Companies often announce their corporate social responsibility ("CSR") mission statements and commitments with great public fanfare, pledging to proactively contribute to improving social conditions and protecting the environment. While putting the company’s brand and reputation on the line in this way is important, the reality is that CSR cannot and will not be effective unless and until it is tightly integrated into every aspect of organizational operations including products and services, governance systems and practices, culture, marketing and other external communications, training, recruiting and relationships with business partners. Once the CSR commitments are finalized and published, attention needs to turn to the actual implementation of those commitments, which includes the day-to-day decisions, processes, practices and activities that are required in order for the company to adhere to its commitments and effectively carry out its overall CSR strategy. A company that fails to implement its CSR commitments will find itself losing employees, customers and business partners and will see its standing in the marketplace and community plummet.

There is no universal approach to implementing CSR commitments and the methods used by companies will vary depending upon the specific content and focus of their commitments, current organizational structure, organizational culture, resources, priorities of the CEO and the other members of the senior management team and other factors. One way to view the process is as follows: develop a CSR implementation plan; establish an internal organizational structure; implement CSR management systems; develop a sustainability-oriented organizational culture; develop an integrated CSR decision-making structure; prepare and implement a CSR business plan; set measurable targets and identify performance measures; integrate CSR into strategic values; engage employees and others to whom CSR commitments apply; design and conduct CSR training; establish mechanisms for addressing problematic behavior; create internal and external communications plans; and implement CSR partnering arrangements. While primary responsibility for CSR implementation may be vested with a group or department, input and support will be need from the board of directors, all members of the executive team and managers and employees in all of the functional and customer departments. Also important to effective CSR implementation is continuously building stakeholder awareness through messaging and engagement. While most of the issues relating to the actual implementation of the CSR strategy come into play once the strategic plan is finalized it is important for those involved in the preparation of the strategy to identify and resolve the practical problems that are likely to arise when actual pursuit of the goals and objectives begins.
It often seems that much of the focus of corporate social responsibility ("CSR") is on mission statements and public commitments by organizational leaders regarding the contributions that the company is making, or intends to make, to improving social conditions and protecting the environment. While these steps are certainly important, the reality is that CSR cannot and will not be effective unless and until it is tightly integrated into every aspect of organizational operations including products and services, governance systems and practices, culture, marketing and other external communications, training, recruiting and relationships with business partners. Once the CSR commitments are finalized and published, attention needs to turn to the actual implementation of those commitments, which includes the day-to-day decisions, processes, practices and activities that are required in order for the company to adhere to its commitments and effectively carry out its overall CSR strategy. It is imperative that companies follow through on the promises and aspirations spelled out in the CSR commitments and demonstrate to all of their stakeholders that they are serious about fulfilling their obligations. Implementation failures create mistrust and cause confusion among stakeholders as to how the company will respond to certain situations. Taken to the extreme, a company that fails to implement its CSR commitments will find itself losing employees, customers and business partners and will see its reputation in the marketplace and community plummet.

Implementing CSR commitments involves identifying and setting clear goals and targets that can be readily measured and reported on to stakeholders. While many of the aspirations associated with CSR commitments are big and brave, often akin to dreams, it is nonetheless necessary to turn them into objectively stated goals with a timeframe and performance criterion so that at some point a fairly clear answer can be given to the question of whether or not the goal has been achieved. Goals and targets bring commitments to life and take companies beyond good words and intentions to the point where they take actions based on their preexisting strategic and management capabilities and core competencies. The power of goals and targets are enhanced by disseminating them throughout the company’s stakeholder groups and committing to report regularly on progress and connect the goals and targets to measurement of performance and effectiveness among directors, executives, managers and employees. Hopefully a good deal of thought has been given to goals and targets as the CSR commitments were being selected since stakeholders will understandably expect to see companies proceed quickly to implementation once the initial fanfare surrounding the announcement of the commitments fades away.

ISO 26000 describes several practices for integrating social responsibility throughout an organization, but notes that ease and pace with which social responsibility can be integrated throughout the organization will depend on various factors including existing organizational values and culture. Some parts of the organization may already have significant experience with, and empathy for, CSR-related values and may be good places to begin the expansion of CSR activities with short-term project that can serve as showcases of the potential for improvement. ISO 26000 also cautioned that the process of integrating social responsibility throughout an organization does not occur all at once or at the same pace for all core subjects and issues. The important thing is to have an
actual plan for integration that is realistic, includes short- and long-term goals and takes into account the capabilities of the organization, the resources available and the priority of the issues and related actions.¹

According to ISO 26000, CSR integration requires securing commitment and cultivating an understanding of the principles, core subjects and issues relating to CSR at all levels of the organization. Section 7.4.1 of ISO 26000 notes that commitment and understanding need to start at the top of the organization and that the easiest way to start spreading CSR internally is to focus the initial CSR efforts on areas within the organization where the practice of CSR and its value can be effectively and quickly demonstrated. As time goes by, a culture of social responsibility can and should emerge; however, leadership needs to be patient and ensure that the organization has the necessary competencies and skills for implementing CSR practices (e.g., education on each of the core subjects of CSR, training in stakeholder engagement and value chain management techniques and new technologies to track sustainability-related indicators). ISO 26000 also noted that organizations need to consider appropriate changes in decision-making processes and governance in order to provide managers and employees with greater latitude to suggest new approaches and ideas that can be used by the organization to power its drive toward more socially responsible behavior.²

Another practice recommended by ISO 26000 was ensuring that the organization set its direction toward CSR by making social responsibility an integral part of its policies, organizational culture, strategies, structures and operations. Section 7.4.2 of ISO 26000 included the following specific ideas on how this might be done³:

- Including in the organization’s aspirations or vision statement reference to the way in which it intends social responsibility to influence its activities
- Incorporating in its purpose (or in a mission statement) specific, clear and concise references to important aspects of social responsibility, including the principles and issues of social responsibility that help determine the way the organization operates
- Adopting written codes of conduct or ethics that specify the organization’s commitment to social responsibility by translating the principles and values into statements on appropriate behavior
- Including social responsibility as a key element of the organization’s strategy, through its integration into systems, policies, processes and decision-making behavior
- With stakeholder input, translating the priorities for action on core subjects and issues into manageable organizational objectives with strategies, processes, budgets timelines and specific, measurable and verifiable objectives

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¹ ISO 26000 Guidance on Social Responsibility (Geneva: International Organization for Standardization, 2010), 76.
² Id. at 75.
³ Id. at 75-76. See also UN Global Compact: Training of Trainers Course Guidance Manual (New York: UN Global Compact), 42.
CSR integration initiatives also need to include the organization’s governance system and procedures in order to ensure that social responsibility is included as an important criterion when decisions are being regarding the organization’s strategies and the allocation of organizational resources. Thoughtful decision-making must include consideration of the likely impacts of decisions on stakeholders, society and the environment, and steps should be taken to ensure that established management practices reflect and address the organization's social responsibility; identify the ways in which the principles of social responsibility and the core subjects and issues apply to the various parts of the organization; if appropriate to the size and nature of the organization, establish departments or groups within the organization to review and revise operating procedures so that they are consistent with the principles and core subjects of social responsibility; take account of social responsibility when conducting operations for the organization; and incorporate social responsibility into purchasing and investment practices, human resources management and other organizational functions.  

In providing guidance on implementation of CSR strategy, the UN Global Compact emphasized the need to develop the organization’s systems and procedures in the following ways:

- Integrating CSR into established management practices and management systems
- Identifying which parts of the organization need to think about CSR and how (e.g., procurement departments integrating CSR into supply chains)
- Making sure that the organization translates its priorities into key aims and objectives
- Linking those objectives to short-term targets (e.g., one year) so that the company can easily track progress and can translate objectives into practices
- Making sure that resources are allocated in an appropriate way and demonstrating to senior management that they are getting value from these resources
- Making sure that CSR responsibilities are appropriately allocated to people and/or department and that they are aware of their role in delivering CSR
- Making sure CSR is embedded into the functional areas of the organization (e.g., human resources management, procurement, compliance, communications etc.)

Lasting integration of CSR activities requires continuous monitoring and measurement of performance in order to evaluate the effectiveness of CSR activities, build a strong internal CSR knowledge base, improve the delivery of CSR activities and properly allocate resources. A range of methods can be used for monitoring and measurement including internal audits, regular reporting and inspections and audits by independent external groups. The measurement process should be used to track progress again previously established key performance indicators and to benchmark the organization’s CSR activities against those of competitors and peers. As noted elsewhere in this chapter, performance indicators should be both quantitative and qualitative and should be

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4 Id. at 76.
5 UN Global Compact: Training of Trainers Course Guidance Manual (New York: UN Global Compact), 41.
designed creatively to capture environmental and social impact and track management commitment, innovation and stakeholder engagement.

There is no universal approach to implementing CSR commitments and the methods used by companies will vary depending upon the specific content and focus of their commitments, current organizational structure, organizational culture, resources, priorities of the CEO and the other members of the senior management team and other factors. One way to view the process is as follows:

- Develop a CSR implementation plan
- Establish an internal organizational structure
- Implement CSR management systems
- Develop a sustainability-oriented organizational culture
- Develop an integrated CSR decision-making structure
- Prepare and implement a CSR business plan
- Set measurable targets and identify performance measures
- Integrate CSR into strategic values
- Engage employees and others to whom CSR commitments apply
- Design and conduct CSR training
- Establish mechanisms for addressing problematic behavior
- Create internal and external communications plans
- Implement CSR partnering arrangements

As should be clear from reviewing the bullet points above and sections below describing each of the steps, implementation requires support and investment from across the entire organization. While primary responsibility may be vested with a group or department, input will be need from the board of directors, all members of the executive team and managers and employees in all of the functional and customer departments. For example, directors and executives must set the appropriate “tone at the top” and take the lead in forging CSR partnering arrangement and employees should not only be trained but also should be brought into the process of generating ideas for goals and targets and creating communications to external stakeholders regarding those goals and targets. This chapter also describes the “Fit/Commit/Manage/Connect” management framework that extends through the whole process described in this publication and includes, among other things, guidelines on developing and managing CSR practices and building stakeholder awareness through messaging and engagement.

While most of the issues relating to the actual implementation of the CSR strategy come into play once the strategic plan is finalized it is important for those involved in the preparation of the strategy to identify and resolve the practical problems that are likely to arise when actual pursuit of the goals and objectives begins. In some cases senior

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6 Apart from developing a sustainability-oriented organizational culture, which has been added by the author, the list of steps is based on recommendations by P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 57.
management may find that it is best to reject, or make a significant modification to, a particular goal or objective due to concerns that it will just be too difficult to deploy the resources needed to be successful. For example, what appears to be the preferred strategy with respect to manufacturing or marketing may be beyond the financial resources available to the company during the planning period.

**Developing a CSR Implementation Plan**

As the company goes through the process of identifying, vetting and approving the CSR objectives and commitments, attention also needs to be paid to translating the policy and the accompanying objectives into operational terms, a process that requires the development of an implementation plan. The plan will be expansive and will impact the entire organization including corporate culture and employee attitudes; organizational design and structure, particularly the responsibilities and accountability of everyone in the organization with respect to the CSR objectives and commitments; information reporting systems; management systems and operational practices. During the planning process the objectives and commitments will necessarily remain fluid since they should not be finalized and announced to the world unless and until the company has a clear and reasonable plan for implementation.

As the plan develops consultations with stakeholders will be needed and ideas from stakeholders should be solicited about how best to realize their needs and expectations. While all stakeholders are important, input and participation from employees is essential since they will be the one called upon to implement the plans and will likely feel significant disruption to the ways in which they have worked in the past. The input from stakeholders will likely cause a series of modifications to the plan, as well as to the upper tier goals and objectives. Eventually the plan will be ready for review and approval by the board of directors following presentation by the senior management at the same time that the board signs off on the policy and related objectives and commitments. Given the breadth of the organizational changes that will likely be required, it should be expected that the implementation plan will cover three to five years and provide for milestones that will hopefully be achieved every six to twelve months.

Before an effective and reasonable implementation plan can be prepared, the company needs to know where it stands with respect to how its activities in their current state line up against broadly accepted sustainable development principles and the needs and expectations of its stakeholders. Insights must come from the assessment process describe elsewhere in this publication that covers the company’s overall strategy and its operational activities, management philosophies and systems, relations with stakeholders and the functionality of the information systems that will be relied upon to generate the data about CSR performance that must be reviewed by company leaders and reported to stakeholders. At the assessment stage the company can rely on questionnaires that have been prepared by industry groups and outside organizations such as the Global Environmental Management Initiative and Ceres and bring in outside consultants that can help facilitate the process.
The results of the assessment need to be put into context by comparing them to the status and performance of comparable organizations as well as industry standards and norms and expectations that have been established by external groups. Comparisons can be made through a review of public disclosures by comparable organizations and data compiled by industry associations and programs that have been formed explicitly to collect and catalogue CSR information. Comparison allows the company to identify the gaps between what it is doing and what others are doing and provides a sense of the reasonable targets that the company can establish for improving its CSR profile. The senior management of the company should create a set of goals and objectives and a strategy, timetable and milestones for each goal and objective. The strategy should not only be approved by the board of directors, it should also be fully vetted by all of the key players inside the organization to ensure that they have had a chance to contribute to the process and can “buy in” to the strategy because they have participated in its formulation and believe in its objectives.

While the board of directors and senior management will retain ultimate responsibility for the success of the company’s CSR goals and objectives, responsibility for overseeing and tracking the company’s progress toward the goals and objectives should be assigned to a specific group within the organizational structure that is provided with the resources and authority required to discharge its duties. When creating the strategy and the accompany implementation plan, the following steps and issues should always be part of the process:

- The job descriptions of everyone in the organization, managers and employees, should be reviewed and revised to integrate specific CSR roles, responsibilities and accountability. Everyone needs to know their place in the plan and to whom they are expected to report.
- Changes to the organizational culture will be required, as will retraining of employees to empower them to carry out their new roles and responsibilities. As part of this process, reward systems and incentives will also need to assessed and modified to align with the activities required to achieve the CSR objectives and commitments. It is also likely that new skills and experience will need to be added to the workforce and the human resources department will need to understand the needs of the company and set up new recruiting initiatives.
- Changes to the strategic planning processes should already have begun as the CSR objectives and commitments were being developed; however, at the implementation stage an investment must be made in the resources and skills necessary to handle stakeholder engagement and external monitoring.
- Each of the CSR objectives and commitments will have their own unique set of metrics, most of which will be new to the company, and this means that the company’s management information systems will need to be changed in order to ensure that everyone has access to the information they need in order to be sure they

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are on track with the new metrics and see their progress toward achieving the objectives and commitments.

- The company’s marketing research efforts will need to be overhauled to place customer attitudes and expectations regarding CSR and sustainability front and center. While customers as a group will be consulted during the stakeholder engagement process, detailed market research, including interviews and tests, will be needed to determine the best way to position the company’s CSR initiative and the related features in its products and services. The results of this research should be reflected in updated plans with respect to pricing, sales, marketing and promotion. Companies often find that existing markets will need to be redefined and that new markets should be added.

- The engineering and product design groups will need to determine what changes must and can be made to products and processes in order to achieve the CSR objectives and commitments and satisfy the needs and expectations of the company’s stakeholders. The company should not commit publicly to a specific leap in the energy efficiency of its products until it is satisfied that progress can be made in a manner that does not endanger the company’s ability to survive financially or adversely impact another group of stakeholders (e.g., displacing a large number of workers). Specific consideration should be given to regulatory requirements, industry standards and benchmarking.

- Suppliers are key partners in any company’s efforts with respect to CSR and other stakeholders, such as customers and human rights activists, will hold companies accountable for the social responsibility (or lack thereof) of their suppliers. This means that everyone involved in the procurement process must be trained in supply chain management and held accountable for the products procured from vendors and the manner in which those products are produced.

- The CSR objectives and commitments cannot be realized unless the company remains profitable throughout the process and is able to survive and thrive to the point where the objectives have been achieved. As such, the implementation plan must be supported by comprehensive financial planning that takes into account and addresses all of the capital requirements that must be satisfied in order for the plan to be successful including making sure that capital required for investment in new technologies and other resources will be available at the appropriate times during the three- to five-year span of the plan. Among the issues to be considered is the impact of the sustainability focus on attracting capital from outside investors and the availability of tax incentives and financing through governmental programs.

The process of creating a CSR implementation plan is extremely challenging and will require a thorough understanding of the tools associated with organizational design. In addition to the issues described above, senior management needs to be acutely aware of potential barriers and sources of resistance to the changes that will be needed in order to implement the plan effectively. The transition toward a stronger focus on CSR will inevitably upset people in the organization who prefer that things continue as they have always been and individuals and groups will be reluctant to embrace change and agree to new roles and reporting channels. As such, it is essential that senior management involve
everyone in the organization in the planning process and refrain from finalizing the plan until those who will be responsible for executing the plan have had a chance to voice their concerns and ask about the uncertainties that are bothering them.

