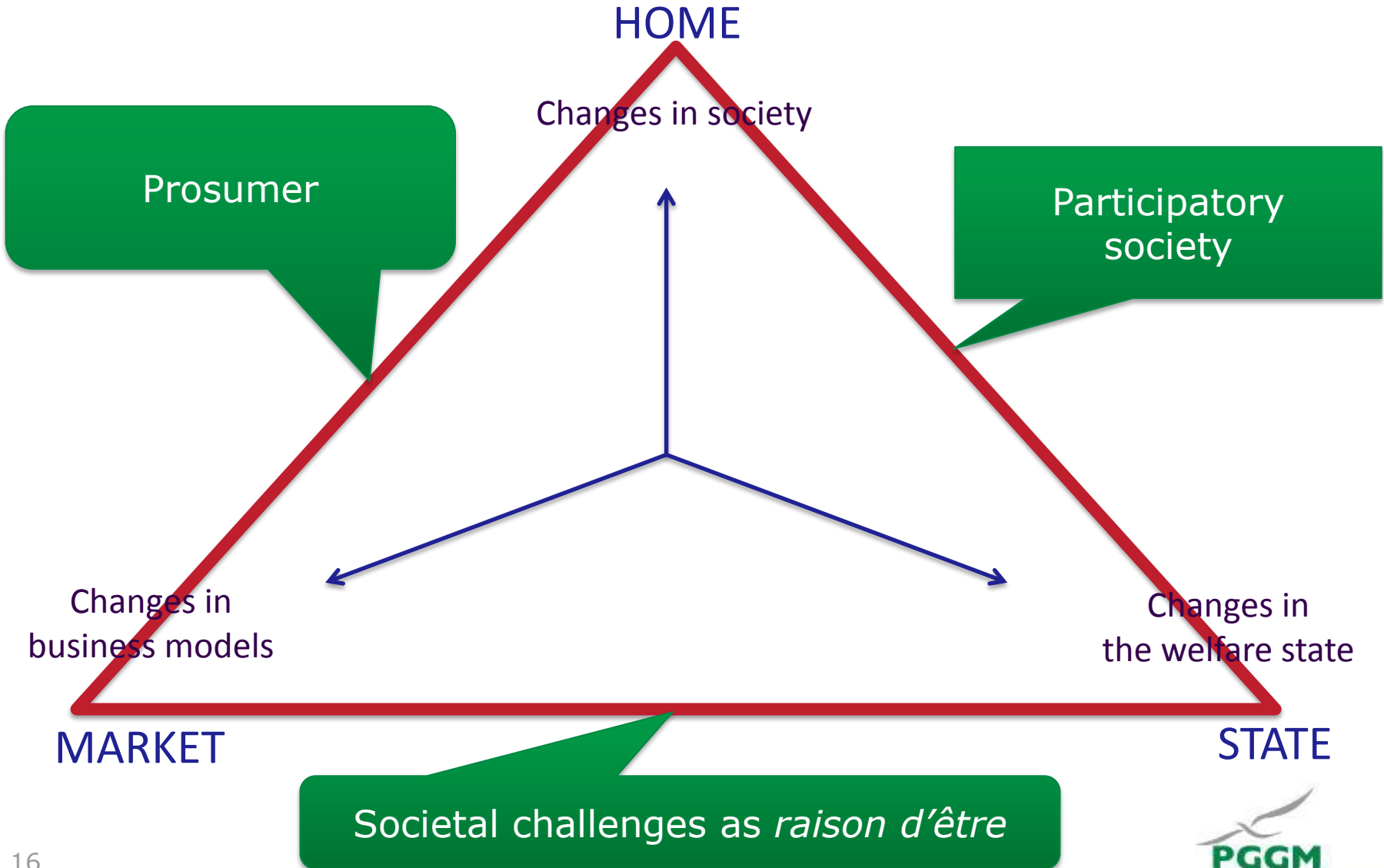
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Q&A's

