

CSR: THREAT OR OPPORTUNITY?

CORPORATE SOCIAL RESPONSIBILITY IS BIG BUSINESS AS THE ETHICAL POUND PUNCHES HARD. BUT HOW MUCH ARE ENTREPRENEURS TUNING INTO THE MESSAGE? PERSONAL BRANDING CONSULTANT DAWN WINDER INVESTIGATES

THE PRESS IS FILLED WITH TALK OF going organic, fair trade, recycling, green energy, human rights and sustainability. It can be overwhelming. It's not possible to shop without being acutely aware of the ethical issues involved in producing goods from footballs to your morning cappuccino. In business we are, of course, encouraged to think about Corporate Social Responsibility (CSR). Even the EU is warning that businesses of all sizes will be required to include 'Social Responsibility Audits' as part of annual audited accounts. But for all the profile, you try defining CSR. It is not as straightforward as you might suppose and even the experts cannot agree on what it's about.

The Business Link publication *Encouraging Responsible Business* offers this explanation, "Every business has an impact on society through what it produces, how it employs and develops its people, how it purchases supplies and sells its products or services, how it affects the environment, and how it acts in the community." The Institute of Business ethics defines CSR as the voluntary actions taken by a company to address these issues.

Larger companies have been seen to incorporate CSR as part of their marketing, in a cynical attempt to increase their brand dominance, 'greenwashing' but not really tackling the issues. The overuse of corporate sponsorship and mislabelled packaging has caused a wave of cynicism that has



damaged the otherwise positive perceptions of CSR for many consumers.

We have already seen in the media, over recent years, cases of brands who, at their peril, have not taken seriously consumer concerns over social responsibility. Being accused of discrimination, child labour, human rights abuses and being challenged on environmental grounds, causes bad publicity and loss of profit. There is

more information out there about these companies: debates on the internet, exposé films and books such as *No Logo* by Naomi Klein, show brands behaving badly.

Well-known examples include the exposé that Nike used child labour to produce its footballs and trainers; Starbucks' misuse of their market dominance to exploit coffee-growers; Exxon's oil spill in Alaska; Gerald Ratner's cynical assertion that his jewellery shops were filled with "crap"; any number of financial mis-doings from Parmalat to Enron.

It's not all bad: as consumers raise their awareness, larger corporations are taking notice of Mori research recently undertaken within the UK. Consumer evidence suggests that customers look at the social behaviour

of companies from which they buy. This means many more brands will have to make CSR a core value.

CAUSE AND EFFECT

Larger companies have long acknowledged the benefits of CSR to enhance their brands. Cause Related Marketing, for example, aims to use the power of the brand, marketing and people in partnership with charities and NGOs, to demonstrate the company's commitment to making a positive impact and addressing social issues through providing resources and funding. A study investigating the impact of Cause Related Marketing found 46% of consumers said it improved their perceptions by making them feel better about using the product, company or service. Tesco Computers for Schools is one of the most well-known examples of Cause Related Marketing in the UK. Tesco developed the Computers for Schools programme as a way to reward customer loyalty and to strengthen community relationships.

RESULTS:

- Reinforced Tesco brand values and improved customer loyalty
- Recognition as an innovative retailer
- £92 million worth of equipment given to schools nationwide (1992-2004)
- Increased sales

So what about the benefits for smaller entrepreneurial businesses? Whatever business you are in you want to satisfy your customers and increase staff retention. The benefits of including CSR as part of your brand values are really quite obvious and while there may be some initial issues and dilemmas, can you really afford to do nothing?

There are enough examples of businesses ignoring ethical issues to their detriment and as a result losing the trust of their customers and staff to hammer home the point.

YOUR CUSTOMERS

>> 60% of consumers form impressions on a business based on its broader responsibilities including ethical practices, environmental responsibilities and its responsibility to society at large.

>> 95% of consumers who have participated in cause related marketing programmes recognise the benefits for charities and good causes.

WINNING THE WAR FOR TALENT

>> 75% of UK professionals now consider a company's

LEADING SOCIALLY RESPONSIBLE BRANDS

INNOCENT DRINKS

100% pure and fresh fruit in all smoothies. The Innocent Foundation is a grant-giving charity that was set up in July 2004 with the idea of bringing nature and communities closer together for mutual benefit.