Establishing Internal Organizational Structure

One of the first steps in integrating CSR is to ensure that the board of directors is “on board” with the initiative. An important way that the board can demonstrate its support is to ensure that the company has an effective internal organizational structure for its CSR and sustainability activities. Many companies are creating an additional position among the members of the senior executive team that is specifically focused on corporate sustainability. Appointing these “chief sustainability officers” (“CSOs”) not only demonstrates a high level of commitment to the area by the directors and also helps everyone inside and outside the company to identify the person who will likely be the company’s spokesperson on corporate sustainability issues and responsible for managing the resources provided by the board to implement sustainability strategies and satisfy the company’s disclosure obligations. The CSO must be prepared to support the board as it considers CSR and corporate sustainability issues, engage with the company’s stakeholders and, not unimportantly, effectively coordinate the efforts of all of the various departments within the company that should be involved in sustainability initiatives (e.g., investor relations, legal, operating heads and risk management).8

The CSO position has emerged in larger companies as the role of a company’s chief environmental, health and safety (“EHS”) leader has transformed from focusing on handling audit and compliance matters and interacting mainly with permit writers, safety inspectors and low-level compliance staff at regulatory agencies to being recognized as the leader of a key element of overall company performance. Companies have recognized that EHS could no longer be treated as a cost center, but instead should be regarded as an important strategic asset that could easily become a significant liability if not properly managed. As such, companies have changed their organizational structures to move away from the traditional practice of having the CSO report into Legal or Human Resources toward a new alignment in which the CSO reported directly to the CEO, communicated with board members and interacted regularly with other members of the senior executive team as a peer.9

Heidrick & Struggles created a list of necessary competencies for an effective CSO, beginning with the ability to think strategically, which was described as the ability to look toward the horizon, identify an opportunity or challenge before it affects the company, and develop and implement a strategy to either take advantage of the

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9 A. Luijkenaar and K. Spinley, The Emergence of the Chief Sustainability Officer: From Compliance Manager to Business Partner (Heidrick & Struggles International, 2007). Heidrick & Struggles found that many companies were expanding EHS, areas which had already been combined for a number of years, to include sustainability and corporate social responsibility and referring to the leader of activities in the expanded area as the CSO. Id. at 3.
opportunity or manage the challenge. Particular attention was given to the creation of business opportunities by the CSO, a marked shift from focusing primarily on prevention, mitigation and compliance. For example, the CSO can proactively seek out technological solutions to environmental problems that simultaneously reduce costs and improve productivity, a true “shared value” proposition. A second key competency for the CSO identified by Heidrick & Struggles was the ability to communicate effectively and translate complex technical concepts and strategies into terms that resonated with the company’s top leadership and key constituencies (i.e., employees, investors, lenders, insurers, rating agencies, customers, suppliers, the media and the public). When communicating the CSO needed to be able to adapt his or her tone and approach to a wide range of audiences ranging from the CEO, directors and regulators to each of the employees who would be called upon to change their skills and behaviors in order to execute the sustainability strategy.\textsuperscript{10}

While strategic and communication skills were at the top of the competency list, Heidrick & Struggles pointed out that the CSO must also have or quickly develop a wide range of interdisciplinary and cross-functional competencies, including the following\textsuperscript{11}:

- Ability to hire, lead, develop, and inspire a diverse staff and to develop trusting relationships with a variety of company constituents before an issue becomes a problem.
- A solid grounding in a wide range of EHS requirements, processes, procedures, technologies, and, depending upon the scope of the operation, familiarity with these issues at the local, state, federal, regional, and international levels.
- A knowledge of financial operations that extends beyond budgeting to include project financing, corporate finance, an understanding of how finance intersects with EHS and sustainability, and the ability to make a business case for a new direction.
- Knowledge of the company’s processes, products, technologies and business processes coupled with the ability to manage EHS systems within the company and the ability to assess and audit those systems with vendors, suppliers, and distributors.
- Familiarity with technological and process advances and an understanding of the trends in EHS and the influences on the company and the industry segment.
- Ability to communicate with community leaders and activists and to communicate with the media in a crisis.
- Ability to develop and manage a marketing campaign related to the EHS and sustainability aspects of the company’s performance, products, or liability.

Comments from interviews with CSOs conducted by Heidrick & Struggles emphasized the importance of the CSO being able to drive employee engagement through his or her vision, communication skills and demonstrated enthusiasm. As a promoter of significant change throughout the organization the CSO must be able to understand human nature and behavior, build trust, forge alliances and facilitate collaboration among people, departments and external stakeholders. Also, since sustainability challenges cannot be

\textsuperscript{10} Id. at 9.
\textsuperscript{11} Id. at 10.
tackled and resolved by any one company, the CSO must be able to work effectively with broader initiatives focusing on particularly environmental and social issues, perhaps assuming a leadership position in those initiatives, and convince other companies in the same industry to stand down from their day-to-day competitive views of one another and develop appropriate new standards that would benefit them and their customers and employees and fend off regulatory intrusion. In that regard, Heidrick & Struggles reported that CSOs were serving on senior-level advisory groups and associations aimed at influencing public policy developments and regulations or dealing proactively with specific challenges to their particular industry or value chain as a whole.\(^\text{12}\)

Rangan et al. argued that well-managed CSR creates social and environmental value, while supporting a company’s business objectives and reducing operating costs, and enhancing relationships with key stakeholders and customers.\(^\text{13}\) Rangan et al. joined others in recommending that companies establish an independent full-time position of Chief Responsibility Officer (“CRO”) who would have access to the CEO and input into the company’s business strategy. It is important for the CRO to hold that position as his or her primary responsibility and Rangan et al. noted that too many companies have delegated CSR oversight responsibilities to human resources or operations managers who are only able to devote a portion of their time to that job while continue to spend most of their time on their day-to-day line responsibilities. The CRO should be given the resources to do his or her job in the form of a dedicated CSR unit that would be formally and publicly tasked with coordinating and integrating initiatives in all three theatres in which a company is engaged in, even if responsibility for implementation of the various initiatives remains dispersed throughout the company. While the CRO cannot attend every planning meeting or event, representatives of the unit can be knowledgeable participants for each program including have decision rights in the design and execution of programs. The knowledge collected from the activities of the CSR unit will allow the CRO to elevate strategic CSR topics and priorities to the highest levels within the organization quickly and effectively.\(^\text{14}\)

In addition, having CSR represented in the C-suite serves as a catalyst for the strong leadership and support for CSR initiatives that must emanate from the senior executive team in order for those initiatives to capture the imagination and energy of employees and other stakeholders. The CRO should be sure that CSR is taken into account when business strategy is being discussed and established in the boardroom and in meetings among senior executives and should take the lead in communicating with operations managers about how budgets and performance metrics for particular programs have been established taking into account CSR priorities. The CRO should also join the CEO in engaging with stakeholder groups to explain the company’s CSR strategy and obtain feedback and address concerns. Finally, the CRO should be responsible for ensuring that

\(^{12}\) Id. at 3.


\(^{14}\) Id. at 21-22.
the company adheres to the continuous process of auditing, editing and development necessary for a coherent and effective CSR strategy.\textsuperscript{15}

**Implementing CSR Management Systems**

Like any other strategic initiative, CSR must be managed effectively. As such, CSR implementation should include plans for designing and operating a CSR management system that incorporates each of the company’s strategic CSR topics and includes all of the impacted tasks within the company’s value chain. One company organized its CSR-related activities by reference to four themes: internal controls, human resource management, environment management and social contribution. Internal controls included the actions of the board of directors and executive team to oversee the company’s CSR programs through the implementation of a transparent corporate governance system that built and maintained trust among all of the company’s stakeholders. Two other important areas of internal control included compliance with laws, internal regulations and corporate ethics, thereby including not only formal laws and regulations but also voluntary standards adopted by the company including codes of conduct and procedures relating to CSR-related activities and transactions such as workplace safety and conflicts of interest; and risk analysis and management to ensure the safety of employees, customers and other stakeholders and reduce and prevent losses of business resources. With respect to human resource management, the company committed itself to respecting the creativity and personality of each and every employee and to valuing a corporate culture that enabled its diverse human resources to fully display their knowledge and capabilities. Environmental management activities focused on reducing the negative impacts on the environment generated by the company’s operational activities. As for social contribution, the goal of the company was to contribute to local communities in ways that leveraged the company’s unique characteristics in order to improve the quality of life in those communities and provide opportunities for personal development. The efficacy and performance of the CSR management system against industry standards needs to be continuously assessed through external evaluations by third-party organizations, a requirement frequently imposed by customers of the company, and internal audits conducted by a dedicated group within the company established to promote and support CSR activities and staffed with certified personnel trained in the audit standards of industry associations.

Researchers on corporate sustainability from the MIT Sloan Management Review and The Boston Consulting Group (“BCG”) urged companies to embed sustainability organizationally through cross-functional teams, clear targets and key performance indicators, and reported that building sustainability into business units doubled an organization’s chance of profiting from its sustainability activities.\textsuperscript{16} The report provided insights into how BASF SE, the large German chemicals company, organized its

\textsuperscript{15} Id. at 22.

“accelerator” approach to sustainability.\textsuperscript{17} An important element was “top-down” engagement that began with creation of a sustainability board that was chaired by a member of the board of directors and included leaders from each of the company’s business lines. The board then pushed all of the company’s business units from a “middle-out” perspective to rigorously assess all of their products against strict sustainability criteria. Products that did not meet the requirements for “accelerator” status fell into one of three other categories: “performer” products that met basic market standards, “transitioners” products that were actively addressing sustainability issues and “challenged” products that carried significant sustainability risks. Product teams for products in any of these categories were charged with developing plans to improve their standing on the scale; however, care was taken to ensure that leaders of each of the business units were informed about the goals and purposes of the sustainability board to secure their buy-in to what would almost certainly be a significant disruption to pre-existing business practices at the company. Once the sustainability board had collected information from each of the business units it returned to the entire board to present its findings and secure a mandate from the directors to implement the accelerators program as a comprehensive sustainability solutions approach to reimagining each of the company’s product lines. The drafters of the report argued that identifying business and sustainability risks within business units allowed BASF to create market solutions that would not have happened otherwise.\textsuperscript{18}

Effective implementation of the strategic plan requires careful attention to scheduling and establishing control systems. In order for the implementation process to be effective, and for the company to be able to quickly make any needed corrections, a small group of senior managers should be given the task of directing, coordinating, and reviewing the planning process. This group must be held accountable for making sure that the action plans are carried out. In fact, for growing companies, the process of planning and attempting to implement the plan is almost as important in and of itself even if the plan fails or must be changed. In any event, the coordination team should establish a schedule of regular meetings to review the progress of the plan against performance targets. This schedule can be used as the basis for setting deadlines for collection of information from the coordinators for each plan.

\textit{Scheduling}

The importance of scheduling with respect to implementing a strategic plan comes from the fact that the company is generally making significant transitions in the way in which it conducts business and that it should be expected that major changes will be disruptive and that if things are done too quickly the company may begin missing milestones in the plan leading to doubts about the efficacy of the plan. Missed milestones are to be expected and, if possible, slack should be building into the implementation schedule;

\textsuperscript{17} Id.
\textsuperscript{18} The accelerators program also included essential stakeholder communications such as providing members of the sales team with product cards that described each product’s sustainable characteristics in order to ensure that the message of each product’s sustainability benefits reached customers. Id.
however, in dynamic environments time is of the essence and problems caused by failure to create realistic yet aggressive schedules may cause the company to miss the opportunities that were uncovered during the evaluation of the business environment. Delays can also be disastrous when the company is working on thin margins and sales and cost reduction goals are not attained at the times laid out in the strategic plan. Planners must prepare and accept schedules that factor in the need to train employees about new methods and procedures and the likelihood of initial hiccups in the production process (i.e., more errors and production line stoppages to work out issues with new equipment and technology). Schedules should also integrate formal progress reviews on set dates to evaluate how realistic the schedule has been and determine if changes are necessary in order to stay on track with respect to the goals and objectives to which the schedules pertain. However, the interval for reviews should be carefully considered—while information technology makes it feasible to continuously monitor progress and make changes literally every minute of the day the costs associated with this type of sensitivity can be prohibitive and create too much uncertain among workers.

**Control Systems**

Even though all managers and employees have been involved in the development of the strategic plan it would be foolish to rely solely on their good intentions for assurance that the plan will be effectively implemented. The goals and objectives of the company are not always the same as those of the individual employees and it thus necessary for the planning to create, maintain and respect formal control systems that can be used to track progress toward the goals and objectives included in the strategic plan. Effective control systems share certain basic characteristics. First, they are based on clear and measurable goals, all of which should been developed during the planning process. Second, they include quantifiable measures for tracking performance. The best examples of these types of measures are specific targets for revenues, profits, market share, and production units. Problems arise in attempting to evaluate how effective managers have been in leading their groups since there is no quantitative measure of management effectiveness that can be tracked until the time that an identifiable output from the group emerges. Finally, the control system must create a bridge between performance gaps and corrective measures. This is not easy because there usually is no single answer for a particular problem. While one individual or group may be “blamed” for an issue it is likely that other groups and departments are involved in some way since most goals and objectives demand collaboration across functional boundaries.

In order to design and launch an effective control system consideration must be given several important issues. First, a determination should be made as to whether the controls will focus on outputs or behaviors. Outputs are easier to analyze since they are generally related to clear and quantifiable measures incorporated into the goals and objectives—manufacture and/or sale of a specified number of units. In some cases, however, work activities are only indirectly related to specific outputs and measures of performance are hard to define. This is the case with managers and employees involved in the customer service area. Second, the controls should be versatile enough to measure all key performance aspects of a particular task. The best control systems include multiple
measures of the performance of a particular employee or group/department. However, creating too many measures makes the control system more complex and raises the possibility that managers and employees will be confused about how they are expected to go about their work. Third, the controls should be properly scoped so that they focus on, and measure, the activities of all groups/departments necessary for pursuing and achieving a specific goal or objective. If a measure focuses on one individual or department it may miss issues in other parts of the company that are contributing to poor performance measures for those subject to the controls. Finally, to the extent that the control system relies on information processing systems and budgeting software, it is important to invest carefully and ensure that all hardware and software is customized to the specific way in which the company operates. Also, when establishing a formal budget system attention should be paid to training and educating all of the managers who will be involved in the budgeting process and to creating appropriate incentives for managers to make sure that they accept and use the budgeting systems.

Care should be taken in evaluating the information that comes out of the control systems. For example, if the company is not meeting the stated goals and objectives the reason may not simply be that the employees are not trying hard enough. In fact, gaps between goals and performance may be caused by a failure of senior management to be realistic and reasonable at the time that the goals were established. Mistakes may have been made in evaluating the resources and capabilities of the company or the strength of competitors. Another question that needs to be asked is whether there has been an intervening change in the company's business environment, such as deterioration in the overall state of the economy, which has changed the external opportunities and threats. If the goals are being missed because of senior management errors or miscalculations they need to be fixed or employees will begin to lose trust and their motivation will wither. A related issue is the rules and procedures built into the controls with respect to how positive and negative variations from performance targets should be handled. While some companies do not “reward” employees or groups/departments for meeting their targets—apparently thinking that they are just doing their job and that's what they should be doing—consideration should be given to a reward system since building incentives for compliance into the control system will ultimately reduce the costs that must be incurred to monitor and control workplace activities. As for negative controls—punishment systems—for failure to meet target, they should be used with caution. They are difficult to administer and there is a high risk of destroying morale if employees believe that punishments are being imposed unfairly. This can be particularly problematic when one group/department is penalized while believing that they have been undercut by another part of the company.

Continuous Assessment of Underlying Assumptions

In addition to control systems, companies and their managers must continuously test the assumptions underlying the chosen strategic goals and objectives and evaluate whether or not the actions of the company are appropriate in light of the changing environmental factors in which it is operating. As noted above, companies must develop plan and procedures for collecting relevant information on environmental factors on a continuous
basis and analyzing the collected information to identify and forecast major forthcoming environmental changes. Special emphasis should be placed on changes that will either create new opportunities for, or significant threats to, the company and this information should be exposed to SWOT analysis at regular intervals. The conclusions reached from this analysis should be used to modify the company’s mission and strategy statements, and accompanying strategic goals and objectives, to address required changes in the firm’s strengths and weaknesses to cope with new environmental factors.

Developing a Sustainability-Oriented Organizational Culture

Changes in organizational culture have been mentioned above and it is important to emphasize that the implementation plan will not be successful unless the organization is able to develop a sustainability-oriented organizational culture. Eccles et al. observed that even though there was empirical support for the view that adoption of sustainability-related strategies was necessary in order for companies to be competitive and that “high sustainability” companies significantly outperformed counterparts that had not adopted environmental and social policies, relatively few companies exhibited a broad-based commitment to sustainability on the basis of their original corporate DNA. Because of this Eccles et al. argued that most companies needed to make a conscious and continuing effort to formulate and execute a sustainable strategy and embed sustainability into their strategy and operations. In order to counsel companies on how to accomplish this transformation, Eccles et al. studied the organizational models of companies they referred to as “sustainable” by comparing them with companies they called “traditional” and focused on two key questions: (1) how did sustainable companies create the conditions that embedded sustainability in the company’s strategy and operations and (2) what were the specific elements of sustainable companies’ cultures that differentiated them from those of traditional companies? Based on this work, they concluded that companies needed to be prepared to embark on large-scale change in two stages: the first stage involves reframing the company’s identity through leadership commitment and external engagement, and the second stage involves codifying the new identity through employee engagement and mechanisms.

Stage One: Reframing the Company’s Identity

According to Eccles et al. the first stage in becoming a sustainability company involves reframing the company’s identity, a process that requires both leadership commitment and external engagement. Transformation of the company’s organizational culture requires the strong and focused guidance of the leadership team and the organizational leaders are the people who are best situated to drive the necessary engagement relating to sustainability between the company and the diverse range of external stakeholders including investors, community members, regulators, activists and members and

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20 Id. at 44. See “About the Research” on page 45 in the article for an extended discussion of the methodology used by the researchers and the scope of the companies surveyed.
representatives of civil society. The goal at this stage is to strengthen the commitment to sustainability at the top of the organization and redefine the company’s identity to the world as being an organization that has embraced the principles of sustainability and embedded them in its organizational culture, strategy, operational processes and relations with stakeholders. As the organizational leaders begin to reach out to external stakeholders they gather the information necessary to formulate and execute the company’s sustainability strategy. As the engagement process expands to include employees their interaction with external stakeholders creates opportunities for learning that can be used to make the company more innovative and committed to creating value for itself and society in general.

Eccles et al. joined many others in noting that in order to create and maintain a sustainability company there must be a personal resolution and commitment from the CEO that is supported by an enterprise-wide sustainability vision and a willingness of the CEO to exercise his or her authority to see that the vision is realized. Eccles et al. identified the following differences between leaders of sustainable and traditional companies, each of which can be used by aspiring sustainability leaders as guides for transforming the leadership styles:

- The top-level leaders of sustainable companies were perceived as taking a long-term view when making decisions and more willing than leaders of traditional companies to take measured risks in pursuit of sustainability.
- Sustainable companies were more likely to be knowledgeable of the issues pertaining to sustainability and have a clearer business case for pursuing sustainable goals, thus making it easier to incorporate sustainability into core business activities and basic decisions about operating budgets and capital investments.
- Leaders of sustainable companies demonstrated personal commitment to sustainability that inspired others throughout the organization, especially employees who were far more likely to view sustainable strategies as being essential to the company’s success when they worked at sustainable companies as opposed to traditional firms.

As for the CEO’s sustainability vision mentioned above, Eccles et al. actually found that the leaders of traditional companies were more likely to be seen as having clear visions for sustainability than the leaders of sustainable companies; however, the researchers suggested that the reason for this might be that CEOs of sustainable companies generally focus on transformational changes based on aspirational goals with unknowable starting and ending points, thus making them more difficult for others to completely understand, while the sustainability goals of CEOs of traditional companies, to the extent there are any, are based on smaller-scale transitional changes that are more within their comfort zone and easier to describe and lay out with specific beginning and ending states (e.g., moving from an energy system based on fossil fuel to a system based on a renewable source of energy or implementing a redesigned process that will reduce waste).

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21 Id. at 45.
22 Id.
et al. pointed out that the CEOs of sustainable companies did realize that transitional changes would be needed and the learning from all of this is that the CEO must have both a transformational vision and a portfolio of clear and attainable transitional changes upon which a foundation of success and progress can be built.

