



GUIDE TO BEST PRACTICES IN

CORPORATE SOCIAL RESPONSIBILITY

VOLUME 2





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Publisher's Letter



Before you begin reading this Guidebook...

Doesn't reading about all the Corporate Social Responsibility successes of other companies make you a little stressed out? Feel a bit behind the eight ball? How are THEY in the top 10 on those Corporate Citizenship surveys when I can't even get our first Sustainability Report out the door? When I am just beginning to grasp that being "green" has little to do with the color of money or envy?

From talking to *PR News* readers like you, I know that CSR is a complicated web of must-do and nice-to-have directives, of mixed messages from the top, and inconsistent or fickle attitudes from stakeholders. In a relatively short period of time, CSR has become ingrained in the corporate psyche as internal structures have begun accommodating the growing need (and desire) to become better corporate citizens. This is mostly a positive change and one that the PR community must embrace sooner rather than later. For as long as PR has been around, it has often struggled with back-seat status, sometimes given the wheel to drive a major initiative, but often, just as the helpful passenger. This is slowly changing. CSR provides an outstanding opportunity for communicators of all stripes to take the lead and make a very meaningful difference in the communities it serves.

Whether it's a global initiative or a local outreach program, whether it's philanthropic or environmental, CSR allows PR to not only tell the story, but to write the plot and decide on the characters.

PR News' second edition of the Guide to Best Practices in Corporate Social Responsibility includes a diverse set of ideas from business thought leaders around the globe. There is no one-size-fits-all blueprint for CSR, and therein lies your challenge. In these 200+ pages, I know you will find strategies and tactics that can be put to work in your organization. The challenge will be in knowing which ones to choose.

I am thankful for the dozens of contributors to this Guidebook who've brought their lessons learned and smart new ideas to these pages; and to the outstanding *PR News* staff, most notably Editor Courtney Barnes and Group Editor Iris Dorbian, who day in and day out report on this dynamic and complicated topic. You'll find much of that reporting in this Guidebook.

I look forward to hearing about your organization's CSR successes, small or large – which will, no doubt, be led by you and your communications team.

With Warm Regards,

Diane Schwartz

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Overview & Outlook

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LEVERAGING COMPANY OPERATIONS AND SCALE TO DRIVE SOCIAL AND BUSINESS IMPACTS

By Alison DaSilva

During the last 25 years, traditional cause marketing and cause branding have evolved. Americans' expectations for companies when it comes to supporting social issues remain at an all-time high (83% in 2007, according to the 2007 Cone Cause Evolution Survey), and today's savvy consumers recognize companies can make an even greater impact on society by leveraging their core business practices.

Leadership companies such as Nike, The Home Depot and GE have seen how integrating cause-related initiatives and corporate responsibility practices can have even greater social and business impacts. Bottom line benefits may include: enhanced reputation and brand equity, stronger relationships with NGOs and influentials, increased sales, market development and product innovation. These companies are creating and executing what Cone refers to as "Socially Aligned Business Initiatives."

SOCIALLY ALIGNED BUSINESS INITIATIVES

A Socially Aligned Business Initiative ("SABI") is a strategy that leverages an organization's operations and scale to drive long-term social change, while providing the greatest opportunities to grow and reinforce the business. It may be considered an extension of social entrepreneurship for a well-established company. Like social enterprises, companies with Socially Aligned Business Initiatives are using business principles

to organize, create and manage a venture to drive social change. They measure success in terms of the bottom line and the social benefits.

These companies look at supporting a cause through a corporate responsibility lens. They identify what are traditionally corporate responsibility-related social issues that are also aligned with their business goals; manufacturers might focus on child labor and the environment, retailers might commit to workforce well-being and diversity and pharmaceutical companies might choose healthcare access and safety.

These companies build upon their business practices by tapping corporate giving, human resources and marketing functions to make the issue more relevant to a broader group of stakeholders with compelling content, communication and a clear call-

Consumers recognize companies can make an even greater impact on society by leveraging their core business practices.

to-action. They forge relationships with key NGOs and thought leaders, provide grants to complement corporate responsibility goals, engage suppliers, raise awareness among consumers and lead product innovation efforts.