They believe: it is possible for local communities to harness nature in a way that is of mutual benefit local communities should have input from the start of any project grassroots projects can have a long-term benefit



THE BODY SHOP

Famous for creating a niche market sector for naturally-inspired products. Since the launch of Stop Violence in the Home in 2003, The Body Shop have raised over £330,000 towards the campaign and made a real difference to the lives of thousands of women experiencing domestic violence.



CO-OP

The Co-operative Bank was the first in the industry to launch an ethical policy based on customers' concerns, explaining who they will and will not do business with.

"We don't do things just because they'll grab the headlines or make us 'look good'. We do things for the right reasons, because we're a co-operative."

cafédirect

cafédirect is the UK's largest Fairtrade hot drinks company. Brands, cafédirect, 5065, Teadirect and Cocodirect are sold through most of the major supermarkets.



social and ethical approach when changing jobs.

Companies such as Innocent Drinks, The Body Shop, Co-op and cafédirect have social responsibility at the top of their agenda when it comes to their brand values. So how can a business that is not focusing on that market do anything that is really going to make a difference, and is it worthwhile?



“IT IS A 100% FAIRTRADE COMPANY THAT HAS GROWN AN ETHICAL TRADING MODEL IN TO THE SUCCESSFUL BUSINESS IT IS TODAY” - PENNY NEWMAN, CHIEF EXECUTIVE, cafédirect

being treated with kindness, put time aside to consult with them about your strategies, ask their suggestions about implementing CSR.

>> **Supply chain activities** - by collaborating you will be able to upgrade your standards and set targets for social and environmental performance. Start by transferring knowledge about your CSR intentions

HOW TO ADD VALUE THAT WON'T COST THE EARTH

Simple CSR activities broadly following CSR guidelines:

>> **Purpose and values** - coming up with a clear set of core values is vital in today's marketplace. Many of us are aware of how to root out brands that make superficial promises. Start by developing a strategy that integrates your values, purpose and vision in a way that ensures you have incorporated your new-found CSR knowledge into both your day-to-day operations and your longer-term activities.

>> **Marketplace activities** - start by reviewing your marketing and advertising. Are you doing your best to ensure that information about products and services is presented in a clear, consistent, concise, accurate and ethical way? Check your product labels, instructions, and your website.

>> **Employees' activities** - to attract the right staff is one thing, retaining them is the key to any successful business. Ensure your employees are

to your suppliers. Stimulate discussion and find out those suppliers who are willing to work with you.

>> **Stakeholder commitment** - your stakeholders usually include owners, employees, customers, suppliers, local communities, authorities, etc. Start by identifying who the main stakeholders are and then identify what concerns, expectations, and ideas they have around CSR.

>> **Community activities** - gifts of cash, partnering with charities and community organisations, or sponsoring events are all good ways your business can support communities. Always ensure what you support resonates with your brand values, vision and purpose.

>> **Environmental activities** - employing a strategy for environmental issues can not only have a positive impact on the world but also on your bottom line! Savings can be made in areas from transport to packaging. Start by looking at switching to 'green' electricity. There are many schemes out

there: ask your supplier for details of their green tariff. **E**

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CASE STUDY

A great example of how this has worked for a successful business is the company Happy Computers. Their website - www.happycomputers.co.uk - is full of great initiatives and they really do 'walk the talk'.

Happy is a computer training company, based in East London. It was established to combine technical expertise and training skills in information communication technology (ICT) with an enjoyable learning environment for its clients. Happy was ranked 12th on the 2004 Best Workplace Survey. The company has successfully integrated socially responsible business practices and have benefited from community recognition and continuing staff development.

Increased productivity, improved staff retention, reduced recruitment costs - in a 12-month period reduced recruitment costs were estimated to have saved the company £40,000. In that same period, company turnover grew by 37%.

Community recognition awards for their work including the Lord Mayor's Dragon award, and the Community Award at the Computing Awards for Excellence.

USEFUL WEBSITES

>> The UK government gateway to Corporate Social Responsibility
www.csr.gov.uk

>> Business in the Community (bitc)
www.business-impact.org

>> The Small Business Journey is a way for small businesses to realise more value by behaving responsibly.
<http://www.smallbusinessjourney.com>