Eccles et al. argued that sustainable companies “learn from the outside” through engagement with a variety of external stakeholders, a process that allows the company to learn about the concerns and expectations of those stakeholders regarding the company and opens the eyes of company leaders to potential opportunities to create value for shareholders and stakeholders.23 Their research found that sustainable companies were much more likely to encourage their employees to assimilate knowledge from sources external to their company than were traditional companies, a process that companies found useful for building the culture of innovation and learning necessary for sustainability. Sustainable companies were also much more likely to collaborate with other companies, including competitors, and organizations to advance their goals. Collaboration was particularly keen up and down the supply chain and the researchers noted that one of the strongest differences between the sustainable and traditional companies was that sustainable companies encouraged their supply chains to adopt sustainable strategies and were likely to work closely with suppliers to support those efforts. Eccles et al. pointed out that sustainable companies did a much better job than their traditional counterparts with respect to transparency, clear and consistent messaging to stakeholders and honest and widely disseminated reporting on their sustainability targets and the progress that was being made toward achieving them (including some of the problems that the company had encountered that had caused it to fail to meet its sustainability commitments). Among other things, the reporting provided by the sustainable companies was a good way for their stakeholders to see how their interests and views were being integrated into the strategy and management of the company.24

Stage Two: Codifying the New Identity

Eccles et al. explained that the second stage of the process of creating a sustainable company involves building internal support for the new identity developed during the first stage through employee engagement and creating and codifying mechanisms for execution.25 Eccles et al. defined employee engagement as the actions that the company takes in order to secure the interest and attention of its employees in the company’s sustainability efforts and the roles that employees are asked to play. In most cases the transition to become a sustainable company will require that employees change their behaviors and behavioral change will not occur unless the employees believe that it will be worth it. Employees will also need to understand and accept the reasons for the company’s decision to make changes and have a clear picture of the specific individual role that they are expected to play and how their performance will be measured. The process of employee engagement will not be easy; however, Eccles et al. pointed out that

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23 Id. at 47.
24 Id. at 46-47.
25 Id. at 47.
engaged employees are emotionally connected to their work and to their workplace and thus tend to be more productive and more willing to engage in discretionary efforts to achieve company goals.\textsuperscript{26}

Eccles et al. found that sustainable companies were much more likely than traditional ones to have a clear strategy for engaging employees supported by a clear business case for sustainability and that these strategies were implemented by communicating the impact that the employees’ contributions will have on the company, articulating the connection between each employee’s work and the sustainability goals and enabling cross-functional communication and idea exchange.\textsuperscript{27} For example, everyone in the organization from senior leadership to line management should have sustainability-related goals incorporated into their individual goals in order for them to feel personally invested in the company’s progress toward sustainability. In addition, a concerted effort should be made to facilitate sharing of experiences and best practices with respect to sustainability-related activities throughout the organization to accelerate learning and assure employees that they are not “going it alone” and that others are taking on similar sustainability challenges and creating sharable solutions.

Eccles et al. found significant differences between sustainable and traditional companies with respect to the presence of organization-wide mechanisms supporting sustainability-related changes and the way in which those mechanisms were used. For example, sustainable companies were far more likely to have enterprise-wide management systems (i.e., structured frameworks of practices and procedures) for executing sustainable strategies. Notable features of these management systems included processes that connected sustainability to corporate strategy, with direct ties to performance evaluation and compensation; incorporation of sustainability metrics into the capital budgeting process; development of valuation processes that take externalities into account; setting clear targets for sustainability objectives; and establishing targeted programs linking the objectives to business results. Eccles et al. noted that all companies were struggling to find appropriate metrics and tools for measuring sustainability and that collecting consistent, complete and precise data from across the value chain was challenging; however, they felt that one of the hallmarks of sustainable companies was their willingness to take on these measurement challenges proactively and aggressively.

\textit{Building and Maintaining a Supportive Corporate Culture}

Eccles et al. argued that actions taken during the two stages described above to reframe and codify the company’s identity would reinforce, or even establish, a supportive corporate culture based on change capabilities, trust and innovation. They explained that leadership commitment and external engagement would provide the foundation for transformational change, employee engagement would foster trust and innovation and mechanisms for execution would ensure that change happens as innovations diffuse throughout the organization. At the same time, as the corporate culture becomes more

\textsuperscript{26} Id.
\textsuperscript{27} Id.
supportive of sustainability it will increase the effectiveness of leadership commitment, external and employee engagement and the mechanisms for execution.\textsuperscript{28}

Eccles et al. found strong differences between sustainable and traditional companies with regard to the level of change readiness in the corporate culture, noting that almost all of the sustainable companies had a strong track record of implementing large-scale changes successfully. This is important because transformational change can take years, if not decades, to accomplish and the company must be comfortable with setting its direction, calibrating the risk and then pushing forward even without a precise plan. As it turns out the long path to sustainability actually involves a continuous series of incremental changes which also must be navigated carefully and effectively and sustainable companies were also stronger than traditional companies when it came to implementing incremental changes, which meant that they were able to build a chain of successes and internal confidence.\textsuperscript{29} Without strong cultural capabilities for embracing and executing both transformational and incremental changes a company’s push for sustainability may stall out and ultimately collapse as employees become disenchanted and external stakeholders lose patience with the perceived poor leadership of the organization.

Innovation was found to be another core cultural capability for becoming a sustainable company and the sustainable companies surveyed by Eccles et al. were able to identify and focus on the innovations in processes, products and business models that were necessary to improve financial performance along relevant environmental, social and governance dimensions. Companies with existing capabilities for innovation are obviously in a strong position; however, all companies can benefit from the new ideas that are generated during robust engagement with employees and external stakeholders. Eccles et al. noted that sustainable companies did a good job of promoting and facilitating learning, broad thinking and creativity, all of which are drivers of innovation. For example, sustainable companies provide for lateral communications so that employees can learn easily and efficiently from others in the organization and have access to different frames of reference and points of view as ideas are shared.\textsuperscript{30}

The third key element of the organizational culture for a sustainable company is trust on the part of every employee, which means that employees believe that organizational leaders and everyone else in the organization can be taken at their word and will do their best to deliver on commitments and processes. Without trust employees will be reluctant, if not completely unwilling, to take the risks associated with the level of innovation required in order to achieve the transformational changes associated with sustainability. Eccles et al. argued that companies can foster the requisite level of trust for sustainability initiatives by demonstrating that they value the contributions of employees, consciously aligning their actions with their values, honoring their commitments and basing decisions on what is good for shareholders and for the broader concerns of the organization and society. According to Eccles et al. leaders of sustainable companies understood the value

\textsuperscript{28} Id. at 48.
\textsuperscript{29} Id. at 49.
\textsuperscript{30} Id.
that results when people within the company know that they can count on the integrity, competency, intentions and reliability of their leaders and coworkers. Trust builds the foundation for collaboration and teamwork since employees know that their efforts will be recognized and rewarded and working together for the “greater good” strengthens employee engagement and improves overall business performance.\(^{31}\)

In order for CSR initiatives to be effectively implemented there must be an organizational culture that emphasizes employee participation, continuous learning and improvement, a process that has been described by the International Chamber of Commerce as working “to continue to improve corporate policies, programs and environmental performance, taking into account technical developments, scientific understanding, consumer needs and community expectations, with regulations as a starting point and to apply the same environmental criteria internationally”.\(^{32}\) Surveys have shown that employee participation is particularly important and a majority of the larger companies in Europe have a tradition of proactively soliciting employee suggestions on environmental issues including ideas about redesigning products and processes.

Continuous learning is important because sustainability and CSR involves coping with sweeping changes in science and technology, consumer needs and community expectations. Since change can be uncomfortable for many employees, senior management must be sure that everyone signs on to the CSR initiative and the additional investment of time in retraining and education. One thing that will help to bring employees on board is emphasizing their ability to participate in the process and offer ideas on how best to implement the CSR objectives and commitments. Research indicates that employees, as well as customers and other stakeholders, enjoy being a part of the planning and implementation process and that integrating them into the process increases enthusiasm and encourages innovation through the ideas that employees provide. In addition, as noted above, upgrades in information systems are needed so that employees can track their progress and clearly see how their actions are impacting the success of the program and their ability to claim the rewards and incentives that management has put in place with respect to CSR and sustainability.

Changing the organizational culture will not be easy. For example, shifting from focusing almost exclusively to enhancing shareholder value to balancing the economic, environmental and social outcomes of the company’s activities is difficult, as well seeking out and accommodating the needs and expectations of multiple stakeholders. Managers will need to be retrained and reoriented in order to ensure that they understand how to focus on eco-efficient practices and processes when designing products and organizing day-to-day work processes. However, many companies have found that the push required to implement CSR initiatives actually produces a transforming impact throughout the organization and energize employees who not only appreciate and support

\(^{31}\) Id. at 49-50.
the environmental and social goals associated with the initiatives but also find the ability to participate in decisions and suggest ideas to be a significant boost to morale.

The board of directors and members of the senior management team will need to continuously reinforce the company’s CSR mission and policy in their internal and external communications and in the way that decisions are made. Senior managers, like everyone else in the organization, should be held accountable for the pursuit of CSR objectives and commitments and the company’s reward and promotion systems should clearly include helping the company to achieve those objectives and commitments, either directly or through support of others, as an important criterion. Every planning meeting throughout the organization should have CSR on its agenda, even if it is only taking a moment for a senior manager to ask the managers who report to him or her how things are going on a particular CSR-related action plan and what those managers are hearing from employees within their groups.

**Developing an Integrated CSR Decision Making Structure**

Hohnen and Potts noted that the first question that needs to be answered when the time comes to implement CSR commitments is “‘given the firm’s existing mission, size, sector, culture, way of organizing its affairs, operations and risk areas—and given its CSR strategy and commitments—what is the most effective and efficient CSR decision making structure to put in place?’”33 They argued that since CSR is fundamentally concerned with transparency, accountability and performance, the decision making structure for CSR must be an integral component of the company’s governance activities that is visible to all impacted parties, accountable throughout the organization, supported by coordinated cross-functional decision making and specialized staff expertise, and designed in a way that it can easily be verified both internally and externally.

Given the importance of senior level support and enthusiasm for the CSR initiative, it is not surprising that people and committees at the top level of the organizational structure will be tapped for CSR leadership roles and decision making responsibilities. Active involvement and oversight by the board of directors is critical to the success of any CSR initiative. The board is ultimately responsible for the actions of the managers of the company and for reviewing and approval the company’s overall strategic including its sustainable development policies, objectives and commitments. While all of the members of the board have the same duties in this area, it is common to create a committee of the board, often called the “social responsibility committee”, that will include members that will focus their attention on setting corporate policies on CSR and for dealing with issues such as health and safety, personnel policies, environmental protection and codes of business conduct. The committee will be the first line of review at the board level for the strategies and implementation plans relating to CSR proposed by senior management and, once those strategies and plans are approved by the entire board, the committee must monitor implementation by receiving regular reports from throughout the organization. The committee must also ensure that the strategies and

33 Id. at 58.
plans are implemented consistently, which is particularly challenging when the operations activities of the company are disbursed over many locations and/or the company is heavily dependent on third parties for activities, products and services. Any CSR board committee should have its own charter and procedures, reviewed and approved by the entire board. In addition, time should be set aside during each meeting of the directors for the entire board to focus on progress toward CSR commitments and hear reports from key CSR decision makers throughout the organization, since even though some CSR responsibilities may be delegated in some manner each of the members of the board should understand that CSR has been added to all of their duties and must be considered in any decisions that may be made in the boardroom.

Operational responsibility for overseeing and tracking the company’s progress toward its CSR objectives and commitments should be assigned to a specific department or group within the organizational structure. Just below the board level a senior executive should be appointed to manage overall CSR implementation throughout the company. The CSR executive should either be a full member of the company’s “C-suite” or report directly to the CEO and, as necessary, to the board of directors. In many cases, the CSR executive will be supported by a CSR implementation committee that includes representatives from key departments or business units that are most impacted by the CSR initiative and who will report to the CSR executive. For example, Hohnen and Potts suggested that the implementation committee would normally include representatives from environmental, health and safety protection, worker relations, supplier relations, community relations and customer relations. It needs to be clear to committee members that their service is valued and important to the company and appropriate changes should be made to their job descriptions and the criteria that will be used to evaluate their performance and set their compensation and other incentives. The implementation committee should also be supported by specialists in important areas such as stakeholder engagement, monitoring of environmental changes impacting sustainability, including legislation, and reporting.

The discussion above presumes a relatively centralized structure for managing the CSR initiative; however, how it works in actual practice depends on the balance that is struck between reserving decisions for the CSR implementation committee and allowing individuals, departments and business units to decide on the best way to implement the CSR commitments given the specific context in which they operate. For example, some companies create CSR committees within each of the existing business units (e.g., functional, product and/or market) and those committees focus on the plans relevant to their units. Organizational culture and management style plays a big role in deciding between centralization and decentralization; however, regardless of the path the company takes it is important for every employee to understand how they are expected to contribute to the CSR initiative. The decision making structure should also be designed with an eye toward anticipating the inevitable conflicts that employees will encounter.

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34 Some companies use a hybrid approach and a matrix reporting structure that includes both a CSR executive (and supporting group) and business unit committees and requires managers and employees to report both to their unit leaders and the CSR executive.
when satisfying requirements for social and environmental responsibility appear to conflict with striving for the highest levels of economic performance.

Ideally companies will be able and willing to make all of the changes to their organizational structure that is reasonably necessary to align their chain of authority and collaborative activities with the CSR commitments. In many cases, however, this is not practical and CSR duties and responsibilities will be added to the pre-existing activities of various departments such as human resources, environmental practices, health and safety, legal and community affairs. While this is a good first step there is a risk that the new duties will overwhelm existing resources and it will also take time for each of these departments to properly integrate CSR into their overall business and operational plans. Companies should strive to create independent CSR departments or groups that are self-sustaining and include people and other resources whose primary responsibility is CSR. Hohnen and Potts suggest that these groups can focus on simple cost-saving or revenue enhancing initiatives such as energy savings, waste reduction and employee and customer loyalty programs. The groups can provide the overall planning and oversight and engage other departments as necessary. In this way the company can begin getting used to considering CSR in all of its activities and the group can help other departments understand how their participation in CSR can actually improve their performance.35

Preparing and Implementing a CSR Business Plan

The responsible members on the board of directors, the CSR executive and other senior personnel with important decision-making responsibilities relative to CSR should develop an actual CSR business plan, which can be a separate document or incorporated into the company’s overall business plan. The CSR business plan should track the CSR strategy and commitments that have previously been approved and should identify all of the human, financial and other resources and activities that will be necessary in order to effectively implement the CSR commitments and track company performance in meeting those commitments.

The business plan is also an opportunity to lay out specific plans and tactics for each of the key CSR commitments. For example, Hohmen and Potts suggested that a basic plan for meeting a commitment that prohibits illegal bribes to government officials might include the following elements:

- Establish appropriate training for all employees who have regular contact with government officials during the course of their day-to-day job activities. The course should focus on the distinction between proper and improper payments, with an online version that includes “frequently asked questions” that can be consulted when questions arise.
- Review the company’s incentive and disincentive structure (e.g., commissions) to ensure it does not indirectly encourage improper behavior. In other words, employees

35 P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 65.
should not feel additional pressure to “close deals” that causes them to consider offering bribes to government officials who are in a position to influence decisions.

- Set up a procedure for seeking and obtain advice on payment issues. For example, the company should designate a member of the legal or compliance department to field payments questions and set up a “hotline” that employees can use to seek advice and/or report improper behavior.

- Create “whistleblower” protection measures that remove concerns among employees that they will be retaliated against if they report information relating to an actual or potential improper payment.

Each of the actions in the CSR business plan should be assigned a schedule and timeline and the resource requirements for each action should also be laid out in advance. It should go without saying that the company should not make a public commitment to a CSR activity unless it is willing to invest sufficient resources to effectively pursue and achieve the goals associated with the activity. Whenever the plan calls for assigning new duties and responsibilities to managers and employees, appropriate changes should be made to their job descriptions, reporting requirements and performance objectives.36

While the basic elements of a CSR business plan apply to all companies, the size and scope of operations of the company obviously need to be taken into account. Small businesses will certainly not have the resources available to large global organizations and their CSR business plans should be scaled appropriately since they generally will not be able to hire new staff and set up dedicated CSR departments. In general, small businesses should begin with a single CSR project that excites managers and employees and which can be reasonable integrated into their existing duties and responsibilities.

In addition to a business plan for the organization’s overall sustainability strategy, business plans should be created for each specific program or initiative in order to focus the organization on the steps that will need to be taken in order for the program or initiative to have the desired environmental or social impact. When preparing such a business plan, attention should be paid to carefully describing the specific environmental or social problem or need and the opportunities that the organization has identified for not only alleviating the problem but also making an innovative positive net impact on the organization’s business and the stakeholders most affected by the problem. The business plan should include an overview of the environmental or social problem that includes current trends, root causes and an assessment of the relevant factors in the economic, environmental, social, cultural and political environments. Attention should be paid to the barriers that have previously prevented effective resolution of the problem, a discussion which should serve as an opening to explain the organization’s views as to opportunities that have been missed.37


The next section of the plan should cover the organization’s proposed solution to the problem including a statement of the overall mission, commitments and targets, strategies and operational plans. All of this should be followed by an implementation strategy that includes timelines and budgets, detailed strategic goals for the first phase of the project and more general goals for later phases that can be addressed in more detail as the project moves forward and the initial goals have been achieved and details about how the organization will build the requisite capacity to pursue the project effectively. When focusing on organizational capacity, consideration needs to be given to a wide range of areas including staffing and managerial roles and authority, finance, marketing, technology, governmental and community relations, internal controls and processes, risk mitigation and measurement and assessment of project performance and environmental and social impact.\textsuperscript{38} As with the larger business plan, certain formal steps should be taken during the planning process including establishing a working group, stakeholder engagement, SWOT analysis, defining the specific environmental or social problem, developing strategies and identifying and carefully defining impact indicators and targets. Engagement is particularly important as the organization develops the plans for building capacity in the areas mentioned above, each of which will need its own action plan.\textsuperscript{39}

Another aspect of sustainability communications, something that is generally attended to in detail during the process of developing a business plan for a specific CSR program or initiative, is developing a strategy and implementation plan to communicate about the program or initiative and its anticipated environmental or social impact. Organizations should create a communications plan and recommended elements of such a plan generally will include establishing a brand and messages to be used in program-related campaigns (e.g., taglines, logos, messages to be used in advertising etc.); developing communications and outreach tools (e.g., communications database, e-newsletters, websites, outreach materials targeted to specific stakeholder groups); securing media coverage for key events and initiatives; designing a stakeholder education campaign in collaboration with media outlets; holding awareness events and providing communication tools to support related strategies and operational tactics (e.g., providing background materials to local politicians and community leaders for them to use when discussing the program or initiative).\textsuperscript{40}

### Setting Measurable Targets and Identifying Performance Measures

Internal management control, as well as the ability to create and disseminate external reports, depends on developing appropriate means for measuring performance and assessing the resulting metrics against internal and external performance standards. Implementing and managing corporate responsibility is no different than any other strategic initiative: measurable goals must be established, results must be measured and assessed, and new goals must be continuously set based on ongoing stakeholder analysis, evolving risks and SWOT analysis. While the financial performance of companies has

\textsuperscript{38} Id.