Companies with Socially Aligned Business Initiatives do this all with an eye toward affecting systemic transformation for both business and society.

WHY Now?

A SABI approach may be effective for companies striving to become good corporate citizens and build and maintain solid reputations in today's tough business climate:

Companies face pressure from activists regarding various corporate responsibility issues; they are also expected to take part in the ever-expanding environmental movement. Companies are using SABI

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to bring what would otherwise be a socially or environmentally responsible business practice to the mainstream, raise awareness and inspire action among internal and external stakeholders.

- Business-to-business companies are being asked about their commitment to causes too, but traditional social issues that resonate with end consumers are generally not as relevant to B2B customers. A SABI approach guides B2B companies in identifying appropriate causes to support and thus boost brand equity.
- Consumers are not distinguishing between cause and corporate responsibility; they simply desire that a company overall is "good." Socially Aligned Business Initiatives allow companies to work toward being good corporate citizens by finding the alignment that exists between internal operations and external causes and ultimately affects the greatest social and business returns.

WHAT DOES THIS LOOK LIKE IN THE MARKETPLACE?

Nike faced backlash over the years for its treatment of young female factory workers in South Asia who were not provided with the tools they needed to become successful. Nike bolstered its long-term operational changes—global supply chain transparency around positive working conditions for women—by harnessing Foundation goals and leveraging consumer support.

In 2005, Nike, recognizing the benefits that both its business and consumers derive from emerging economies, focused its Foundation dollars on grantmaking, advocacy and partnerships to help adolescent girls become agents of change in the developing world.

By working with key NGOs, including the United Nations Foundation and the World Bank Group, Nike has helped girls become a powerful force in transforming their families, communities and the world, while strengthening its reputation and mitigating risk.

Steps to Take: Developing and Executing a SABI Strategy

- 1. Identify the key corporate responsibility issues facing your industry and company. Corporate responsibility issues may include elements such as impact on the environment, treatment of employees and financial transparency.
- **2.** Assess assets and resources to tap throughout your organization to extend the impact of your business practices to a broader group of stakeholders.
- **3.** Set goals and figure out target audiences. Evaluate the key issues where your company and constituents can have the greatest social and business impacts. Decide what you want to accomplish from a business and social perspective. Answer the question, "What do you stand for?"
- **4.** Set up a task force with key executives from various functional areas in your organization. Include folks from corporate responsibility, EH&S, corporate giving, brand marketing and communication, human resources, corporate and public affairs, diversity, product development, IT, manufacturing and operations and research/measurement. Start a dialogue to understand what activities are already in place, how to tap stakeholders, what external relationships currently exist and how to best integrate all of the above to achieve the greatest synergies.
- **5.** Focus your commitment toward the issue(s) where, through collaboration, you have the highest potential to affect systemic and transformational business and social change.
- **6.** Identify new ways to reach a broader group of constituents. Create relevant, innovative ways to engage key stakeholders.
- **7.** Establish new and/or enhance current relationships with nonprofit(s) supporting your focus issue(s).
- **8.** Communicate. Spread the word through multiple channels and position the issue in a relevant way to each stakeholder. Extend messages beyond traditional media relations to include: grassroots and viral marketing, product packaging, special events, conferences and seminars, PSAs and advertising, expert spokespersons and celebrity endorsements.
- **9.** Measure. Establish the metrics to track and measure the bottom line social and business impacts of your efforts.

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In 2007, The Home Depot strengthened its early environmental responsibility practices—responsible lumber sourcing—by launching a 10-year, \$100 million commitment from The Home Depot Foundation to community forestry and affordable green housing. Its recently launched EcoOptions brand designates environmentally responsible products and engages suppliers by incentivizing them with prominent in-store shelf space and features in weekly newspaper inserts.

