

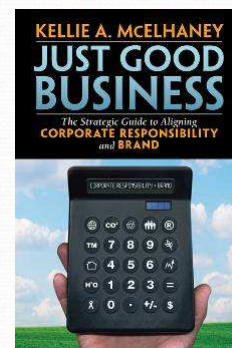
TELL YOUR STORY

Extend Your Brand Through Corporate Social Responsibility

Professor Kellie A. McElhaney
Haas School of Business
UC Berkeley
3 December 2008

Who I am...

- Recovering banker
- University of Michigan (Ross) 1993-2002
- Professor at UC Berkeley since 2002
- Founding Director, *Center for Responsible Business*
- Ranked #1 in world by *Financial Times* in 2008
- Extensive Corporate consulting: Gap, HP, Nokia, Ulster Bank, eBay, Navigant, McDonalds, Blue Cross, Statoil, Nvidia, Kimberly-Clark, SunPower
- Research focus areas: Strategies of CSR; Branding & CSR; Diversity & CSR
- New book called *Just Good Business*





Are You Effectively Telling Your CSR Story?

- What are the barriers?
- What are the challenges?



A Short Story in Three Parts

1. The Power of Business
2. The Challenges in the World
3. A Solution in CSR

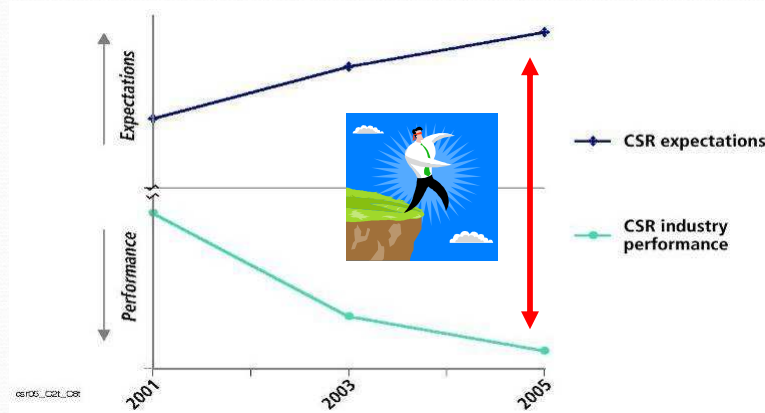
Part One is Short: It's About the Power of Business.

There's Been a Shift of Power & Resources

2006		
	Company/Country	Revenue (Fortune Magazine) GDP (World Bank) [millions, USD]
1	United States	13,201,819
2	Japan	4,340,133
3	Germany	2,906,681
4	People's Republic of China	2,668,071
5	United Kingdom...	2,345,015
22	Exxon Mobil	339,938
23	Poland	338,733
24	Austria	322,444
25	Wal-Mart Stores	315,654
26	Norway	310,960
27	Saudi Arabia	309,778
28	Royal Dutch Shell	306,731
29	Denmark	275,237
30	BP	267,600

There's Been a Shift of Trust

Expectations of Companies to Operate in Society's Best Interests v. Perceived Performance



Globescan, 2005

Part Two is Longer:

It's About the Challenges our World Faces

- Water

- 1.1 B lack access to clean drinking water
- 2.5 B lack access to proper sanitation
- 5 M die from water-related disease (10 times killed in wars)

- Climate Change

- 2006 hottest year on record
- Need 80% decrease by 2050 to prevent global catastrophe
- **Climate change is the greatest market failure the world has ever seen.**
- Sir Nicholas Stern, Former Chief Economist, World Bank.

- Food

- Global food prices (grains & oils) have risen 54% in 2008
- In rich countries, we spend 10-20% of budget on food; in poor countries, 60-80%
- 15M children die of hunger
- For first time, levels of obesity approaching parity with levels of starvation

- Rich/ Poor Gap

- Half of the world lives on less than \$2/day
- Richest 20% of countries account for 75% world's income
- From this, disease, lack of healthcare, lack of education, lack of opportunity

World Financial Crisis



The Third Part is a [piece of a] Solution:

Corporate Social Responsibility (CSR)



Defining CSR

- **Strategic Corporate Responsibility**
 - A *corporate strategy* that is integrated with (1) **core business objectives** & (2) **core competencies** to create financial *and* social/environmental returns, and is embedded in corporate culture and day-to-day business operations.
 - - McElhaney, 1998

Strategic CSR

CSR Strategy must fit two things:

- **Core business objectives:**
 - Increase sales, penetrate new markets, engage employees, reduce operating expenses, improve reputation, protect brand, beat competitors
- **Core competencies:**
 - Technology, financial products & services, making markets, natural food, automobiles and transportation systems, travel & tourism.

Integrate EV with Company CSR Strategies

How many companies view
“it”:

- Employee engagement
- Community engagement
- Corporate philanthropy
- Government and public relations
- Governance and ethics
- Corporate environmental footprint
- Socially and environmentally sound product design and production

Employee Volunteerism

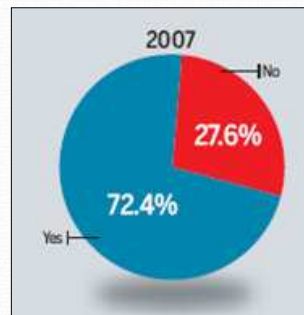


CSR more important than Money...if Communicated


“For the second year in a row, Americans expressed that **employee treatment** and **active community engagement** are the *most important* aspects of corporate social responsibility”

Linda Golodner, NCL and David Senay, Fleishman-Hillard.