\textsuperscript{39} Id., Appendix C: Sample Work Plan.

\textsuperscript{40} Id., Appendix D: Project My Time Phase One Action Plan—Communications Section.
Implementing CSR Commitments

long been measured using an array of national and international standards for the preparation of financial statements and the accounting profession has developed a robust set of rules and guidelines to ensure the comparability and clarity of those statements, the definition and presentation of performance indicators for corporate responsibility is an evolving art and science.

Implementation of the CSR program will require upgrade to the company’s information systems to ensure that they are capable to supporting the creation of the reports needed by management and external stakeholders. The information that is required, and the type of performance that will be measured and reported, will vary depending on the specific CSR commitments and objectives. Governmental and public agencies, as well as other participants in the industry in which the company is operating, play an important role in establishing standards and identifying the expected performance targets. For example, it is commonplace for companies to track and report emission levels and/or working hours lost due to illness or accident and the measuring procedures of the company should be set up in a way that tracks those metrics accurately and facilitates comparisons to internal targets and the performance of comparable companies. While companies may already be tracking the appropriate information, it is common to find that new measurement procedures will need to be introduced. In addition, while governments often take the lead from industry practices in establishing regulatory standards, the measurement requirements eventually adopted by regulators may be different and this will require companies to continuously update their measurement and management systems (this is one reason why it is recommended that companies proactively engage with regulators as they set their standards to promote consistency and settle on standards that meet the needs of both the public and business).41

External standards, measures and reporting systems often take a significant time to develop and gain acceptance and companies often need to make their own decisions about the best way to measure performance for their specific CSR objectives and commitments. In those situations, the goal should be a cost-effective solution that simultaneously meets the needs of managers and the applicable external stakeholders. While the CSR business plan is being prepared the drafters need to identify appropriate and measurable goals for each of the commitments in order to track progress and determine if changes are needed to the plans or the commitments themselves. Hohnen and Potts noted that measuring success required identifying the objectives underlying a CSR commitment, developing key performance indicators, working out the measurement method and measuring the results.42 When setting targets an effort should be made to keep them simple, measurable, achievable, reliable and time-bound.

Companies generally use a mix of qualitative and quantitative performance measures. For example, quantitative measures might include tracking the amount of waste sent to landfill when the commitment relates to reduction of solid waste or the number of local

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41 P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007).
42 Id at 59-60.
community or stakeholder meetings when the commitment is improving communications with community and stakeholder groups. Quantitative measures include assessing feedback from customers and other stakeholders on the value and effectiveness of particular CSR actions done in furtherance of commitments. Many commitments require both quantitative and qualitative measures: when assessing improvement of community relations both the number of community meetings and attendee satisfaction with those meetings needs to be considered. As a practical matter, the most meaningful measures of performance are those that are focused on demonstrable impact with respect to a given environmental or social issue.

However, as more companies have committed to voluntary sustainability reporting and organizations such as the Global Reporting Initiative (“GRI”) have gained traction as standards setters for appropriate indicators of environmental and social performance, companies are able to use those indicators as a basis for their responsible management efforts. Specifically, companies can refer to indicators included the GRI reporting framework that cover each of the major topics and concerns of responsible management including financial responsibility, environmental responsibility, responsibility towards personnel, collaboration with partners and product responsibility, as well as related areas such as community engagement and investment.43

The GRI reporting framework is extensive and designed to meet the needs of a wide range of companies of varying sizes that are operating in different sectors. No single company can or should afford the same weight and attention to each indicator, instead the task associated with reporting as part of responsible management is to identify those indicators that are most relevant and material to stakeholders’ understanding of the company’s corporate responsibility performance. While indicators can be integrated after the company has completed the stakeholder engagement and risk and SWOT analysis, it is useful to consult the reporting frameworks in advance as they can provide ideas that can be used in the initial corporate responsibility analysis and to help the company focus its attention and resources. All of the indicators should be reviewed, weighted and prioritized, with initial rankings discussed with stakeholders to ensure that they reflect the stakeholders’ main concerns and expectations regarding reporting. Reference should be made to indicators selected by competitors so that the company’s reporting can be easily compared to others in the same market.

The reporting frameworks are used primarily to present information on the company’s corporate responsibility performance with respect to its own operational activities; however, the framework also provide guidance on information that should be collected from partners in the production chain for the company’s products in order to provide readers of the finished report with an understanding of the corporate responsibility management conducted by those partners and the impact that it has on goods and services that they company produces. For example, if a number of the company’s products incorporate component developed and manufactured by outside vendors and/or are

manufactured on an outsourced basis, the picture of the environmental and social footprint associated with those products is not complete without an understanding of how corporate responsibility is managed among the suppliers and manufacturers that the company relies upon. A company that practices high standards of corporate responsibility management internally yet knowingly or negligently countenances actions by the supply chain partners that harm the environment and/or disrespect the human rights of their workers must be held accountable, and for many companies the greatest corporate responsibility risks (and opportunities) can be found in their supply chains.

While often discussed separately, corporate responsibility indicators and reporting should be considered throughout the process of stakeholder engagement and analysis, risk analysis and SWOT analysis. Establishing the focus of the company’s corporate responsibility activities and the associated management processes requires input from key stakeholders and provision should be made for giving each of them ample opportunity to participate in the process. Through stakeholder engagement the company can improve its understanding of the risks that the company faces and can often tap into the ideas provided by stakeholders to develop business opportunities. As noted above, companies do not have to report on all of the indicators included in the GRI framework and should be most attentive to those indicators that are material; however, the reporting can and should be tailored to all of the issues that are most important to the company’s unique set of stakeholder interests and expectations. Companies also need to remember that while reporting should reflect performance against various quantitative and qualitative indicators, it is also an opportunity for the company to describe its process of engagement and analysis, the way the company is applying its strengths to address threats and exploit opportunities and the steps that the company is taking in order to strengthen weaknesses in its business model that are preventing it from achieving better corporate responsibility success and while may ultimately expand into substantive risks for the business.

As part of its sustainability reporting, Bristol-Myers Squibb laid out commitments with respect to several of its key stakeholder groups and then provided general goals and specific targets for each of those goals that were to be completed with a specified time framework (i.e., targets to be completed by 2015 for general goals developed and announced in 2010)\(^44\):

- Patients and Customers: For its patients and customers the company committed to scientific excellence and investment in biopharmaceutical research and development to provide innovative, high-quality medicines that addressed the unmet medical needs of patients with serious diseases. One general goal was to address focused unmet medical needs to improve health. Specific 2015 goals included developing and commercializing medicines that address serious diseases; improving health outcomes by partnering to strengthen health care infrastructure, services and education; and increasing transparency and access to information on their medicines. A second general goal was enhancing the environmental and safe handling aspects of their medicines through their life cycle. Specific 2015 goals included integrating design

\(^{44}\) See Bristol-Myers Squibb Sustainability 2015 Goals Final Report.
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- Employees: For employees the company committed to diversity and inclusiveness, health and safety, professional development, work-life balance and equitable and respectful treatment. One general goal was to provide a safe and health work environment and specific targets included achieving injury and illness rates in top 25% of the pharmaceutical industry performance, with rates improving. A second general goal was to achieve a high performing workforce as a recognized employer of choice with a related specific goal of building and developing a globally diverse leadership and talent pipeline.

- Global Communities: The company committed to the promotion of conscientious citizenship that improved and promoted health and sustainability in the communities where it operated. One general goal was to increase key supplier sustainability aligned with the company’s overall commitment with a related specific goal of expanding principles of sustainability and performance indicators at key suppliers. A second general goal was to educate and engage the company’s organization to actively drive progress in environmental and social responsibility with a specific time bounded goal of increasing employee understanding and commitment to implement sustainability initiatives.

- Environment: With respect to the environment the company committed to preservation of natural resources and minimization of the environment impact of the company’s operations and projects. The general goal was to improve the company’s environmental footprint with specific targets being reduction of total energy use and greenhouse gas emissions by 15% and reduction of total water use by 10%.

With respect to its investors Bristol-Myers Squibb noted that it intended to strive to produce sustained strong performance and shareholder value through continuous pursuit of financial benefits, enhanced reputation and risk reduction. The company did not provide specific targets for share price or market valuation, instead focusing on factors such as reputational strength and risk management that have been linked to improved overall performance in terms of traditional economic measures. Effective governance, another factor frequently mentioned by institutional investors, was included in the company’s statement of overall commitments to its stakeholders. While more and more investors are acknowledging the link between reputation and risk management and the value of their investments, companies must be prepared to demonstrate actual improvements in those areas as a result of their sustainability initiatives.

It is important to understand that meeting a performance target does not necessarily mean that there has been satisfactory progress toward achieving success with the related commitment. Hohnen and Potts pointed out that even if the company dramatically increases the number of meetings with community members relations with the community will not necessarily improve if those meetings do not address the problems and concerns raised by the community. In that situation, the tactics need to be changed in order for progress to be made. For example, more resources may need to be placed into investigating and resolving specific complaints, a process that plays out outside of the public meetings. A properly crafted commitment and performance target should not only
include metrics on the number and types of community engagements but also objective feedback on community satisfaction with the company’s initiatives for engagement and involving community groups in decision making.

Another thing to consider when setting goals and performance targets for commitments that are primarily grounded in social and environmental areas is the potential impact on the economic performance of the company. For example, as noted by Hohnen and Potts, reducing emissions can actually increase the company’s profitability, although it may take time to actually see a reduction in energy costs that exceeds the initial investment in the emission reduction efforts (this is one reason why emission reduction goals and targets should be framed within an extended time period). In addition, the public commitment to reducing emissions and otherwise acting in an eco-friendly manner will hopefully improve the reputation of the company’s brand and open opportunities to do business with new customers motivated to work with environmentally responsible companies. In the same vein, targeting measurable improvements in the supply chain will likely make the company a more attractive potential partner for retailers and other business partners looking to improve their own supply chain management profile.

**Integrating CSR into Strategic Values**

Skeptics have dismissed CSR as just another form of corporate public relations and cautioned that CSR can only have real substance “if it embraces all the stakeholders of a company, if it is reinforced by changes in company law relating to governance, if it is rewarded by financial markets, if its definition relates to the goals of social and ecological sustainability, if its implementation is benchmarked and audited, if it is open to public scrutiny, if the compliance mechanism are in place, and if it is embedded across the organization horizontally and vertically”.

Sampselle argued that “[c]ompanies do best by incorporating the full range of stakeholders into the development and implementation of the company’s core values and mission in pursuit of the vision (i.e., the picture of what success for the business will be at a particular time in the future)” and cited Kanter for the proposition that “[v]anguard companies go beyond the lists of values posted on walls and Web sites by using their codified set of values and principles as a strategic guidance system”. Sampselle noted that while these propositions may be true for all companies, they were especially important when considering sustainability initiatives, and went on to provide several illustrations of companies that had been successful at strategic values integration:

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45 P. Frankenthaler, “Corporate social responsibility-a PR invention?”, Corporate Communications: An International Journal, 6 (2001), 18
47 Id. at 4-7 (citing R. Kanter, SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth, and Social Good (New York, Crown Business, 2009)).
• Wal-Mart used its core competencies in human resources management and logistics to orchestrate effective delivery of badly needed goods to the victims of Hurricane Katrina and then built on those activities to “launch into a far more expansive and significant green campaign that ‘engages customers, suppliers, and staff in a war on waste, obesity, and global warming’.” Wal-Mart has integrated socially responsible goals and objectives into its mission, values and strategy including improvements to its supply chain and aggressively moving to make healthier, greener products available to its customers.

• In the early 2000s IBM set out to refocus its culture and values and reached out to engage thousands of its employees in a dialogue—Sampselle described the process as “jams”—to collectively identify a new set of core values. The result was: “dedication to every client’s success; innovation that matters, for the company and the world; and trust and personal responsibility in all relationships”. What followed was the development of a “socio-commercial strategy” that integrated the company’s commercial and community activities and unleashed the company’s impressive and innovative technologies to find solutions that would lead to a “smarter planet” and help connect entire ecosystems of organizations and interests to “work smarter”.

• When a leader at Unilever reported that there were “too many unaligned programs and messages,” the company decided to create a new brand identity that integrated its modern home-and-personal-care and food-and-beverage businesses underneath a single corporate umbrella and pursue a strategically oriented mission “to add vitality to life by meeting everyday needs for nutrition, hygiene, and personal care brands that help people feel good, look good, and get more out of life”. The result was a menu of sustainability initiatives that were consistent with the company’s core competencies including a focus on the environmental relationship between consumption and obesity, environmental sustainability throughout its supply chains and ethical consumerism growth through interest in cause-related products and in brands’ social responsibility.

In order to provide contrast to the actions of Wal-Mart, IBM and Unilever, Sampselle explained some of the pitfalls that must be avoided in order for a firm to achieve and maintain credibility as a sustainable business.\textsuperscript{48} For example, many companies have been accused of “greenwashing”, which Sampselle described as “openly stating values that they then fail to embody and embrace to the extent the public sees fit”. Sampselle pointed to Nike’s public celebration of the happiness of the workers in its Vietnamese factories in 1997, a story that was undercut when the \textit{New York Times} reported that those workers were exposed to carcinogens at 177 times safe levels and being paid ridiculously low wages for work weeks that were far longer than permitted by local law. British Petroleum, generally known simply as “BP”, is another case. For several years during the 2000s BP invested heavily in its “Beyond Petroleum” campaign, touting a

commitment to “green energy”. However, the reality was that BP was continuing its old ways: investing 93% of its resources in its traditional oil and gas activities. Sampselle quoted one the 2006 observations of one of the architects of the campaign: “I guess, looking at it now, ‘Beyond Petroleum’ is just advertising. It’s become mere marketing -- perhaps it always was -- instead of a genuine attempt to engage the public in the debate or a corporate rallying cry to change the paradigm.” Any hopes that BP had of successfully transforming its image were effectively destroyed a few years later in 2010 with the Deepwater Horizon accident and resulting devastation of the Gulf coastline. The damage for companies that can occur from greenwashing and sloppy implementation of sustainability initiatives is significant: highly publicized failures undermine the public’s trust and drain the goodwill that surveys have shown to count for as much as 70% of the value of the largest companies.

Sampselle also cautioned companies about relying on “one-off” actions or campaigns as satisfying stakeholder expectations regarding the company’s commitment to sustainability. He cited examples of companies that publicize their intent to make donations to worthy causes, noting that while these efforts are certainly admirable they often lack what Sampselle argued is the key element of effective sustainability practices: long-term strategic integration. One of the easiest ways for companies to venture into sustainability is by increasing their investment in philanthropic activities including donations of cash and non-cash assets to charitable organizations. In some cases, companies augment these investments by creating programs that allow their employees to volunteer with the designated charities. While philanthropy can generate good press, and usually makes employees feel better about the places they work for, it must become an embedded long-term commitment of the company and a starting point for fuller engagement with relevant stakeholders: people within the company working with the charities and the charities themselves, who may have innovative ideas about how the company’s core competencies can be deployed to enhance the value that the charities provide to their constituencies.

Engaging Employees and Others to Whom CSR Commitments Apply

Responsibility for the implementation of the CSR commitments falls heavily on the shoulders of employees and it is essential to have them involved in the process of developing the commitments and provide them with the tools and incentives to be vigorous champions of CSR in their dealings with customers, suppliers, community members and other stakeholders. If employees are not effectively engaged in the CSR initiative the company will find that other stakeholders lose confidence in the company’s dedication to CSR and will find the company’s written CSR commitments to be little more than words on paper.

Hohnen and Potts recommend that employee engagement should begin by making sure that employees are aware of CSR directions, strategies and commitments, hopefully
Employees need to hear directly from senior management of the company about the reasons that the CSR commitments have been adopted, why they are relevant to the goals and future of the company and how they will likely change the way that the company operates. Most importantly, each employee needs to have an understanding of his or her role in implementing the CSR commitments and the issues and considerations that he or she should consider whenever a decision is made or an action is to be taken. Hohnen and Potts suggested that companies can build and maintain employee support for CSR implementation by taking the following steps:

- Providing early and intensive training about the CSR initiative to key decision makers and influencers so that they can champion the commitments and proactively introduce the concepts of CSR in their day-to-day interactions with their colleagues;
- Incorporating CSR performance elements into job descriptions and performance evaluations for positions at all levels of the organization;
- Providing regular updates on progress in meetings or the company newsletter and using other internal communication strategies discussed below;
- Developing incentives (e.g., monetary and other rewards for best suggestions);
- Removing or reducing disincentives (e.g., competing interests such as premature deadlines that encourage employees to choose non-CSR options);
- Offering incentives and recognition for good ideas; and
- Making it a practice to celebrate CSR achievements in order to motivate and inspire employees to continue pursuing the CSR initiatives.

**Designing and Conducting CSR Training**

In order for employees to feel engaged in the CSR implementation process and carry out their new duties and responsibilities they need to be adequately and continuously trained. Employee training is essential for any CSR program to be effective. It is not sufficient to adopt formal policies and procedures if employees do not understand what is expected of them and the reasons for the CSR initiatives. Training sessions should be held at the time the CSR initiative is about to be launched in order to orient employees about their roles and teach them the specific skills and competencies they require. Training should continue in the months and years that follow as commitments and circumstances change and the company begins to address new CSR issues and develops new CSR programs. Ongoing training is also a good opportunity to efficiently share best practices throughout the organization.

Hohnen and Potts noted that there are several steps that companies should take in order to establish a successful training program: conduct a needs analysis; set learning objectives; design the program (i.e., content, format, logistics, timing, duration); implement the

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program; and evaluate the program against the learning objectives.\textsuperscript{50} Specific questions that need to be answer by companies regarding training include the following:

- **What subjects and activities should be covered by the program?** Comprehensive training programs should cover all aspects of the company’s environmental and social policies, programs, goals and performance and all impact aspects of the company’s business operations (e.g., suppliers, waste management, CO2 emissions, product design and packaging etc.).

- **What specific individual skills should be covered by the program?** In general, the curriculum should include all the knowledge, skills and attitudes that employees will need to have in order to effectively help the company achieve its CSR goals. Course design should take into account language requirements and local cultural attitudes and literacy levels (when training is being offered in different countries).