The company Web site, which offers green living tips and product information, has raised awareness among consumers and driven green purchase behavior. By working with marketing, suppliers and the Foundation to extend its environmental commitment outside the company, The Home Depot has inspired product innovation while laying the groundwork for the development of new markets and increased sales.

GE too has focused its efforts around environmental sustainability with its well-known "ecomagination"

initiative. Ecomagination was launched in 2005 as a business strategy; at its very core, it is about operations and product innovation and has already delivered the commercial potential envisioned. In 2006, GE invested more than \$900 million in cleaner technology research and development (significantly reducing its own energy consumption and greenhouse gas emissions) and created 45 ecomagination-certified products (resulting in \$12 billion in revenues for 2006).

Ecomagination has become a citizenship effort as well as GE has extended its business practices to the mainstream, investing significant marketing resources in its Web site, advertising and annual reports to inform consumers, shareholders and the general public. The company has also evolved its philanthropy to engage consumers on environmentalism in new ways, particularly with its mtvU GE ecomagination Challenge, which offered funds for college students proposing creative ways to green their campuses. GE is now considered a leader in raising awareness for environmental issues, even helping to transform how other companies think about and model their own business practices.

The 2007 Cone Cause Evolution Survey found:

- Nine out of 10 Americans want a company to support social issues consistent with its responsible business practices.
- 87% want a company to support issues based on where its business can have the most social and environmental benefits.
- Across industries, Americans consider both a company's support of social issues and its business practices when deciding what to buy.

These and other companies deserve credit for embracing Socially Aligned Business Initiatives, but there is still a spectrum of approaches companies can take for supporting causes and improving business operations. Companies need to evaluate their business objectives, the needs of their stakeholders and their resources to determine the most impactful approach.

Alison DaSilva is vice president of knowledge leadership and insights at Cone LLC.

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CORPORATE CSR JOURNEY — FROM UNCHARTED TERRITORY TO ROADMAP

By Jaya Koilpillai Bohlmann

Porporate social responsibility is one of two areas in which public relations can lead rather than support an organization. This gives us the opportunity to contribute directly to the bottom-line success of our companies while elevating our profession. As CSR is still in the organizational stages within the vast majority of corporations, public relations can help determine the best use of corporate resources and where CSR fits into corporate priorities.

Following is intended as a roadmap to help you lead your company to form its CSR identity, strategies and tactics.

Step One: Assess your company's internal and external environment related to CSR.

Whether formally or informally, qualitatively or quantitatively, you must measure the CSR opinions of external and internal stakeholders before you can prioritize the areas you will engage in programmatically and from a communication standpoint. You need to know where you have the best chances of standing out.

For both external and internal environment indications, keep a log of the inquiries you get from media, clients, employees and executives. Categorize the topics they're interested in, their specific inquiries and requests and every month or so, tally the results. These should tell you not only the topics your key stakeholders are interested in, but also the level of interest they have in the topics, as well as scope (niche vs. general/mainstream, regional, national or global).

While you have their attention, deepen the information you get by asking their opinions of specific topics and the CSR landscape in general.

You can perform these daily analyses on your own. To enhance, ask your communication, marketing or CSR agency to conduct an external environmental audit, or to start, a more topline competitor and media analysis. Identify four or more companies (competitors and/or companies with similar characteristics to yours) and report how they compare to your company in terms of CSR positioning, programs, stated mission and goals, awards and distinctions and media coverage.

Internally, you can use an online survey tool easily administered through your intranet. Your research universe is comprised of managers, sales and operations employees, who are in leadership roles, are close to customers, speak and interact publicly on behalf of the company and are central to sales efforts.

Step Two: Plot your journey, topically.

Don't try to be all things to all stakeholders.

From the research, you should find that in some areas, your company already leads; in others, you're even with competitors and in still others, you might have to catch up. This information can be weighed against criteria such as your company's position in your industry, alignment with your company's mission and values, feasibility of administering interest of your executives and the services and products you provide. The key is to select a few topics and be prepared to do very well in those, rather than having marginal success in many areas. You can also plot your journey year by year, creating a list of priorities for this year, next year and in following years – building on the same topic areas, or adding more in time.

