Greater Kansas City
Community Foundation

A better way to give. A better Kansas City.

DEMYSTIFYING CORPORATE SOCIAL RESPONSIBILITY:

Four Key Steps to Success

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Introduction:
Getting beyond the philosophical debate

> "If you don't give back, no one will like you."
>
> *Edward Norton, Actor and Founder of Crowdrise, www.crowdrise.com*

Even as recently as last year, much of the public discourse[i] on the popular subject of corporate social responsibility zeroed in on the pros and cons of the notion of a corporate social responsibility strategy itself and the rationale companies should deploy in the decision whether to adopt such a thing.[ii] But a rapidly evolving social consciousness in the workforce, a growing demand from the consumer base for companies to do good and market pressures within communities for companies to give back have left little room for any business—no matter how large or small—to ignore the importance of what has become an expectation of global enterprise.[iii]

But social responsibility does not have to be difficult. It does not have to be expensive. And it can—and should—be meaningful, rewarding and even fun. After all, social responsibility, shared value, doing good, giving back…even philanthropy itself are rooted in the basic human instinct to help each other and do the right thing. That backdrop, powerful in its simplicity, is a strong foundation for building an effective corporate social responsibility platform, especially when combined with the four-step formula for success described in this paper.[iv]

A balance sheet issue

> "There is only one basic human right, the right to do as you d*#n well please. And with it comes the only basic human duty, the duty to take the consequences."
>
> *P.J. O'Rourke*

Not surprisingly, like any act of kindness, corporate social responsibility works best when it is genuine. Employees, consumers and the general public are pretty good at spotting a phony. When a company's act of social responsibility appears to be a marketing gimmick, a cover-up for bad behavior or just a quid-pro-quo for a piece of business, it is usually pretty obvious. As Timothy Ogden wrote earlier this year in *Why Cause Marketing Can Actually Backfire* on Forbes.com, "…consumers are actually starting to get turned off by these initiatives. After all companies such as KFC and Chambord have jumped into the game, and what do their products—fried chicken and liqueur—have to do with breast cancer awareness?"[v]

The best corporate social responsibility programs are those that are rooted in the values of the company, not tacked on as line items in a marketing or human resources budget.

The Boston College Center for Corporate Citizenship issued its 2010 Corporate Social Responsibility Index (CSRI) ranking the corporate reputation and social responsibility of the top 50 companies. The top 10, in order, Johnson & Johnson, The Walt Disney Company, Kraft Foods Inc., Microsoft, PepsiCo, Apple, Hershey Company, SC Johnson, Kellogg and Google. The rankings are based on public perception surveys targeting three critical elements. (Not surprisingly, the criteria are designed to reflect the values of the company, not the cleverness of its advertising campaigns or the number of tables it can fill at a benefit ball.) The CSRI measures perception relating to the following:

- Workplace—is the company good to its employees?
- Governance—do consumers and other stakeholders associate the company with high ethical standards?
- Citizenship—how does the company treat its community?

Examples of best practices are abundant across all industries. Any company, regardless of its business, can engage in values-based social responsibility—and make it fun. Consider Ben and Jerry's Social and Environmental Assessment Report, published on its website, which recites a compelling, values-based and even delicious-sounding product mission: "To make, distribute and sell the finest quality all natural ice cream and euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the Earth and the Environment."[vi]

Formula for success: Four rules of thumb

> "Do not wait; the time will never be 'just right.' Start where you stand, and work with whatever tools you may have at your command, and better tools will be found as you go along."
>
> *Napoleon Hill*

It's time for a practical formula, one that any company can adopt. Common among nearly every successful corporate social responsibility strategy—and reflected, almost without exception, in the most respected academic literature on the topic—are four basic mandates relating to fit, return, simplicity and promotion (otherwise known as "to the company be true," parts 1, 2, 3 and 4).

> **Four Key Steps to Demystifying Corporate Social Responsibility**
>
> 1. Fit – Must make sense for the business.
>
> 2. Return – Should resonate with target audiences to maximize return on investment.
>
> 3. Simplicity – Needs to be easy, inexpensive and streamlined.
>
> 4. Promotion – Publicize the company's good work.