- **What type of training methods should be used?** “Adult learning”, which anticipates that students will have input into the learning process, has been shown to be most effective and companies should plan on interactive training available in classroom and online formats.

- **How should responsibility for training programs be allocated?** While the CSR executive and the company’s CSR implementation committee should be ultimately responsible for CSR training, the details of making sure that training occurs are typically assigned to the company’s human resources department and a designated CSR coordinator in each department or business units in which trainees are working.

- **What processes should be used to monitor training effectiveness and update the content?** Processes should be implemented to track attendance and elicit feedback from trainees on the quality of the training programs. The curriculum should be reviewed on a regular basis and updated as necessary, a process that will be easier if the company has relied on online formats for delivery of training materials.

At the most general level, employees must be educated on the CSR program and provided with explanations of what CSR means for the company and how it is expected to impact the company’s performance, reputation and social license to operate. CSR training must cover each of the key issue areas including ethical business conduct, employment practices, workplace conditions, supply chain management, stakeholder engagement etc. If possible, all employees should be exposed to at least general information on each of these topics even if they will not be spending a lot of time working on activities that are directly related to a topic. Specialized training should be available on each of the topics and should be provided to those employees who encounter the issues covered by the topic on a regular basis. For example, employees working with suppliers should go through extensive training on the content and implementation of the company’s policies and procedures relating to monitoring workplace conditions and environmental resource management in the supply chain and dealings with foreign governmental officials. Employees also need to understand the potential personal and

\textsuperscript{50} The discussion in this section is adapted from P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 62-63.
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company liabilities for violating the CSR program and the specific laws and regulations that are related to the CSR issues. In any case, training should be practical and industry-specific and should include examples from the day-to-day experiences of employees.

In order for the training program to be effective there must be visible support from top management, which includes mandatory participation by members of the board of directors and the senior managers in training programs as both learners and teachers. Among other things, executives and senior managers should be training in stakeholder engagement techniques since they will likely be asked to be on the front line of the company’s efforts to improve relations and communications with key stakeholders. Directors need training in the emerging techniques and frameworks for sustainability reporting in order to understand how to integrate non-financial information into the company’s regulatory reporting and voluntary communications to stakeholders regarding the company’s sustainability-related activities.

While some companies rely on internal sources for developing and providing CSR training, it is common to rely on one or more of the many training and consulting companies that have been launched to provide support to companies in their sustainability efforts. Compliance training, ethics, environmental management, workplace safety and ISO 26000 are areas in which outside vendors are frequently used. In addition, outside consultants can provide classes on sustainability standards and offer certification to companies and their employees on important sustainability tools such as reporting practices. Employees should be required to engage in continuous training to refresh skills and gather information on new trends and practice tools. Resources should be available for continuous review and access by employees outside of regular training sessions including documentation (i.e., CSR policies, codes of conduct and handbooks/manuals), videos, interactive learning tools, frequently asked questions, dedicated internal website with links to external resources, copies of the company’s sustainability reports and “help lines” that connect employees in real time with trainers and issue specialists. Names and contact information of the members of the company’s CSR leadership team should be circulated throughout the organization and members of the team should be prepared to act quickly in responding to questions and issues that may be brought to their attention from within the organization. As with other aspects of the CSR initiative, the frequency and scope of CSR training should be properly documented and available for audit by interested stakeholders.

Establishing Mechanisms for Addressing Problematic Behavior

Every formal organization has procedures in place for “monitoring” to ensure compliance with the codes and rules established by the organization and measuring the effectiveness of those codes and rules. Monitoring of the effectiveness of codes is required under the laws of certain countries, at least for publicly-held corporations, and companies have generally moved toward greater reliance on internal audits to monitor compliance with

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their codes. In addition to audits, companies rely on indirect monitoring strategies such as establishing and encouraging “whistleblower” procedures that allow organizational members to report the misconduct of others including code violations. Accounting systems are also a good way for companies to identify and track corrupt behavior. When members are aware of the organization’s attempts to monitor compliance, a message that should be sent continuously from the very top of the organizational hierarchy, they often internalize the resulting pressures to comply and effectively self-monitor their actions, thus reducing the overall costs of compliance initiatives.52

Sanctions are another element of formal organizations and are typically combined with monitoring in the organization’s overall efforts to ensure compliance with its codes and rules. While most of the research on sanctions has focused on negative sanctions, such as termination of employment, fine, verbal warnings and legal actions, organizations should also consider positive sanctions in the form of individual rewards for persons who fulfill their duties and responsibilities with respect to a CSR activity.53 Codes and rules do not themselves sanction the actions of organizational members, but only contain warnings and promises of sanctions in the event that a violation of the code or rule is discovered. It is up to the organization itself to impose the sanctions and it is the enforcement record of the organization—or at least the perception of the members regarding the enforcement record—that will impact the efficacy of this element. In some cases, sanctions are not explicitly used as organizational element; however, members may still assume that sanctions exist because they are so tightly associated with the use of rules and monitoring.

In order for the CSR initiative to be effective procedures must be put in place to facilitate early detection, reporting and resolution of “problematic behavior” (i.e., behavior that conflicts with the company’s CSR commitments and/or otherwise breaches laws applicable to the company or the company’s code of conduct and related policies). If a company is perceived to be sloppy or indifferent about the actual enforcement of its CSR commitments the entire initiative will be a failure and the reputation of the company will plummet below the levels enjoyed before the CSR project began. Problems with respect to meeting CSR commitments and/or the effectiveness of the processes and tactics chosen to achieve those commitments will hopefully be uncovered through regular monitoring and audit; however, issues of wrongdoing and non-compliance can arise at any time and companies must have procedures in place to make it easy for employees, customers, suppliers and other stakeholders to report breaches of CSR commitments. Ideally reports can be made through open communications, such as employees providing information on their concerns to their supervisors; however, provision should also be made for submission of reports via anonymous hotlines and to independent ombudspersons. Reporting is often referred to as “whistleblowing” and companies need to be mindful of legal protections for whistleblowers that prevent them from being subjected to harassment and retaliation. Reports need to be taken seriously and senior management

53 Id.
personnel should be assigned responsibility for investigating reports and making sure that issues are brought to the attention of appropriate people and departments within the organization. Various resources are available to assist companies in establishing whistleblowing programs.\(^{54}\)

**Creating Internal and External Communications Plans**

Plans should be created to ensure that information regarding the company’s CSR commitments, activities and performance is widely and continuously communicated both inside the company and to the company’s external stakeholders. Communications regarding CSR activities and the results of those activities should be conducted using a wide range of channels such as the company’s website and newsletters to the company’s customers. Companies should also collaborate with value chain partners and other stakeholders on communications planning and execution and should participate in events related to CSR as a means for gathering information and raising awareness of the company’s involvement. While much of the communication activity relates to disseminating the results of the CSR initiatives and programs, dialogue with stakeholders should begin early in the process so that stakeholders can provide inputs into the company’s decisions regarding CSR commitments and areas of focus.\(^{55}\)

**Internal Communications**

An important part of strengthening employee engagement in CSR is making sure that they have current information and companies use a number of methods including newsletters, annual reports, Intranet communication, meetings and training. Communications reinforces that CSR is a priority within the organization and also provides employees with the tools they need to discuss the CSR initiative and commitments among themselves and with customers, suppliers and business partners. Managers and supervisors should be required to put CSR topics on the agenda for all internal group meetings in order to provide employees with an opportunity to share stories or ideas.

With respect to communications it is essential that every employee understand the company’s mission statement and related goals and objectives and, as mentioned above, the preferred approach to developing the plan in the first place is to solicit the opinions of all the employee groups who are essential to successful implementation of the plan. If the employees understand and accept the goals and objectives established by senior management they are more likely to accept instructions and conscientiously carry out their duties and responsibilities. Moreover, they will be motivated to contribute to

\(^{54}\) The discussion in this section is adapted from P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 63. Information on establishing a whistleblowing program, including the Whistleblowing Commission Code of Practice for effective whistleblowing arrangements, is available at the website of Public Concern at Work (http://www.pcaw.co.uk).

\(^{55}\) P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 64.
effective execution of the strategy and make suggestion about how to make necessary projects flow more smoothly.

Communications can include the distribution of information about plans, business operations, competitors and the overall business environment in which the company operates, and can take the form of meetings, written reports, newsletters, leaflets, informal conversations during the workday, and multi-media presentations. In addition to their role in educating employees, communications can also provide a basis for collecting feedback from throughout the organization and motivating employees to pursue higher performance objectives that they have had a hand in setting. Finally, communications skills can be used to develop trusting relationships between managers and employees, particularly when managers are communicating with employees regarding his or her performance.

Managers must be mindful of the different channels of communication that normally co-exist in any company. For example, vertical communication, which usually goes up and down the organizational structure through formal reporting procedures, is the way that managers communicate assignment, feedback on prior performance, and information about the company to subordinates. In turn, subordinates use vertical communication channels to deliver requests and suggestions, as well as responses to communications that have previously been delivered from above, often in the form of reports. In contrast, horizontal communications are those that occur among and between managers and other employees at the same general level in the organizational hierarchy. Using written reports and meetings, horizontal communications generally focus on coordination of responses to vertical communications from above and on building teams and groups across various organizational lines.

Managers should, and often do, spend significant amounts of time on creating and improving formal communication systems within the company. For example, it is important to have systems in place that will provide managers with regular reports on the status of the selected control points in the organizational structure. In addition, formal feedback methods, including suggestions systems and questionnaires, are a good way to begin to institutionalize a more participatory and decentralized style of management. However, managers should also not overlook the importance of informal communications. Managers should look for opportunities to mingle with employees at their workstations and can useful informal meetings as an opportunity to gauge the acceptability of ideas that the manager might be considering for formal implementation.

Some of the problems that might arise during the communication process include the following:

- Avoidance and lack of opportunities for face-to-face communications can lead to misunderstandings as messages get garbled and confused as they pass through a long line of intermediaries.
• Prejudice or distrust among the communicators can also hamper communications, since the participants either lack respect for the other party or feel that the communication is not reliable.

• Communications are often made to the wrong audience which means that the proper recipients here the information from an inappropriate source and often receive it in an inaccurate form.

• Senior managers sometimes deliver directives to subordinates in a disrespectful, often humiliating fashion, thereby creating an unpleasant environment for understand the actual communication.

• Communications may be less effective because managers fail to include all responsible parties in the original delivery of the message, such as when a meeting is held without all the necessary personnel.

• Communication pessimism, and frustration, can arise from the failure of a party to participate in a timely dialogue on important issues, as happens when suggestions or requests go unanswered or unacknowledged for lengthy periods of time.

Managers must carefully examine their organizations with an eye toward identifying any of the potential communications problems listed above, or other factors that may lead to situations where it is clear that important messages and information are not understood. The next task is to devise and implement effective solutions to these problems, including scheduling of meetings with opportunities for questions and discussion of directives and ideas, team building, regular and timely reports of performance and other information that are generally and consistently available to all employees, and suggestion systems. In some cases, managers may implement training programs focusing on communications skills, not only for managers but also for others throughout the organization. Training should cover a variety of skills, including listening, writing, conducting meetings, public speaking, and negotiating.

Managers must also make an effort to prepare to make communications that are effective, accurate, timely, and directed to the proper audience. This requires careful planning of meetings and other presentations and make sure that the information is packaged in a way that is meaningful to the audience. When discussing problems, the manager should also be prepared to describe solutions or secure feedback from the audience if the purpose of the presentation is brainstorming or collection of suggestions. Finally, choice of media is important, with sensitive matters best handled verbally with appropriate written follow-up if necessary.

**External Communications**

As noted during the discussion of developing CSR commitments, a key step in CSR implementation is making the company’s CSR commitments “public”. Many companies place their CSR commitments on their websites and on packaging for their products and this is important to making those commitments credible and real to stakeholders; however, these are only the first steps and companies need to have an external communications plan that focuses on individuals and groups outside of the company that
need to be aware of the CSR initiatives and the company’s progress toward achieving its commitments. Among other things, companies should prepare a list of persons and groups who should be formally notified of the CSR commitments and receive copies of the documents with a personal note from a company executive. In addition, companies conduct awareness campaigns that include advertising, speeches, and other media events and community meetings. Web site references to CSR can and should be expanded as time goes by to include more information, reports, and case studies of the company’s CSR activities. Investor relations strategies should be modified to incorporate CSR strategies.

Finnish Textile & Fashion ("FTF"), the central organization for textile, clothing, and fashion companies in Finland, cautioned that communications should be appropriate in light of the company's nature, size, operating methods, and potential risks related to corporate responsibility, and recommended that companies focus their communications efforts on matters that are essential from the business perspective, are of interest to stakeholders and include potential operational and reputational risks. For example, since consumers are interested in the origin of the products that are marketed and sold by the company, communications should include transparent information on all stages of the value chain including a description of how the company monitors the environmental and social responsibility of supply chain partners and data on compliance by those partners with company requirements. Information on environmental and social responsibility aspects of the inputs to products should also be presented and corporate communications are a good opportunity for companies to describe the process that is followed in designing and manufacturing products including consideration of methods for managing the environmental footprint of products over their entire lifecycle of use and disposal.

As for marketing activities, FTF noted that companies will naturally want to include their corporate responsibility successes in efforts to promote its brand; however, presentation of environmental and social responsibility in advertising and marketing materials are subject to the same fundamental principles as any other information and companies need to ensure the information is not misleading or unjustified. Regulators often issue guidelines that cover advertising practices. One example referred to by FTF was the policies of the Finnish Competition and Consumer Authority relating to consumer rights in connection with environmental marketing, which emphasized that claims made in marketing must be backed up by evidence and that companies should avoid presenting minor environmental impacts that were insignificant in view of the company's overall activities if other, clearly more significant environmental impacts were played down. FTF pointed that companies can use environmental certification and branding in their marketing activities provided they comply with the requirements and instructions of the certifying bodies. Signaling social responsibility in marketing is more difficult. Companies certified as to social responsibility in accordance with the SA8000 standard are listed in a public database; however, there is currently no branding for SA8000. Some companies do attempt to incorporate social responsibility into their marketing strategies.

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57 Id. at 59.
activities by identifying the country of origin in their product labeling and/or describing the social responsibility audit and certification procedures used in each of the production phases for the company’s products.\textsuperscript{58}

**Implementing CSR Partnering Arrangements**

Companies pursue CSR activities for a variety of reasons including not only contributing to sustainable development and addressing important environmental and social issues but also achieving a competitive advantage that improves their own economic performance and sustainability. Even the largest companies have limited resources and it is not surprising to see that companies of all sizes turn to external partners while executing strategic CSR to gain access to additional knowledge, experience and networks. One approach has been referred to as “smart partnering”, which leverages the complementary capabilities of both partners to develop creative solutions to address major environmental and social challenges that affect each partner. Smart partnering not only strengthens a company’s reputation, but also improves the company’s core value creation abilities. While two or more for-profit enterprises can easily and effectively collaborate to address an environmental or social problem, partnerships between businesses and non-governmental organizations (“NGOs”) have become commonplace and provide companies with unique opportunities to align with brands that have become widely recognized and trusted and instantly communicate a desire message regarding environmental and social responsibility. As with the implementation of CSR commitments generally, CSR partnering is most effective when a deliberate path is followed extending through prioritization and selection of environmental and social issues, vetting of prospective partners, planning for implementation, identification and collecting of resources and monitoring and evaluation of outcomes.

**Smart Partnering**

Keys et al. suggested that companies begin the process of developing an overall CSR strategy by mapping their CSR activities into one of four domains that are generally included in the CSR umbrella: “pet projects”, philanthropy, propaganda and partnering.\textsuperscript{59} They went on to argue that while each of the activities in the four domains had an appropriate time and place, “smart partnering” was the most effective way for companies to create value for both the business and society simultaneously by leveraging the complementary capabilities of both partners to develop creative solutions to address major challenges that affect each partner. Keys et al. explained that with smart partnering the focus of the business moved beyond avoiding risks or enhancing reputation and toward improving the company’s core value creation abilities and addressing long-term challenges to the company’s sustainability. As for society, the focus of partnering

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\textsuperscript{58} Companies certified as to social responsibility in accordance with the SA8000 standard are listed in a public database; however, there is currently no branding for SA8000. Some companies do attempt to incorporate social responsibility into their marketing activities by identifying the country of origin in their product labeling. Id.

\textsuperscript{59} T. Keys, T. Malnight and K. van der Graaf, “Making the most of corporate social responsibility”, McKinsey Quarterly (December 2009).
extends beyond maintenance of minimum standards or seeking funding to make an impact on important social issues such as improving employment, overall quality of life and living standards. They counseled that companies looking to make smart partnering a strategic imperative and an opportunity needed to focus on key areas of interaction between the company and its environment and address value creation activities at the center of the company’s strategic agenda. In addition, companies should also embrace smart partnering as a vehicle for demonstrating and executing on their core values.

Keys et al. emphasized the CSR partnering arrangements are like any other business relationship in that they need to be grounded in a solid business case and approached with rigor as to prioritization, planning, resourcing and monitoring. The premise behind “smart partnering” for CSR is that it will deliver short-term and long-term benefits to businesses and communities; however, those benefits need to be identified and defined in advance so that internal and external stakeholders, including shareholders, can be presented with a feasible story that elicits their support for the arrangement and the investment of resources that will be required from the company. Keys et al. suggested that the benefits associated with a prospective partnering arrangement could be assessed across three dimensions:

- **Time Frame:** The time frame is important for CSR partnerships, particularly since the initiatives are typically complex and thus require a longer period of time in order to fully realize their potential. The business case needs to be clear about both short-term immediate objectives for the partnership and longer-term benefits.

- **Nature of Benefits:** CSR partnerships generate both tangible and intangible benefits, both of which need to be measured in some way and taken into account. Companies are certainly interested in increasing revenues from gaining access to new markets and this can be easily tracked; however, notice and recognition need to be given to important intangible benefits such as development of new capabilities and enhancement of employee morale.

- **Benefit Split:** Smart partnering is based on generating benefits that are shared between business and society and in order for the business case for the partnership to be effective it needs to be demonstrated that both business and society will be benefit and that the allocation will be appropriate and not one-sided (if they are one-sided what has been touted as a partnership may really be philanthropy or propaganda).

For both businesses and society, consideration needs to be given to short- and long-term tangible benefits and short- and long-term intangible benefits. While each prospective partnership should be evaluated based on the three dimensions described above, it is not strictly necessary that each of them measure the same way on each of the dimensions; however, each arrangement should fit well into the company’s overall portfolio of CSR partnerships and meet the minimum criteria for partnership status (i.e., there should be both short- and long-term benefits and benefits should not be extremely one-sided). Keys et al. illustrated the application of the three-dimension evaluation framework, and the room for different yet complimentary types of projects, by considering two partnerships that Unilever embarked on in the late 2000s: Project Shakti, which provided short-term tangible benefits that were extremely clear and powerful, and Project Kericho, which was
undertaken to pursue and achieve long-term intangible benefits that were strategically critical for both the business and the communities in which the company was operating.