Step Three: Define your terms.

Keep in mind national and global audiences.

Global companies sometimes use the term "sustainable development" to refer to CSR overall. More common in the U.S. are "corporate responsibility," "social responsibility," "corporate social responsibility" and varia-

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tions. You must choose one term to use at least nationally – better if you're in agreement globally for the most powerful branding and positioning platform for CSR.

Step Four: Organize internally.

Where will CSR live?

To be its most effective, CSR needs a specific home in your company, with a leader who has CSR as a primary responsibility. CSR can be included among the responsibilities of existing departments (such as public relations, corporate communication, strategy or marketing), or a new, separate department can be created. To decide, you need to understand the scope and specific duties you want from the function.

Since the decision requires budget, human resources and other considerations and could take time to finalize, you might consider an interim structure while you decide. This will help carve out some key program pieces, and move forward CSR simultaneous to the structure decision being made.

For example, you might convene a task force to focus on specific programs and products in which your company can take the lead in your industry.

Step Five: Earn operational buy in.

Begin making CSR part of daily tactics and longer term public relations strategy to increase the awareness among your key stakeholders that they have a key role in CSR.

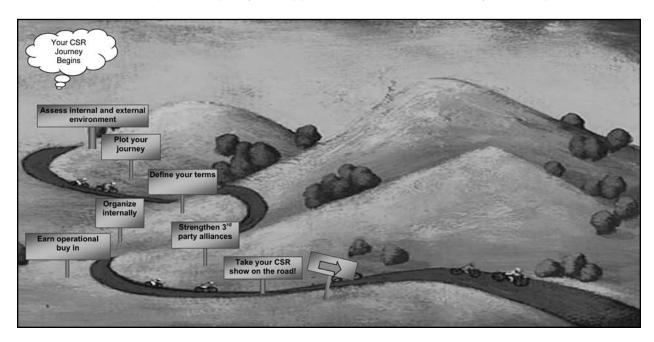
Begin by adding CSR to public relations corporate and business line-specific strategic plans. Include CSR messaging on your Web site, in executive speeches, internal meetings, press kits and media interviews. Give people time to absorb these new stories and ways of thinking and keep at it. Small acts and large add up to making change. Remember, you're the change agent.

Step Six: Strengthen alliances with third party endorser organizations, suppliers and vendors.

Enhance credibility and increase visibility.

Enhance the credibility of your company's CSR strategy with the endorsements of noted third-party organizations relevant to your CSR areas. Select one to three organizations, and create program-related partnerships with them. Apply for awards, earn the certifications they offer, have your company executives sit on their boards of directors and committees/task forces. Publicize your involvements everywhere from news releases to your Web site to speeches and presentations and sales materials – and of course, internally.

You can also enlist the partnership of your suppliers and vendors who share your CSR priorities. Think



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about co-branding sponsorships or communication efforts, sharing related research, media contacts and other valuable items, saving time and money and expanding the reach of each company's messaging.

Step Seven: Take your show on the road!

Beginning with training of your teams and materials that provide messaging consistency, you are at this point poised to communicate about CSR and implement its programs. Be prepared for wildly positive reception to your new programs!

To communicate and operate as a company with CSR at your heart and to infiltrate the corporate culture with all the daily practices that go into building that corporate reputation you so crave, your frontline and management employees are your best vehicles. With that, it's your responsibility and that of your corporate executive team to give them and everyone, the information and tools that create the CSR knowledge bank on which everyone will rely.



Training is key, and should be mandatory for employees most central to the effort. Much of it can be administered via your intranet as an online course, supplemented with in -person workshops or seminars – breakout sessions at company annual conferences and sales meetings work well.

Remember to stay true to your roadmap and keep sight of your ultimate destination.

Jaya Koilpillai Bohlmann is vice president, public relations of Sodexho, Inc., an integrated food and facilities management services company in the U.S., Canada and Mexico, with \$7.3 billion (USD) in annual revenue and 125,000 employees.