# Societies in Transition

traditional monopolies losing ground





# Cooperatives are changing as well...

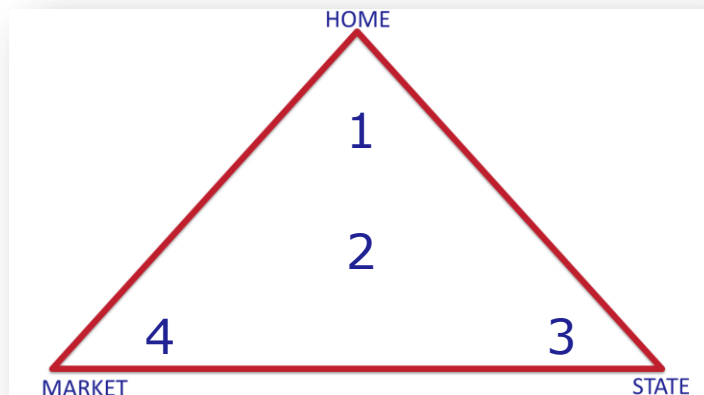
<b>Traditional</b>	<b>Modern</b>
Common interest	Societal focus
Collective power	Dialogue
Responding to market	Anticipating change
Conservative	Progressive
Economic value is serving the collective	Economic value in balance with social value

# Elements of this transition

1. From a hierarchal society (top down and institutional) to a **network society** (bottom up and flexible)
2. Increasing **transparency**
3. **Societal challenges** increasingly part of the non-public domain
4. Added value is more often from in **intersectoral collaboration** (out of the silo)

## An excellent cooperative fit!

Organizations that are well-connected with society, where dialogue with their members is a core-competence and are aware that a broader perspective than just a transaction determines the outcome. Cooperatives know how to cooperate (also in multi-stakeholder platforms) and are more willing to share. But in the end, they remain entrepreneurs



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1. Future of pensions: engagement
2. Dialogue: informal care
3. Societal agenda
4. Returning profit

# 1. Future of pension in NL: engagement

Home   Pensioen bij PFZW   Wat doe ik bij...   U bent met pensioen   Actueel   Contact   MijnPFZW  

Particulieren > Actueel > Nieuwe pensioenregeling > Dit vond u > Stelling 2

## Stelling 2

Pensioenfondsen moeten in actie komen als de economie mee- of tegenzit. En niet te lang wachten met het nemen van maatregelen.

Waar doe je goed aan als pensioenfonds? Grijp je in? Of wacht je af in de hoop dat het economische tij keert? Bouw je in goede tijden reserves op of kies je er juist voor om de pensioenuitkeringen te verhogen? Lastige vragen. Zo'n 120.000 mensen reageerden op deze stelling. 4 op de 5 mensen is het er mee eens dat er ingegrepen moet worden. Dat kan gevolgen hebben. Zo kan het zijn dat onze pensioenen worden verlaagd en de premies worden verhoogd nu het economisch tegen zit.

**Contact**

- [Mail ons](#)
- [Bezoek ons op facebook](#)

Onze klantenservice is op de eerstvolgende werkdag telefonisch bereikbaar van 8:00 tot 18:00.

**Stelling 2**

*Pensioenfondsen moeten in actie komen als de economie mee- of tegenzit. En niet te lang wachten met het nemen van maatregelen.*

👍 Eens: 82%   🗑️ Oneens: 18%

Definition of...   Stelling 2 | PF...   +   ...

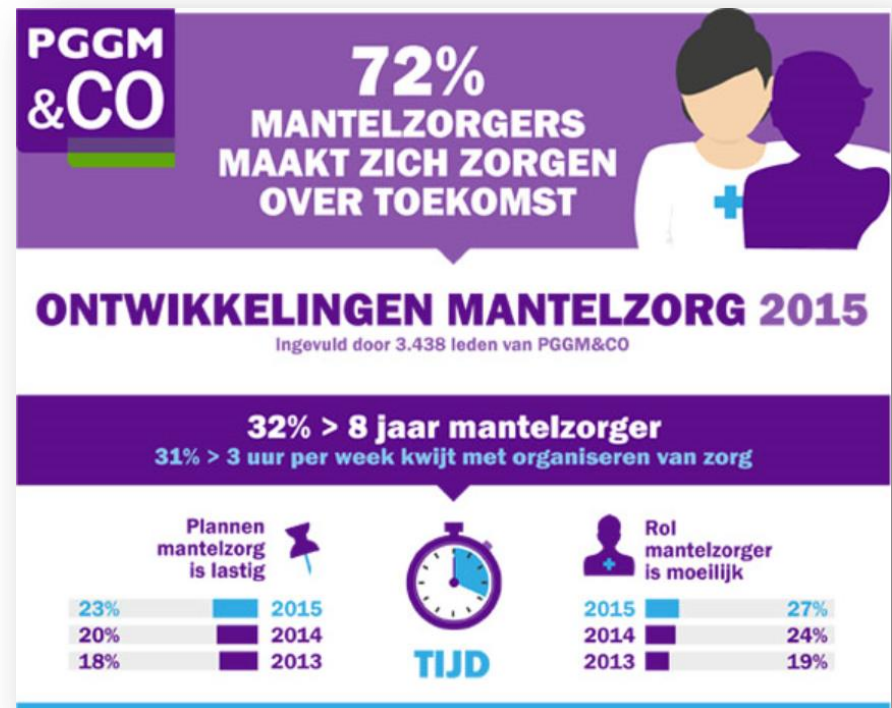
<https://www.pfzw.nl/actueel/nieuwe-pensioenregeling/dit-vond-u/Paginas/stelling-2>