Project Shakti began as an initiative to financially empower rural women and create livelihood opportunities, including a regular income stream, for them and their families while, at the same time, providing a means for Hindustan Unilever (“HUL”) to market and sell its health and beauty care products to low-income consumers in rural Indian villages that often lie entirely outside the reach of mainstream media and cannot be reached cost effectively through the usual marketing channels. In order to reach consumers in these villages, HUL recruited local female entrepreneurs, referred to as Shakti Ammas (“Shakti” for power and “Amma” for mother), across 15 states to act as salespeople and brand-builders, and HUL’s products were delivered to central locations where Shakti Ammas purchased the goods and from there to thousands of villages.

From a business perspective, Project Shakti created both short-term tangible benefits in the form of significant sales growth and long-term tangible benefits through HUL’s ability to scale a cost-efficient distribution and sales network in remote markets. Intangible benefits to HUL included corporate reputation, education and enhancement of brand loyalty. As for social benefits, HUL trained and employed thousands of women in villages across India in business basics and distribution management and substantially improved health and living standards (i.e., tangible benefits). Intangible social benefits from the program included the development of entrepreneurial skills and mindset and support for rural entrepreneurship. It should be noted that in many cases the benefits identified for society will lead to subsequent opportunities for the business. For example, development of a community of entrepreneurs will hopefully lead to future partnerships with local firms to develop products that meet community needs and that will be enticing for consumers in those communities eager to support the efforts of their neighbors.

The Kericho Project took place in the Kericho district of southwestern Kenya where Unilever had been growing tea since 1924. At its Kericho estate, which is Rainforest Alliance certified, Unilever made a decision to provide workers with pay and working conditions significantly above the agricultural workers’ norm and minimum statutory requirements and also offered housing, annual leave pay, transport allowances, paternity and maternity leave, free health care, nursery and primary school education, clean potable drinking water and free meals during working hours. In addition, Unilever entered in a partnership with the Sustainable Trade Initiative and the Kenya Tea Development Agency

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61 Unilever’s operation of the tea estates in Kericho became a significant challenge for the company in 2013 following allegations of sexual harassment of female workers and Unilever accepted and implemented accepted recommendations to improve the gender balance among team leaders and the grievance handling system following an extensive independent review of the allegations. See https://www.unilever.com/sustainable-living/what-matters-to-you/kericho-tea-estates.html

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that has provided training to over 85,000 farmers on sustainable agricultural practices and Rainforest Alliance certification through Farmer Field Schools, including over 45,000 women (53%), and which has resulted in income diversification, higher yields and health, food and nutrition improvements. Short-term tangible business benefits to Unilever included a positive impact on sales in selected countries and long-term tangible business benefits included control of critical raw material supplies and increased brand strength. Unilever also realized intangible business benefits such as an engaged, healthy workforce, corporate reputation and eco-friendly brands. The local farmers and their communities benefitted from increased income, resource and environmental protection, improved skills and entrepreneurial knowledge, improved living standards and exposure to role models for economic development.

Keys et al. explained that the process of using the framework to identify, quantify and categorize the benefits available through a potential partnership not only allowed the company to develop the business case for the project, it also provided the foundation for communicating the story behind and rationale for the project to stakeholders. In order to communicate and report properly and fully, the company must have a clear understanding of the benefits to the business and society and the resources, including time, which will need to be invested in achieving those benefits. At the same time, the company and each prospective partner must have an understanding of the strategic challenges they are attempting to overcome and the resources they can offer through the partnership to collaborate effectively to address those challenges. Keys et al. counseled the companies looking to make smart partnering a strategic imperative and an opportunity needed to focus on key areas of interaction between the company and its environment and address value creation activities at the center of the company’s strategic agenda. In addition, companies needed to look beyond the traditional comfort zones of pet projects and philanthropy and stretch their strategic ambitions for CSR to include smart partnering. Companies should also embrace smart partnering as a vehicle for demonstrating and executing on their core values.

In order to get started on the journey toward smart partnering for sustainability, Keys et al. recommended that company leaders identify two or three critical interactions between the company’s business and society and for each of these interactions map out what the company has to offer in terms of capabilities, knowledge, resources and relationships that would contribute to overcoming both business and societal challenges. The next step would be to create a profile of an ideal partner that would include resources that complement those that the company is able and willing to offer. Returning to the Kericho Project described above, Keys et al. noted that Unilever’s strategic challenge was to ensure sustainable supplies of critical raw materials and enhance its corporate reputation and that the strategic challenges for ideal partners were increasing income and skills or rural farmers and ensuring a long-term source of income through sustainable agriculture. The partners were able to achieve their objectives by making the appropriate contributions: Unilever offered ongoing, high-volume purchases of tea (i.e., sustainable

incomes), agricultural knowledge and experience to help improve quality of farming and crops, long-term perspective to allow time to realize mutual benefits, environmental commitment and reputation and relationships to help build trust with NGOs and governments; and the local partners offered a critical mass of farmers and farming communities motivated to collaborate on activities that would improve sustainability and quality of tea supplies, local and regional government relationships to support improvements in sustainable agriculture and partners with local energy and habitat-conservation knowledge and experience.

**Corporate-NGO Partnering**

During the first years after CSR began to emerge as an issue for businesses in the 1980s, it was largely a self-regulated activity, with companies making their own decisions about how to manage and report on their environmental and social performance. While the achievements of some firms were impressive, overall there was skepticism about the honesty of corporate communications on their non-economic performance and many argued that corporate self-regulation was inadequate and that it made it too easy for firms to simply engage in public relations activities to improve their reputations as opposed to making a meaningful contribution to sustainable development and achieving social responsibility. One of the responses to these concerns was the ascendance of a new model of co-regulation which now includes partnerships of various types between companies and non-governmental organizations (“NGOs”), which have been defined as “formal (professional) independent societal organizations whose primary aim is to promote common goals at the national or the international level”.

A subset of NGOs sometimes referred to as “social purpose NGOs” have played the biggest roles in the CSR arena and include a range of environmental groups, human rights organizations and organizations dedicated to addressing and alleviating serious sustainable development problems such as poverty. The number and breadth of operations of these NGOs has been continuously expanded and has been accelerated and supported by an overall feeling among consumers and members of civil society that NGOs are trustworthy and reliable. A number of NGOs have developed their own valuable brands, making them some of the best-known organizations in the world: Amnesty International, Greenpeace, Oxfam, Save the Children and the World Wildlife Fund (“WWF”). Moreover, as NGOs have become more prevalent, the creativity and complexity of their relationships with businesses has also matured. In 2014, for example, Poret called out partnerships between Coca-Cola Company and WWF to help protect the world’s seven most important fresh water river basins, Chiquita Brand and the Rainforest Alliance to cultivate bananas in a more environmentally friendly manner and McDonalds and the Environmental Defense Fund to reduce the environmental impact of McDonalds’ packaging. Another significant contribution of NGOs has come through their roles as standards setters or certifying agencies in a number of fields including sustainable agriculture, fishing, packaging, supply chain management, labor issues, renewable

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energy, forest resources, health and safety, an important role given that voluntary certification and eco-labeling have become important elements of CSR strategies for businesses of all sizes.64

When NGOs first emerged, many of the interactions between and businesses could be characterized as “confrontational”, such as when NGOs supported and organized boycotts of companies based on perceived shortcomings in their environmental or social practices. As a result, businesses were initially leery of working with NGOs; however, as time has gone by collaboration has become the norm and businesses have become more comfortable working with NGOs and see them as valuable partners in overcoming barriers to acceptance and expansion of CSR.65 Poret argued that the emergence of NGOs can be attributed in part to their ability to contribute to solutions of market failures. As mentioned above, early CSR efforts were widely criticized on the basis that firms were simply setting their own rules and there was no way to verify claims regarding environmental and social performance. NGOs intervened into the information gap by providing consumers and other stakeholders with an independent source of data that could be used in purchasing decisions. As time has gone by, businesses know and understand that in order for them to credibly promote a product or service as sustainable they must be willing and able to offer a “warranty” in the form of adherence to certification and labeling systems and standards typically overseen by NGOs. As explained by Poret: “NGOs act as certifying agencies that assure consumers that the products that they have purchased were produced in a sustainable manner . . . [thus] allow[ing] firms to credibly signal that their products possess sustainable attributes.”66

For their part, NGOs began to see that moving away from constant confrontation with businesses toward a more collaborative relationship could have long-term benefits for them as well. Obviously, being able to work with a large company allows an NGO to expand its reach beyond what it could do on its own and thus generate greater impact in the environmental and social areas of interest to it. Collaboration also allows an NGO to increase its own notoriety as word spreads that it is working with a well-known brand, thus strengthen the NGOs credibility, reputation and political influence. In addition, of course, partnering with for-profit businesses provides NGOs with sources of funding, no small matter given that public funding for the activities typically conducted by NGOs has declined precipitously and competition for capital has increased as the number of NGOs has expanded and fundraising efforts have become more sophisticated. While it is apparent that NGOs can benefit from corporate partnering, they nonetheless must be mindful of various risks that if left unattended can ultimately undercut their overall mission. For example, NGOs must choose their corporate partners carefully, since a scandal relating to a partner will almost certainly have an adverse impact on the reputation of the NGO. NGOs must also maintain their independence and resist the urge

65 Id. at 3 (citing A. Kourula and S. Laasonen, “Nongovernmental organizations in business and society, management, and international business research—review and implications from 1998 to 2007”, Business and Society, 49(1) (2010), 68).
66 Id. at 11-12.
to compromise in their standards in order to secure the agreement of a particular firm to implement them. 67

The level of involvement and mutual commitment of the parties in any corporate-NGO collaboration depends on a variety of factors including the company’s stage of development with respect to CSR and the goals that the company is attempting to achieve through CSR generally and the specific NGO relationship. For example, if a company’s CSR portfolio is limited to philanthropy, as is often the case when companies are beginning to think about how to integrate CSR into its strategy and operations, it may simply transfer funds to NGOs that carry out charitable activities that the company wishes to support, thus resulting in fairly minimal interaction between the parties. However, interaction and mutual dependence will increase as companies and NGOs become involved in more complex transactional projects involving resource-exchange activities and some partnerships become highly integrative with deliberative merging of missions, people and activities. 68

Poret noted the companies engage in CSR for a number of reasons ranging from altruistic (i.e., “doing the right thing” and fulfilling to ethical and moral obligations to society to act responsibly vis-à-vis all stakeholders, not just shareholders) to strategic to defensive. 69 Pursuing CSR does and should not preclude achieving a competitive advantage that improves the economic performance of the company and NGOs play important roles in executing strategic CSR including providing companies with access to knowledge, experience and networks that are beyond what companies have on their own. For example, Poret pointed out that companies could secure their supply chains and use CSR as a source of competitive advantage by creating market niches through sustainable labels on products. NGOs can play an important role in this area by connecting companies with producers and trading companies that adhere to stringent standards, thus helping companies to develop strong and enduring relationships with high quality suppliers while being able to tout labeling that is perceived by consumers as adding value. In addition, strategic CSR includes vertical or horizontal product differentiation to gain market power, such as when a company moves to distinguish its products through NGO-driven eco-labeling and ethical labeling in order to compete for socially responsible customers, sell the products at a higher price and/or create a niche market. Another example of differentiation is linking social contributions to product sales by allowing customers to donate a portion of the price paid for the products to a charitable cause. Finally, CSR is sometimes used strategically to preempt government regulation, encourage regulation or simply to take advantage of regulation. This approach is illustrated by the adoption of codes of conduct and participation in cross-sector alliances, each of which can be facilitated by the support and expertise offered by NGOs. 70

67 Id. at 12-13.
70 Id. at 8-10. NGOs also play a role when companies pursue CSR for reasons that are not totally “strategic”: partnering with an NGO can be a good way for companies to pursue a particular philanthropic
Companies need to realize that NGOs can play a wide range of roles in their CSR programs and initiatives and that the path toward integrating NGOs into their CSR strategy begins with identifying the best and most valuable fit. Poret explained that companies have partnered with NGOs because NGOs promote societal actions that the company wishes to support, provide technical assistance, elaborate and administer certification schemes, promote and design CSR standards and management and reporting processes and participate in CSR monitoring and auditing. Common approaches that companies might consider to involve NGOs in their sustainability programs, each of which is distinguished by different levels of involvement and collaboration between the parties, include:

- Companies may enter into a co-branding arrangement with an NGO that can be used to communicate their commitment to a cause or issue associated with the activities of the NGO (for more on strategic branding, see the box below). For example, WWF has established a well-known co-branding program with its Panda logo that has been joined by companies promoting a wide range of products and services who are interested in projecting an environmentally friendly image and strengthening trust and loyalty among consumers. Eligibility depends on the products meeting environmental and social criteria established by WWF and products must pass independent certification through labeling or certification schemes approved by WWF.

- One of the basic and most commonly used internal instruments of CSR is a code of conduct approved by the board of directors and applicable to officers, employees, contractors and business partners. NGOs are often involved in the drafting of model codes that companies can adopt “as is” or with minor variances to account for specific circumstances. In those cases, companies may contract with the NGO to act as an independent and knowledgeable monitoring agency of the implementation of the code and the NGO will perform independent compliance audits of all elements of the code.

- In situations where there is no widely recognized code of conduct covering a particular product or activities, a company may form an alliance with an NGO (and other companies) to develop a new code of conduct or a specific standard along with evaluation mechanisms with independent enforcement or certification by parties that have been formally vetted by the NGO as the recognized accreditation body. Obviously this is a challenging and time-consuming undertaking; however, companies may choose this route as a way to both improve their performance in terms of quality and sustainability and establish themselves as innovators in the field.

- Companies may seek the advantages of associating with a well-regarded NGO by conforming their products to the criteria necessary to qualify for certifications or labels owned by the NGO. As opposed to the dialogue inherent in developing a code of conduct in collaboration with an NGO, certification and labeling requires that

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71 Id at 15-16.
72 Id. at 14-15.
companies must understand and fully comply with standards that have been established by the NGO in advance and companies must weigh the costs of changes in product characteristics (e.g., design, ingredients, packaging etc.) against the benefits of public association with the NGO.

Using NGO Partnerships in Branding Strategies

Strategy is a broad concept that extends in many directions. Poret pointed out that one area in which companies choose to collaborate with NGOs is with respect to development and execution of brand strategies. One possibility for companies is to develop or acquire a brand that already sells certified or labeled products that signal to consumers a commitment to social responsibility and sustainability. For example, a company might follow the lead of Unilever, which acquired an existing firm and brand—Ben and Jerry’s—that had already distinguished itself over an extended period of time as committed to social responsibility. A second strategy was followed by Kraft in its attempt to extend its well-established brand to include a new product differentiated by socially responsible inputs coordinated with a well-known NGO. Specifically, Kraft pursued a partnership strategy with the Rainforest Alliance to create a new “certified sustainable” coffee product purchased from producers that had received the benefit of Rainforest Alliance support funded by Kraft that included technical assistance and training to improve living and working conditions on coffee farms. Companies may also create a completely new “sustainable” brand, a strategy that has often been deployed by companies seeking to align with the fair-trade movement and willing to comply with certification standards set by NGOs involved with that movement. Finally, rather than extending an existing brand or creating a new one, a company may decide to completely convert an existing brand, often a very popular and well-established one, into a sustainability-based brand (e.g., Unilever’s undertaking to convert its iconic Lipton tea brand by sourcing all of its tea in a sustainable manner from estates certified by the Rainforest Alliance). The success of these various strategies is by no means guaranteed and requires communication and collaboration between the company and the NGO and concerted effort to define and maintain the desired brand meaning and image. Moreover, the stakes are high with respect to brand strategies, which are high profile “bet the company” initiatives for most businesses.