To the company be true (part 1): Fit.

To the company be true. A business must adopt a program that makes sense for the business. In short, if your company makes lipstick, is it really a good idea to adopt feeding the hungry as a cause? Not that there is anything wrong with lipstick or fighting hunger (just like there is nothing really wrong with engaging consumers of fried chicken and liqueur to finding a cure for breast cancer), but tying them together is just hard to do. Certainly a sparkly signature program that generates national attention is what every company hopes to develop, but the reality is that the success of a corporate social responsibility program depends much more on fit, authenticity and execution than uniqueness or clever packaging. Rather than spending weeks researching the perfect cause to support, a company should adopt an organic approach to program development. A corporate social responsibility program must reflect the values and soul of the company.

One caveat: Research to vet a cause, once selected, should be taken very seriously. No company wants a well-intended attempt at social responsibility to end up on Twitter because a cause, or an organization associated with the cause, turns out to have a few skeletons in the closet.

To the company be true (part 2): Return.

Let's get this one out on the table: It's okay for a corporate social responsibility strategy to boost the bottom line. After all, the first rule of corporate social responsibility is to stay in business in the first place. This means that a corporate social responsibility program must resonate, in order of priority, with employees, consumers and the community.

Employees. The most successful corporate social responsibility programs start at home, inside the company, where the spirit of generosity is sparked by the inspiration of the people who know the company and its values best: the people who work there. How do the employees define a "good" company? Is it a matching gifts program? Or cold, hard cash to direct to any charity of choice? Jeans on Fridays? Jeans every day? Birthdays off? Recycling bins near every desktop? Lights that turn off automatically? A rain garden on the patio? Credit for serving on nonprofit boards or volunteering for community organizations? A virtual workplace? A full-service kitchen, perfect for baking lasagna to take home for dinner? A common space to post Girl Scout Cookie order forms and sell Relay for Life bracelets? Cupcakes on birthdays? A few Friday afternoons off in the summer? Participation in the grant making decisions of the company's foundation? A ticket match program to support attendance at local performing arts productions?

How does a company know what its employees value? It must ask the question.

Consumers. Customers have to see it and feel it to believe it; thus the incredible rise of cause marketing and consumer engagement in corporate giving. Crowdsourcing is a perfect example of a direct method of engaging the consumer in corporate social responsibility. Pepsi had great success with its Pepsi Refresh Project. In fact, more people voted for projects pitched to Pepsi Refresh than voted in the 2008 presidential election.

A company must identify a point of consumer engagement that makes sense for the company. Consider McDonald's, which gives customers the opportunity to give the change from their purchases to Ronald McDonald House. That's an effective way to demonstrate the restaurant chain's commitment to a cause and get consumers involved at the same time. But a drive through window donation box wouldn't work so well for a company that makes carpeting. Again, to the company be true.

Community. And finally, yes, the community is important. But many companies stumble when they skip over employees and consumers and jump right into community needs and community perceptions. That leapfrog approach drastically reduces the likelihood that the company's program will achieve the resonance required to increase employee satisfaction and increase consumption. No community is short on good causes or good charities. Only after a company has identified a cause that means something to its employees and engages its consumers should the company reach out to the people and organizations in the community—whether that community is a city, state or country—that can make that cause come alive.

To the company be true (part 3): Simplicity.

Ironically, this one is the hardest. Simple. Easy. Inexpensive. Streamlined. All of this is possible. But it is often hard to get there, especially in well-established companies, where lots of do-good-dabbling is at work in all corners of the business in a series of often disconnected charitable and community activities.

Most companies, no matter how big the balance sheet, engage, at some level, in a handful of giving back activities, including sponsorships, events, employee matching gifts programs, employee giving, employee volunteer hours, executive giving, donations of product and grants. Measuring the cost and effectiveness of disparate activities can be difficult.