Feedback

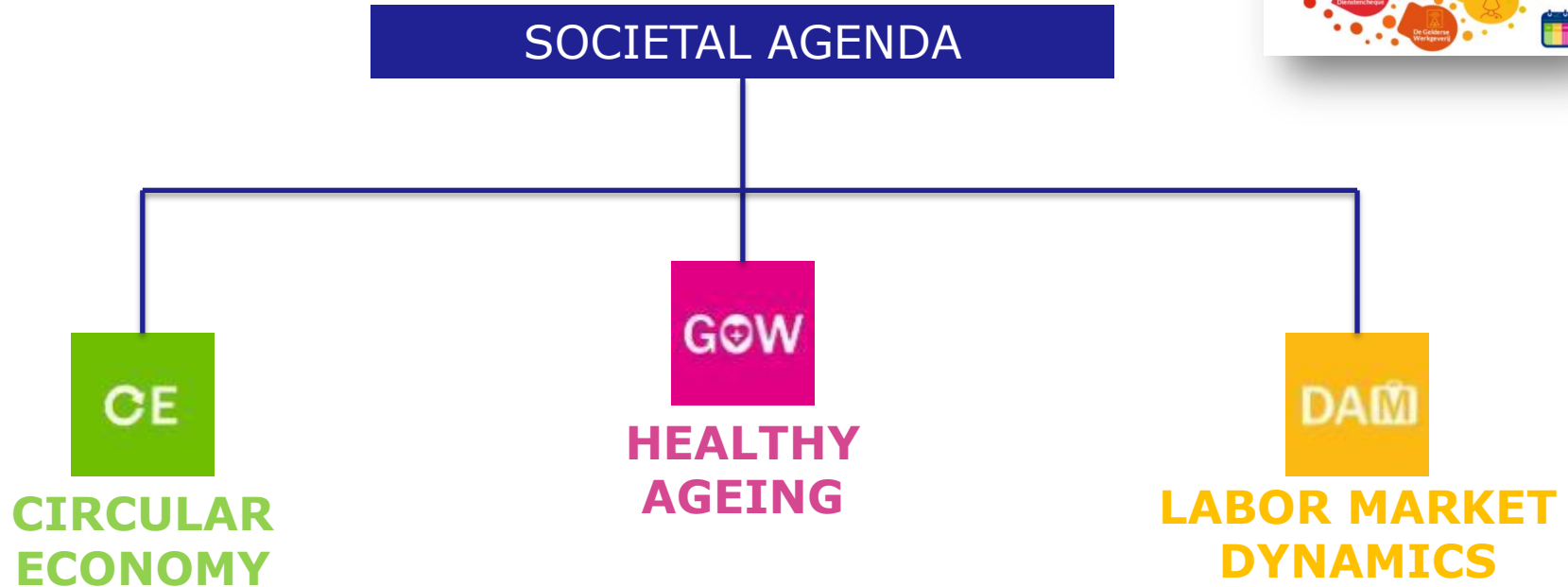
## 2. Dialogue: informal care

Be a spokes person for your members on issues they find relevant and are connected to your mission

- Members: workers in health care and social services
- Issue on top of mind: Increasing burden on informal caretakers
- Worry: work-life balance
- Desire: acknowledgement and (political) solutions



# 3. An active societal agenda



It is about value creation beyond core business

- If you can have impact, there is responsibility
- Enriches your core product
- It is an inseparable part of the product
- It enforces reputation (USP)

## 4. Om the matter of profit: returning profit

Profit is not an outcome at the end of maximizing revenues and minimizing cost, but a desired/needed amount of money.

Desired profit year t

*[for solvency, innovation, etc]*

+

Expected costs year t

-----

Desired return year t

When too much, the surplus should be returned due to “overestimated costs”



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