While each corporate-NGO partnership is unique, it is fair to say that the parties must navigate several universal stages, which have been referred to as formation, implementation and outcome.\(^73\) Formation begins with self-assessment from both parties during which each of them identifies and evaluates the purposes and goals of any prospective partnership include the skills and resources that the partner would be expected to contribute. The results of the self-assessment can be used to put together a preliminary list of potential partners and that list can used to initiate dialogue to verify the competencies of the partners and determine whether there is a basis for assuming that there will be good communications between the parties if a partnership is formed. As the best candidates emerge from this process, attention should focus on creating a clear vision of what the partnership would involve in terms of activities, the contributions from each partner, the governance structure and the ultimate business and social goals of the

partnership. The formation stage ends with the selection of the partner; however, the output of the process should be a roadmap for the important implementation stage that follows and parties are advised to create a letter of intent or memorandum of understanding that include a short business plan for the partnership (or a commitment of the parties to complete such a plan within a specified period of time before full-scale implementation activities begin).\(^{74}\)

Companies have a finite amount of attention and resources to devote to CSR in general and to partnering with NGOs in particular. Each partnership diverts some resources from other activities and thinking and acting strategically about CSR means limiting partnering to issues that the company has identified as being most closely aligned to its core competencies. Strategic CSR means prioritizing its issues and activities and choosing projects, including NGO partnerships, that provide the most efficient path to social impact and competitive advantage. Proper focus by the company allows it to quickly target the NGOs that can provide the most assistance and eases the process of vetting NGOs to determine their skills and resources with respect to necessary information, technical support and networks. Companies need to be creative and cast a wide net when identifying their material social issues. For example, while a construction company may not have the expertise, technology or other resources to carry out health care research, it certainly has an interest in supporting the activities of NGOs focused on treatment and prevention of diseases that might endanger its current and potential workers.\(^{75}\)

Both parties to a prospective corporate-NGO partnership must carefully weigh the benefits and risks. For companies, consideration must be given to the reaction of stakeholders, particularly investors, to the partnership and any changes that management will be required to make to existing operations in order to comply with the standards that might be set by the NGO. If investors are not convinced about the benefits of the partnership, they may withhold the capital that the company needs to pursue its business and social goals. Companies also need to commit to fulfilling their obligations to the partnership and communicate about them clearly and realistically. Puffing about a partnership and exaggerating its impact or the company’s contribution can open the company up to criticisms for greenwashing (the NGO will also be harmed by adverse media coverage for one of its partners). For its part, an NGO must guard against too much dependence on the resources provided by a particular company and must scrupulously protect its independence, particularly when its primary mission is the creation and development of sustainable standards and labels for corporations. Poret recommended that NGOs differentiate themselves by focusing on specific and well-defined issues and collaborate on those issues with a number of different companies in order to avoid competition and remain objective and independent of its partners.\(^{76}\)

Specifics of implementation vary; however, it should be anticipated that the partners will need to consider issues relating to partnership building and maintenance, governance

\(^{74}\) Id. at 16.
\(^{75}\) Id. at 18.
\(^{76}\) Id. at 21-22.
mechanisms, management requirements, contribution and allocation of resources and overall commitment to maintenance and success of the relationship. The success of any corporate-NGO partnership depends on the availability of resources promised by each of the parties during the formation stage and each party also needs to be comfortable that the other will fulfill its commitments in terms of time and resources in order to overcome concerns that a party is simply engaging in opportunistic or free-rider behavior. Through dialogue, communications and mutual development of internal standards, codes and procedures for the partnership the parties can develop a common culture, language and set of norms for their interactions during the partnership. The governance structure should ease the process of monitoring commitments and contributions and serve as an “early warning” system to identify problems that might derail the partnership.\(^\text{77}\)

The foundation for the last of the three stages mentioned above, “outcome”, should be laid during the first two stages as the parties discuss and agree upon the goals of the partnership and the metrics that will be used to determine progress and success against those goals. While a partnership may be driven, at least in part, by CSR-focused objectives, the corporate party will nonetheless still be interested in traditional financial-and business-based measures such as sales, market share, retailer response and revenue-to-expense results. Both parties will be concerned about strengthening and expanding their intangible capital (i.e., reputation, trust, credibility etc.); however, progress in this area is admittedly difficult to measure. Similar measurement problems arise when assessing the impact that the partnership has had on sustainable development, particularly since it is often difficult to define and by definition occurs over an extended period that goes on long after the core actions have been taken by the partners.\(^\text{78}\)

Comparison of CSR Organizational Integration among MNCs and SMEs

Baumann-Pauly et al. conducted an extensive assessment and comparison of actual implementation CSR practices among MNCs and SMEs along several dimensions. With respect to one of those dimensions, “internal organizational integration of CSR”, MNCs were assessed on the basis of incentive systems, training, complaints channels, evaluation and reporting. In turn, SMEs were assessed on the basis of organizational culture, daily practices and processes, employee involvement and transparency. The researchers noted that consistent handling of CSRs in MNCs requires the drafting and implementation of formal CSR policies and procedures and the sheer size of the companies created challenges in embedding those policies and procedures across all of the daily operations occurring on a global basis. MNCs struggled to find the time and resources to effectively implement their CSR policies and efforts needed to be made to ensure that managers are trained, incentive systems are aligned, grievance procedures are drafted and implemented, CSR information flows freely throughout the company and processes for evaluating the CSR initiative are created and followed. One of the MNCs, Novartis, stood out as being farther along and the researchers noted that almost all its employees had completed courses using CSR e-learning tools and that the company was in the process of developing follow-up CSR training manuals and reviewing standardized incentives systems for bonus payments and promotions. Novartis had also appointed an ombudsperson who was in charge of the grievance process.

\(^{77}\) Id. at 16-17.
\(^{78}\) Id. at 17.
Among the SMEs, the researchers found that “responsibility in general and engagement in CSR was particularly strongly embedded in the company culture of the interviewed SMEs, often implicitly rather than explicitly” and that their employees were strongly involved in shaping their company’s CSR agendas and highly aware of CSR issues. The highly level of employee awareness was attributed to the small size of the organizations, flat hierarchies and lack of organizational complexity. The researchers reported on several innovative ways that SMEs had approached disclosure and transparency such as an online tracking system of all of their products along the entire supply chain. Interestingly, the relative lack of human and financial resources among SMEs did not appear to be an impediment to adopting CSR practices and companies in this group used both self-developed requirement sheets for suppliers or their own audit checklists and/or established certification schemes like SA8000 or ISO14001. One of the interviewees at Remei commented: “the advantage for SMEs is that they can act much quicker. We have shorter ways and are closer to the issue, and we can act out of conviction, rather than just due to profitability reasons.”

Remei was one of the SMEs that used its supply chain tracking system as a competitive advantage in terms of demonstrating transparency and proudly promised its customers that social and environmental sustainability was traced and independently audit across the company’s entire value chain.


The “Fit/Commit/Manage/Connect” Management Framework

When implementing their CSR commitments, companies need to remain mindful of the financial aspects of their business. Companies are rightly praised for their attempts to “do good” and contribute to environmental and social causes; however, the reality is that companies need to act strategically and meet financial performance expectations in order to achieve sustainability. This means that the implementation phases needs to include strategies and tactics for generating value from their corporate responsibility efforts. Guidance as to how to pull this off has been provided in a 2015 report on the research into the competitive and financial advantages of corporate responsibility and sustainability (the “Project ROI Report”) conducted by IO Sustainability, a research and advisory services firm, and the Lewis Institute for Social Innovation at Babson College. The Project ROI Report is an excellent compilation of relevant research and the authors argued that companies looking to enhance the potential for corporate responsibility to deliver value would benefit from adopting and following a four step (“Fit/Commit/Manage/Connect”) management framework:

Fit: Make corporate responsibility commitments that fit the company’s core attributes and the expectations of key stakeholders.

- Each strategic area of the company should have a senior executive champion and team responsible for setting direction, designing an approach, conducting research, and managing processes to determine results. A vital step is to engage with this team.

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79 Id. at 11.
80 Id.
Learn the approach of these business strategy teams and apply it to the design of corporate responsibility strategy

- Assess the priorities the business strategy teams have defined
- Using the same approach that the business teams use, assess how corporate responsibility factors align with and influence key strategic priorities
- If feasible, validate the assessment with research on the perceptions, preferences, attitudes, needs, and expectations of business and corporate responsibility-related stakeholders
- If feasible, compare to the performance of peer companies
- Working with business colleagues, agree on the key needs and strategies for corporate responsibility to support risk management.

**Commit:** Make a genuine commitment to address corporate responsibility issues.

- Determine if sufficiently strong corporate responsibility practices are in place to support the areas of priority “fit” defined above
- Assess what additional issues may create indirect risks for priority areas
- Commit to address gaps and weaknesses and ensure that areas of priority fit are well addressed
- Commit to report and disclose performance on priority areas.

**Manage:** Think of, develop and manage the company’s portfolio of corporate responsibility practices as a valuable intangible tool.

- Establish goals – what progress and results should the company achieve on corporate responsibility issues in order to support selected strategic priorities (e.g., risk reduction and management; enhanced brand and reputational value; competitive positioning and customer engagement; and/or employee engagement)
- Ensure sufficient resources are in place to support priority corporate responsibility practices
- Establish links to relevant business colleagues to integrate strategies, implementation, measurement of results, and reporting

**Connect:** Build key stakeholder awareness, trust, engagement and affinity.

- When strong corporate responsibility practices are in place, assess if the awareness of key stakeholders is sufficient
- Develop messages, outreach, and ways to connect to key stakeholders
- Engage stakeholders in planning, implementation, and measurement

**Fit**

The “Fit” step involves aligning the company’s corporate responsibility activities to the business, which means ensuring that the activities that are selected make sense given the company’s industry, products, services, and business model; the strategy of the company;
and the company’s brand messaging and brand promise.\footnote{The discussion of “Fit” in this section is adapted from Project ROI: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability (IO Sustainability, 2015), 30-32 (including extensive citations to relevant research).} In order to achieve the appropriate alignment, the company needs to understand the way that its shareholders, customers and employees perceive the company; the expectations and attributes of each of those stakeholder groups with respect to the company’s performance; and the preferences of each of the groups with respect to corporate responsibility. Companies also need to be prepared to work with their shareholders, customers and employees to help them understand how the selected corporate responsibility efforts are positively related to the company’s financial performance since such an understanding is necessary in order to drive generation of a higher perceived value for the company.

With respect to their shareholders, companies need to take advantage of opportunities to shape shareholder perspective and this requires that companies be able to situate their corporate responsibility commitments in terms and rationales that make sense to shareholders. The Project ROI Report explained that shareholder interpretations of corporate responsibility activities consistently cluster around three themes: alignment (i.e., whether the activities fit with their knowledge of the company’s products or core competencies and the evidence that corporate responsibility is actually having a positive social or environmental impact); usefulness (i.e., shareholders want to know the benefits of the company’s corporate responsibility activities to them); and unity (i.e., the company is on the same team as them, working towards common goals). Based on their research, the drafters of the Project ROI Report counseled companies that shareholders tend to respond most favorably to philanthropy (although the returns decrease as scale expands); respected third-party certifications of corporate responsibility such as ISO-14001; environmental commitments, such as emissions reductions, that align with business needs such as risk mitigation or operational efficiency; and tangible results (e.g., lower carbon emissions). On the other hand, investors will likely punish companies that make voluntary commitments that appear unrelated to their business and/or focus on process with uncertain outcomes (e.g., adopting a code of conduct without stating clear objectives and expectations for results).

The drafters of the Project ROI Report found that customers had specific preferences and expectations for corporate responsibility issues and customers tended to react more positively to certain issues than others. Specifically, all things being equal, customers generally preferred people-related corporate responsibility commitments over green-related commitments; however, when companies had large environment footprints their customers paid more attention to their green-related commitments. In general, customers respond to what they perceive as a common sense fit among their own preferences and their impressions of the company, which means that companies need to make an assessment of what customers will value with respect to the company’s corporate responsibility efforts (i.e., what efforts will customers perceive as providing them with the most direct benefits) and what they expect from the company with respect to the focus of its corporate responsibility efforts. The drafters of the Project ROI Report did
note, however, that customers may be willing to accept a corporate responsibility activity that they do not consider to be a “good fit” if the company demonstrates that it is passionate about the activity by make a noticeably large commitment to it.

With respect to its employees, companies should select corporate responsibility activities that will generate anticipated favorable employee-related outcomes such as job satisfaction and reduced turnover, fulfilling the need of employees to make a positive impact and continuous development of employees’ professional skills. Research has indicated that employees use corporate responsibility to fulfill four fundamental needs: creating opportunities for self-enhancement; improving work-personal life integration; building a bridge to the company; and creating a “reputation shield.” In addition, employees may reasonably be broken out into three categories vis-à-vis their attitudes toward corporate responsibility: idealists, enthusiasts and indifferenters. Idealists have the highest demand for corporate responsibility, followed by enthusiasts and then indifferenters. When selecting and prioritizing corporate responsibility efforts, the needs, preferences and attitudes of the workforce need to be taken into account and a connection needs to be made between the employee’s job responsibilities, the company’s priorities and the employee’s own needs. If the connection is not made, the employee will see the corporate responsibility activity as a burden rather than a benefit. The drafters recommended that companies should seek to be accommodating to the needs and expectations of employees with respect to corporate responsibility, perhaps more so than with respect to shareholders and customers; however, this is not always possible and when the company deviates from the expectations of employees it is important to explain the rationale to them so they understand how and why the company came to the decision.

The Project ROI Report included the following diagnostics as a starting point for companies to develop their own customized set of questions to assess how well they are fitting their corporate responsibility practices into their business:

- **Define the company’s corporate responsibility priorities**
  - Has the company identified its core business stakeholders (i.e., shareholders, customers and employees) and priority external stakeholders (e.g., (corporate responsibility advocates and thought leaders; corporate responsibility ratings, frameworks, and standards; Socially Responsible Investments (SRIs); communities; NGOs; government; relevant media; and activists)
  - Has the company assessed the corporate responsibility performance expectations of each of the identified stakeholders?
  - Has the company conducted a process to define corporate responsibility priorities that fit the business and key stakeholder expectations?

- **List the company’s main corporate responsibility activities**

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83 Id. at 42.
Can the company effectively explain to key stakeholders the business rationale for each corporate responsibility activity (connecting them explicitly to at least one important corporate responsibility-related strategic goal such as risk reduction, protection of license to operate, nurturing and protection of brand and reputation value, enhanced competitive positioning and engagement with customers and/or employees or improved perception of how shareholders view performance)?

Can the company explain how these activities tie to the expectations, interests, and needs of shareholders, customers, and employees?

Can the company explain how these activities meet the expectations of key external stakeholders?

For those corporate responsibility activities defined as priorities and strong “Fits” for the business:

- Has the company defined a plan to communicate to key stakeholders the rationale for identifying these as high priorities?
- Has the company defined a business case for how its performance will support the strategic value creating goals identified above and intangible assets (e.g., brand and reputation, employee engagement and talent management, organizational culture and/or innovation)?
- Has the company developed plans to deliver the business case that include levels of resources (budget, staff, time, capabilities, technology, R&D, etc.) required?

For those corporate responsibility activities that are not priorities and strong “Fits” for the business:

- Has the company defined a plan to communicate to key stakeholders the rationale for identifying these as low priorities?
- Has the company developed plans for the type and scope of attention these lower priorities will receive?

The diagnostics require companies to conduct thorough assessment of their corporate responsibility priorities and current activities, a process that will require engagement with stakeholders to identify priorities and a comprehensive audit of initiatives and projects that might be underway in the organization. As for those initiatives and projects that are aligned with the identified priorities a plan must be developed to communicate with stakeholders regarding those initiatives and projects to explain the rationale and related business case. When conducting those communications distinctions should be made between high and low priority projects so that stakeholders have a better overall sense of how the company intends to focus its resources and measure performance.

**Commit**

Once the process of identifying corporate responsibility activities and opportunities and selecting those that are best aligned with the company’s business has been completed,
attention needs to turn to committing to the necessary corporate responsibility practices. According to the drafters of the Project ROI Report, the “Commit” step requires that companies be genuine, authentic, high quality and consistent with their corporate responsibility commitments. They explained that it was not sufficient for a company to “do” corporate responsibility, they must be prepared and committed to “do it well”, a standard that was explained by the drafters as follows:

- Treat employees, customers, and shareholders well—through good times and bad—so that they all see that the company is genuine with regard to its commitment to corporate responsibility, thus strengthening stakeholder trust, improving stakeholder relationships and boosting the company’s value.
- Companies must engage in corporate responsibility deliberately and consistently—focusing on dimensions related to its business and industry—rather than waxing and waning from extensive to limited corporate responsibility commitments.
- There must a consistency between the company’s corporate responsibility efforts and the company’s overall reputation and the company must credibly demonstrate genuine concern about the issues involved.
- Companies rated as leading corporate responsibility performers will be perceived as more attractive employers and will find that prospective applicants will be likely to pursue a job and interview with the company and more likely to accept a job offer.
- When employees see their company as adhering to higher ethical standards, they become more committed to the company and exhibit organizational citizenship behavior toward other employees that ultimately enhance financial performance.
- Companies need to avoid “greenwashing” (i.e., deceptive public relations or marketing to promote a perception that the products, goals and policies of the company are environmentally friendly) because if new employees find that the messages from the company about its sustainable practices that initially attracted them to the company are really just a “green veneer” they will become resentful and a good number will leave.
- Companies must have strong internal policies and practices that demonstrate commitment to treating their employees well and in ethical manner in order to build and maintain a high level of organizational commitment.
- Companies needed to build their relationships with customers upon a foundation of product quality. While customers may be willing to tolerate a product crisis for a short period of time when the company has a strong reputation for corporate responsibility, ultimately they will not put up with poor functional attributes simply because a company has good social attributes.

Organizational leaders play an essential part in how employees perceive the level and credibility of the company’s corporate responsibility commitment and it is imperative for those leaders to deliver a reinforcing and consistent message and act in an ethical manner. Leaders across the organization, from the directors and members of the executive team

84 The discussion of “Commit” in this section is adapted from Project ROI: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability (IO Sustainability, 2015), 32-34 (including extensive citations to relevant research).
through to front line managers, must set the tone on values and organizational culture since employees will look to their managers and supervisors as role models. Charismatic ethical leadership is particularly important as it will have a significant impact on ethical climate and the ethical behavior of employees. Moreover, they perceive their leaders to be ethical, employees are more likely to be satisfied with their job, perform better, and engage in citizenship behaviors.\(^85\)

As for a company’s total approach to corporate responsibility, the drafters of the Project ROI Report reported that the research supported a “Go Big or Go Home” approach based on findings that the greatest valuation accrued to the companies with the highest commitment to corporate responsibility and that the market tended to punish companies that were perceived as “dabbling”. As for specific corporate responsibility commitments, the research indicated that investors and customers would not respond favorably to too much of a specific activity (e.g., overinvestment in environmental activities actually tends to be punished by investors), nor would they support too little. Companies need to find the “sweet spot” for each activity by taking into account the principles associated with identifying the proper fit between corporate responsibility and the company’s business.\(^86\)

The Project ROI Report included the following diagnostics as a starting point for companies to develop their own customized set of questions to assess their level of commitment to corporate responsibility practices\(^87\):

- Has the CEO, with the approval of the board, set the goal to be among the top tier of corporate responsibility performers in its industry and among the top tier of corporate responsibility performers across a wider group of benchmark peer companies?
- Is the company a top-rated performer against peers with regard to key internal dimensions of corporate responsibility such as policies and performance that ensure the safe, ethical, non-discriminating, and fair treatment of employees; ethical practices and anti-corruption; product stewardship including quality and safety; and health and safety?
- Has the company benchmarked its corporate responsibility commitments, strategies, and communications against peer market leaders and laggards and how does the company compare on each of those dimensions?
- From the benchmarking process has the company assessed and determine where it needs to catch up, where it needs to pare back or refocus and where there is an opportunity to do more to competitively differentiate?
- Does the company have a plan(s) to maintain corporate responsibility commitments through the ups and downs of economic cycles?
- Does the company embed corporate responsibility practices in the performance responsibilities and related appraisals of board members, CEO and C-Suite leaders, senior executives, middle management and wider staff?

\(^{85}\) Id. at 33.  
\(^{86}\) Id. at 34.  
\(^{87}\) Id. at 43.
The diagnostics associated with commitment are intended to focus the company on establishing and maintaining a position as a corporate responsibility leader among its peers. In order to achieve this position it is necessary for companies to rigorously measure performance on each of the key internal dimensions listed above and develop specific strategies for keeping up with peers and, as appropriate, competitively differentiating itself based on its corporate responsibility commitments and actions. The diagnostics also highlight the need for personal commitments throughout the company, from the directors down and through the wider staff, which can be encouraged through formally incorporating corporate responsibilities into job duties and appraisal processes.

**Manage**

Companies do not mysteriously become “responsible” and “sustainable”, the journey needs to be planned and carefully managed or the company will fall short of achieving its corporate responsibility commitments. According to the drafters of the Project ROI Report, the “Manage” step requires that companies think of, develop and manage the company’s portfolio of corporate responsibility practices as a valuable intangible tool, which means establishing business value-creating goals, committing sufficient resources, integrating and implementing strategies, measuring results and reporting on performance.\(^{88}\) While there are several core options that companies may choose from when setting their goals, they should focus on a single core goal and ensure that their corporate responsibility activities are designed in ways that support their key intangible assets. They also need to be mindful of the expectations and level of concern regarding the company’s corporate responsibility performance among core business-related stakeholders (i.e., customers, employees and shareholders) and the company’s specific priority external stakeholders.