Getting organized and keeping things simple is the best place to start, usually through a comprehensive inventory to address all areas of a company's corporate giving and community activities. Sometimes a company is faced with making tough choices concerning activities that are not generating a return on investment or are frankly just outdated. But the rule holds: To the company be true. And if an activity is not aligned with the strategy, it's got to go.

To the company be true (part 4): Promotion.

Not least, but definitely last, a company must leverage its corporate social responsibility platform by adopting smart marketing and public relations strategies. But this comes only after the company develops a program that achieves the first three mandates of fit, return and simplicity.

Brenda Tinnen, general manager of Kansas City's Sprint Center, hits home run after home run with spectacular and diverse productions. What's her secret? "Promote your promotions," she says. So often a company is, in fact, engaging its employees, consumers and the community in giving back, but no one knows about it. And often that is the case with a company's social responsibility footprint.

Promote your promotions. Tell the world about the good you are doing and the difference your company is making in the lives of others. To the company be true.

Wrapping it up: A case study

Is it really possible to achieve fit, return, simplicity, and promotion? Yes. Collective Brands is an example of a company that gets it. For three years running, Collective Brands, under its Payless ShoeSource label, has been giving back through a program called Payless Gives™ Shoes 4 Kids. This signature grassroots giving program provides $1.2 million in new shoes to children in need across the entire country. "We want as many children as possible to experience the simple joy of a new pair of shoes. We want them to walk into one of our stores, look up at rows of shoeboxes with big eyes, and point to the pair that makes them smile," says LuAnn Via, President and CEO of Payless ShoeSource.

Let's run this one through the four-easy-step formula. Is it a fit? Yes. Does it resonate with employees, consumers and communities to maximize return on investment? Yes. (In fact, the idea originated within the Payless ShoeSource team.) Is it simple? Yes. (The company rallies all of its year-end giving activities around the campaign.) And, finally, did the company get bang for its buck through a promotional campaign to get the word out? Check, check! Thousands of visits to the website do not lie!

Afterword

Worth revisiting is page two of this paper and the compelling product mission statement that appears on the Ben and Jerry's website. Corporate social responsibility can indeed be rewarding, meaningful and even fun. Every mission statement should be rich enough to deserve the word "euphoric."

[i] See "Companies that do good also do well," which appeared in the March 23, 2011 edition of the Wall Street Journal's online MarketWatch at http://www.marketwatch.com/story/companies-that-do-good-also-do-well-2011-03-23

[ii] See, for example, Aneel Karnani's August 23, 2010 Wall Street Journal essay titled "The Case Against Social Responsibility."

[iii] The statistics are compelling: 79% of consumers said they would likely switch brands based on associations with a good cause, when price and quality are equal; 85% of Americans say that they have a more positive image of a product or company when it supports a cause they care about; 85% of consumers say it is positive for companies to involve causes in their marketing; 89% of Americans said it is important for business, government and nonprofits to collaborate to solve social and environmental issues; 84% of employees state that selecting their own cause is an important factor in determining their support of a company's cause efforts; 79% of employees feel it is important that their employers provide matching gifts, 76% paid time off to volunteer, 74% company-sponsored volunteer days. See Cone, Inc. "Past. Present. Future. The 25th Anniversary of Cause Marketing Research Study," 2008 Cone Cause Evolution Study. Additionally, the 2006 Cone Millennial Cause Study found that 56% of Millennials will likely refuse to work for a company that is not socially responsible.

[iv] A full discussion of the value of a corporate social responsibility strategy, and the importance of starting with a corporate philanthropy inventory, appears in a 2010 white paper entitled "Social Responsibility: The Power of the Corporate Philanthropy Platform," which can be accessed at http://www.gkccf.org/corporate-giving/index.html

[v] http://www.forbes.com/2011/01/12/cause-marketing-backfire-leadership-cmo-network-strategies.html

[vi] Ben and Jerry's is owned by Unilever, the second-largest producer of consumer goods in the world. Unilever ranks number 31 in the 2010 Boston College CSRI. Ben and Jerry's SEAR documents can be found at http://www.benjerry.com/company/sear

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