According to the Project ROI Report, effective companies viewed their corporate responsibility approach like a resource to be nurtured and protected and implemented responsible practices based on specific principles including competence, authenticity and communication. Companies were advised to blend corporate responsibility activities with investments in purposefully selected key intangible assets (i.e., employee engagement and talent management, brand and reputation, innovation and research and development and organizational culture) and effectively communicate their purpose. At the same time, companies were cautioned about the risks of irresponsible corporate responsibility management including the likelihood of significant negative impacts on the value of intangibles such as reduced employee loyalty, harm to corporate culture and reputation and reduced capacity for innovation.

Companies need to define and structure their corporate responsibility practices as an asset that fits the business model, organizational culture and stakeholder expectations, and the best way to do this is to select and fully define a specific business value-creating goal for

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\(^{88}\) The discussion of “Manage” in this section is adapted from Project ROI: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability (IO Sustainability, 2015), 35-36 (including extensive citations to relevant research).
its corporate responsibility practices. Based on their research, the drafters of the Project ROI Report argued that companies should select their goal from five core options: reduction of risks and protection of the company’s license to operate (which protects the company’s value); nurturing, growing and protecting the company’s corporate responsibility-related brand and reputation value (which protects the company’s value); boosting how shareholders view performance in order to enhance share price and market value (which increases the company’s share price); enhancing the company’s competitive position with, and deepening the engagement of, the company’s customers (which increases the company’s revenues); and/or enhancing the company’s competitive position with, and deepening the engagement of, the company’s employees (which reduces turnover). While all of the aforementioned options are important and have the opportunity to deliver substantial value, it is generally best to focus on one option at a time as the core focus and customize it in a manner specific to the company.

The drafters of the Project ROI Report recommended that companies use external corporate responsibility ratings as a proxy for stakeholder expectations, but also consider developing their own customized corporate responsibility rating. While performance on third-party ratings appear to have a relationship to improved financial performance, and has become increasingly important to institutional investors, they do not necessarily capture the specific expectations of stakeholders regarding the company nor do they capture all of the important information relating to the company’s strategies, products and services, leadership, brand promise and organizational culture. As such, it is important to design and use customized measurement tools for the performance indicators that have been shown to be most critical in the minds of the company’s shareholders, customers, employees and external stakeholders.

The Project ROI Report emphasized the need for companies to define and treat their stakeholder relationships as an asset, noting that the company’s financial valuation will be enhanced by increased cooperation, and reduced conflict, with stakeholders. Good stakeholder relationships have been associated with longer and more sustainable periods of good financial performance as well as with shortening periods of poor performance. When companies have good relationships with their stakeholders, employees are likely to work harder and/or customers will buy more products or pay more for them, which means that “good times” will extend beyond what might normally have been the case. Conversely, stakeholders with a positive view of the company are likely to be more patient during “down times” and quicker to offer support, thus making it easier for companies to turn things around without having to spend time dealing with distractive criticisms from disenchanted stakeholders. In fact, research indicates that companies with a track record of sound corporate responsibility management are better positioned to weather a reputational crisis and mitigate negative customer attitudes and brand evaluation and defection in the customer base (e.g., purchase intentions following a product recall were twice as high for products of companies described as having a strong corporate responsibility reputation compared with those with a weak reputation).89

89 Id. at 38.
The Project ROI Report included the following diagnostics as a starting point for companies to develop their own customized set of questions to assess the effectiveness of their efforts to manage their corporate responsibility practices:

- Has the company set a business value-creating goal for its corporate responsibility practices (i.e., risk reduction, protection of license to operate, nurturing and protection of brand and reputation value, enhanced competitive positioning and engagement with customers and/or employees or improved perception of how shareholders view performance)?
- Do current corporate responsibility practices align or misalign with goal priorities?
- For those areas in which corporate responsibility practices align with goal priorities, what strategies would help them enhance their ROI potential?
- For those areas in which corporate responsibility practices are not aligned with goal priorities, what actions would help bring them into alignment and/or are there more productive and essential corporate responsibility activities that would align?
- Has the company set an objective for corporate responsibility to support key intangible assets (i.e., employee engagement and talent management, brand and reputation, innovation and research and development and organizational culture)?
- Do current corporate responsibility practices align or misalign with priority intangible assets?
- For those areas in which corporate responsibility practices align with priority intangible assets, what strategies would help them enhance their ROI potential?
- For those areas in which corporate responsibility practices are not aligned with priority intangible assets, what actions would help bring them into alignment and/or are there more productive and essential corporate responsibility activities that would align?
- Has the company identified its priority core, business-related stakeholders and external stakeholders?
- Across business-related stakeholders (i.e., customers, employees and shareholders), has the company segmented the members into one of the following segments based on their level of concern for the company’s corporate responsibility performance and identified the size and attributes of each of the segments: “strongly care”; “moderately care”, “cares somewhat”; “does not care”; or “prefers that the company does not engage in corporate responsibility”?
- Across priority external stakeholders, has the company segmented the members into one of the following segments based on their level of concern for the company’s corporate responsibility performance and identified the size and attributes of each of the segments: “strongly care”; “moderately care”, “cares somewhat”; “does not care”; or “prefers that the company does not engage in corporate responsibility”?
- For the core business stakeholder segments and external stakeholder types, has the company established baselines and procedures for tracking progress on trust for the company as a corporate citizen; awareness for what the company stands for as a corporate citizen; awareness and attitudes for the company’s corporate responsibility

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90 Id. at 44-46.
performance; expectations for the company’s corporate responsibility commitments and overall corporate responsibility stance; and needs stakeholders have for the company’s corporate responsibility performance?

- Has the company set baseline metrics and established procedures to track progress to determine the size and strength of commitment in its stakeholder network? Specifically, do stakeholders perceive they hold a stake in the company’s responsbibly competitive success; perceive the relationship with the company as “neighbor-to-neighbor”; form a “knowledge & intelligence sharing” exchange; work as intermediaries; and offer constructive criticism?

**Connect**

In order for a company’s corporate responsibility priorities and practices to have the expected impact there needs to awareness, trust, engagement and affinity among the company’s key stakeholders, which can only be built through concerted efforts to connect with those stakeholders and engage them in planning, implementation and measurement. Based on their research, the drafters of the Project ROI Report provided an extensive menu of observations and recommendations with respect to stakeholder engagement and connection, particularly with customers and employees.

Connecting is important for building awareness of corporate responsibility among stakeholders and the Project ROI Report counseled that senior executives should view corporate responsibility as a long-term commitment and that companies should be prepared to make a sustained effort to communicate their corporate responsibility efforts such that they generate stakeholder trust. However, companies need to understand that building awareness of corporate responsibility commitment and performance comes with opportunities and risks: on the one hand, high public awareness of corporate responsibility performance can enhance firm value, but companies with high public awareness are also penalized more when there are corporate responsibility concerns. When selecting and executing awareness initiatives companies should:

- Have the full range of commitments that their stakeholders expect but focus communications on a few corporate responsibility activities to symbolize their wider commitment to corporate responsibility
- Use a core initiative to symbolize their commitment to citizenship with messaging that focuses on an emblematic initiative, issue and/or theme
- Be modest and discrete about the corporate responsibility activities and not over-promote them through aggressive communications strategies
- Be done with the overriding goal of building trust and ameliorating concern among key stakeholders
- Avoid favoring one group over another and dabbling with one stakeholder group

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91 The discussion of “Connect” in this section is adapted from Project ROI: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability (IO Sustainability, 2015), 36-41 (including extensive citations to relevant research).
92 Id. at 36-38.
Reporting should be included as part of the company’s efforts to connect and research indicates that companies that engage in sustainability reporting based on a highly respect standard such as the United Nations Global Compact, and/or get positive third-party reviews for their corporate responsibility reports, they receive statistically significantly higher market valuation than reporting laggards.93

The Project ROI Report included a number of recommendations and observations relating to connecting with customers. Sales revenues are obviously an important indicator of financial performance and corporate responsibility initiatives should be designed and executed in a manner that are effective and impactful in the eyes of current and potential customers. The drafters of the Project ROI Report argued that generating sales and reputation value from corporate responsibility initiatives starts by building awareness, which eventually leads to customers identifying more with the company and viewing the company positively as more socially responsible. Corporate responsibility activities enhance value for advertising-intensive companies.94

The research conducted for the Project ROI Report led to the recommendation that “all things equal, focus on people over the planet” based on findings that human benefits, such as good working conditions, tended to lead to greater price premiums and had a wider appeal among customers than focusing on animal or environmental benefits. However, the researchers also found that environmental responsibility can support sales in impactful ways when aligned with the right company and product.95

The Project ROI Report included a number of recommendations regarding messaging in marketing communications to customers. For example, activating feelings of guilt can lead customers to respond to corporate responsibility as a sales driver; however, accentuating positive messages is effective as well and companies should strive to use messaging that simultaneously activate consumer feelings of guilt with subtle messages of right and wrong while giving them a source of pride in their purchasing decision.96

The Project ROI Report recommended that companies should build in, but not bolt on, corporate responsibility messaging for luxury products. The researchers cautioned that corporate responsibility messaging for luxury brands can backfire if it causes customers to have doubts about the claims of functionality, worth and value that are made in order to justify premium pricing. One example of this from the research was the risk that a customer might perceive that a luxury, high-end tire “made from recycled materials” would exhibit inferior performance. However, companies can use corporate responsibility to support sales of their luxury goods if corporate responsibility can be properly aligned with customer expectations of luxury, which can be accomplished by attributing corporate responsibility activities to a more suitable sub-brand; priming

93 Id. at 36.
94 Id. at 37.
95 Id. at 38.
96 Id. at 39.
consumers with images of powerful philanthropists (e.g., Bill Gates) to associate “perfection” and power with “doing good” and improving society and the environment; claiming directly how the corporate responsibility attribute(s) improves functionality and/or establishes a differentiated status; engaging the guilt-to-pride pathway; and associating with openness or tradition.97

Companies also need to be careful with corporate responsibility messaging for price-sensitive products since it can distract price-sensitive shoppers and create impressions that the product is either over-priced or lower quality; however, there are indications that corporate responsibility messaging can help differentiate both commodity products and price-sensitive products and corporate responsibility consideration can be a tie-breaker for consumers choosing among such products when other factors are in relative parity. In fact, corporate responsibility characteristics and messaging be a potent driver of product switching and creating brand stickiness by retaining the shopper’s loyalty through repurchases once his or her commitment has been captured.98

The Project ROI Report recommended that companies engage their customers in corporate responsibility activities to create positive corporate responsibility beliefs and build longer-term loyalty and advocacy behaviors. Research indicates that customers that are positively engaged by companies form a communal, trust-based bond with the company that leads them to become loyal advocates and champions who are willing to promote the company against competitors.99

The research also indicated that third-party certification from a credible organization supported a product’s corporate responsibility credentials and boosted consumer willingness to pay. For example, testing has confirmed that large group of consumers would respond favorably to efforts of brands and retailers to offer Fair Trade certified goods, either targeted at particular segments and priced at a premium or marketed generally at regular prices.100

The Project ROI Report also included a recommendation that companies design and communicate their corporate responsibility performance information in ways that are appealing to customers. For example, while companies should prepare formal sustainability reports in formats that meet the expectations of NGOs and other external stakeholder groups, providing those reports to customers is not likely to change their intent to purchase. The better approach might be to avoid detailed and sometimes technical information regarding corporate responsibility performance in customer communications and instead provide customers with brochures that review the company’s responsible supply chain program and include highlights from its sustainability report.101

97 Id. at 39. 
98 Id. at 39. 
99 Id. at 39-40. 
100 Id. at 40. 
101 Id. at 40.
The Project ROI Report also focused on a second key stakeholder group: employees and prospective employees. Research has confirmed that favorable perceptions of corporate responsibility are associated with higher organizational commitment and employee engagement, which may result in positive organizational outcomes; in fact, perceived social responsibility and development performance will have a greater effect on organizational identification than perceived market and financial performance. However, only 31% of the surveyed 250 businesses listed on the S&P engaged their employees on the company’s corporate responsibility objectives and initiatives. With regard to employees the drafters of the Project ROI Report urged companies to use corporate responsibility as a bridge to connect the personal values of employees and job seekers to those of the organization and to link corporate responsibility to the company’s commitment to its people practices.

Job seekers are interested in working for companies that are a good fit with their personal values and companies need to be able to describe their specific organizational values and demonstrate their authenticity during the recruiting process by showing job seekers how corporate responsibility is infused into daily work activities, training programs, reward systems, operational practices and objectives, and hiring practices. Companies should also make an effort to showcase employee-driven corporate responsibility initiatives to illustrate how the company’s concern for corporate responsibility is tied to efforts to create meaningful and rewarding experiences for employees. Messaging regarding corporate responsibility can only add value if they actually reach job seekers, which means that companies need to use multiple channels to inform job seekers about your sustainability, such as company websites and careers pages, employee testimonials, recruitment handouts, conversations with recruiters, position announcements, contests, prizes, “fairs” to expose employees to CR issues, etc. Interestingly, research indicates that corporate responsibility becomes a more important differentiator for employees as their skill levels increase, which means that companies looking to recruit highly-qualified workers should make corporate responsibility an important element of their pitch.

Another important step that companies can take is making sure that corporate responsibility is used to build and maintain employees’ sense of pride in their employer. Job seekers and employees will value opportunities to work for companies that have been recognized as prestigious organizations because of their distinctive commitments to corporate responsibility. Reputation and status in this area comes from adopting sustainability practices that exceed industry norms and distinguishing the company from other employers, such as by integrating corporate responsibility into the company’s brand, products and services, and from seeking recognition and awards from reputable third-party organizations. Employee pride is a valuable intangible asset and should be demonstrated through testimonials and showing how the company recognizes and

102 Id. at 37.
103 Id. at 40.
104 Id. at 37.
celebrates its sustainability achievements and the individual roles of employees therein.\textsuperscript{105}

The drafters of the Project ROI Report also encouraged companies to engage their employees in corporate responsibility planning and activities and get them more involved in selecting, planning and implementing corporate responsibility initiatives in areas such as philanthropy, community involvement and social innovation. Research has confirmed that involvement in corporate responsibility initiatives and co-creation of corporate responsibility value can help fulfill employees’ needs and cause them to identify strongly with the company. In addition, involvement in the company’s corporate responsibility initiatives and practices facilitates the development of new skills which the employees can bring back to their regular roles with the company. Finally, the research conducted for the Project ROI Report indicated that a majority of workers feel that having a job where they can “make an impact” is important to their happiness and that sizable groups of workers appeared willing to take a pay cut to make an impact, work for a company committed to corporate responsible, take a job that makes a social or environmental impact and/or work for an organization that shares their values.\textsuperscript{106}

The Project ROI Report included the following diagnostics as a starting point for companies to develop their own customized set of questions to assess the effectiveness of their efforts to connect with respect to their corporate responsibility practices\textsuperscript{107}:

How do customers, employees, shareholders and priority external stakeholders assess the company with respect to each of the following:

- Corporate responsibility commitment
- Corporate responsibility performance
- Key corporate responsibility activities and programs
- Treatment of key stakeholders

How do customers, employees, shareholders and priority external stakeholders assess how the company’s corporate responsibility performance factors into the company’s:

- Brand and reputation
- Human resource performance
- Overall trust
- Product and service quality
- Risk management
- Share price and market value
- Stakeholder engagement

\textsuperscript{105} Id. at 41.
\textsuperscript{106} Id. at 41.
\textsuperscript{107} Id. at 46-47.
How do customers, employees, shareholders and priority external stakeholders relate the company’s corporate responsibility performance to their:

- Level of satisfaction (e.g. customer, employee)
- Loyalty and commitment
- Overall trust
- Sense of engagement
- Support for the company’s license to operate without extensive oversight, permission or regulation

How does the company’s corporate responsibility performance relate to the willingness of customers, employees, shareholders and priority stakeholders to do (as applicable):

- Give the company the benefit of the doubt during difficult times and/or crises
- Invest
- Purchase
- Seek employment
- Speak favorably about the company to others
About the Author

This chapter was written by Alan S. Gutterman, whose prolific output of practical guidance and tools for legal and financial professionals, managers, entrepreneurs and investors has made him one of the best-selling individual authors in the global legal publishing marketplace. His cornerstone work, *Business Transactions Solution*, is an online-only product available and featured on Thomson Reuters’ Westlaw, the world’s largest legal content platform, which includes almost 200 book-length modules covering the entire lifecycle of a business. Alan has also authored or edited over 90 books on sustainable entrepreneurship, leadership and management, business law and transactions, international law and business and technology management for a number of publishers including Thomson Reuters, Practical Law, Kluwer, Aspatore, Oxford, Quorum, ABA Press, Aspen, Sweet & Maxwell, Euromoney, Business Expert Press, Harvard Business Publishing, CCH and BNA. Alan is currently a partner of GCA Law Partners LLP in Mountain View CA (www.gcalaw.com) and has extensive experience as a partner and senior counsel with internationally recognized law firms counseling small and large business enterprises in the areas of general corporate and securities matters, venture capital, mergers and acquisitions, international law and transactions, strategic business alliances, technology transfers and intellectual property, and has also held senior management positions with several technology-based businesses including service as the chief legal officer of a leading international distributor of IT products headquartered in Silicon Valley and as the chief operating officer of an emerging broadband media company. He has been an adjunct faculty member at several colleges and universities, including Berkeley Law, Golden Gate University, Hastings College of Law, Santa Clara University and the University of San Francisco, teaching classes on corporate finance, venture capital, corporate governance, Japanese business law and law and economic development. He has also launched and oversees projects relating to sustainable entrepreneurship and ageism. He received his A.B., M.B.A., and J.D. from the University of California at Berkeley, a D.B.A. from Golden Gate University, and a Ph. D. from the University of Cambridge. For more information about Alan and his activities, and the services he provides through GCA Law Partners LLP, please contact him directly at alangutterman@gmail.com, follow him on LinkedIn (https://www.linkedin.com/in/alangutterman/) and visit his website at alangutterman.com.

About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) was launched by Alan Gutterman to teach and support individuals and companies, both startups and mature firms, seeking to create and build sustainable businesses based on purpose, innovation, shared value and respect for people and planet. The Project is a California nonprofit public benefit corporation with tax exempt status under section 501(c)(3) of the Internal Revenue Code dedicated to furthering and promoting sustainable entrepreneurship through education and awareness and supporting entrepreneurs in their efforts to launch and scale innovative sustainable enterprises that will have a material positive environmental or social impact on society as a whole.

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