Consumers buy brands that support causes:



"Cause Survey, 2007", PR Week, October 22, 2007



CSR is not about how you
spend the money you make.

It's about how you **make**
the money you spend.



Whirlpool & Habitat for Humanity

- \$25M commitment in 1999
- Given \$34M, plus 73,000 refrigerators, ranges, household items to 36,000 homes
- Pledged to give appliances to every house built through 2011
- Launched *Building Blocks* initiative in 2006, sending over 1000 employees & more volunteers to neighborhood for 1 week to build an entire block
- From onset, was philanthropy; in 2004, became **brand** message
 - *"We make very large, very heavy metal machines, often with big motors. This puts a human face on what could be a very cold metal category."*
- Sponsored 2006 **Reba McEntire** Habitat for Humanity Tour

It's an Integrated Strategy...



With Business Implications

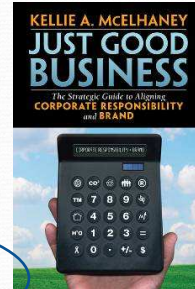


- Whirlpool's customer loyalty index increased from 15% to 29% among owners who recalled seeing the media for the concert tour.
- 47% Increase in top performing Sears dealer store sales for Whirlpool brand as well as a \$1.8m sales increase same store sales in four week period.

Data from AWC: <http://www.sears.com/sears-whirlpool.cfm>

Branding CSR: Three Parts

- Part One: **CSR is Just Good Business**
 - Building Your CSR Business Strategy
- Part Two: **Connecting CSR Strategy & Brand**
 - Seven Rules of the Road
- Part Three: **What to Do on Monday Morning**
 - Make a Plan and Measure Smart



The Big Ideas

- There is a lot of CSR
- There is not a lot of *strategic, effective* CSR
- Of the strategic CSR, very little of it is effectively communicated or branded
- Telling your CSR story is a powerful branding tool- to consumers, employees, suppliers, new market segments, governments



The Lost Opportunity...

*...to utilize CSR as a powerful integrated **business** strategy, not an add on, and to **brand** it.*



Seven Rules of the Road

1. Know Thyself
2. Get a Good Fit
3. Be Consistent
4. Simplify
5. Work from the Inside Out
6. Know Your Customer
7. Tell Your Story

Knowing Thyself



Shopping



Jobs



Travel Services



Volunteering

VolunteerMatch makes it easier for good people and good causes to connect

The Fit: REI...Get Dirty!



www.rei.com/volunteer

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Enter a word or item #

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Shop our top brands by 126 and get free shipping on your entire order (see details)

Gift Shopping?

Get Free Shipping with Top Brands

Treat yourself to free shipping on your entire order when you shop our top brands. Details

Free shipping with:

- THE NORTH FACE
- KIEHL
- MAGELLAN
- GARMIN
- ALFA
- THULE

REI Gift Center: Outdoor-centric gift ideas, shipping information, REI gift cards, plus lots more!

Give Thanks This Year

Shop our selection from the top names in outdoor adventure, including REI brand eco-sensitive gear and clothing.

Shop Green Gifts

Color Your Holidays Happy

Our best-selling jacket comes in a spectrum of colors for men, women and kids. Shop The North Face Color Jacket

Always the Right Size, Style and Shade

Good online, over the phone or at any REI store. Shop REI Gift Cards

REI News & Announcements

VolunteerMatch

Give the Gift of Time with VolunteerMatch and REI

Search more than 50,000 nonprofit organizations to find a volunteer opportunity that's meaningful to you.

REI Contributes \$75,000 to Support California Relief Efforts

In response to the devastating Southern California wildfires and San Francisco Bay area, REI has committed \$75,000 to support the relief efforts of the American Red Cross, San Francisco's Bay Area and International Bird Rescue Research Center.

NO BROWBEATERS: How Flamingo

Check out NO BROWBEATERS, a video gallery showcasing our 2008 Heroes in Action.

Hybrid Vision: REI's New ASL Tents

For REI, 2008 Heroes in Action means commitment to the outdoors.

Local Volunteer Opportunities

powered by VolunteerMatch

REI is proud to partner with VolunteerMatch, a nonprofit organization with a mission to help everyone find a great volunteer opportunity. VolunteerMatch offers a variety of online services to support a community of nonprofits, volunteers and businesses committed to civic engagement. With over 50,000 nonprofit organizations participating, we're confident that you'll find a volunteer opportunity that's meaningful to you.

ZIP Code:

Distance:

Interests: ☒ Environment ☐

Keyword:

Skills:

Great for: ☐ Kids ☐ Teen-99 ☐ 55+ ☐ Other

Give the gift of time. VolunteerMatch is involved.

REI VOLUNTEER OPPORTUNITIES

powered by VolunteerMatch

Native Plant Nursery Volunteer

Organization: (Back | Search | Add)

Date:

Time: 1000 pm - 400 pm

Estimated Time: 3 hours per Week

Location: 3150 24th Avenue, Presidio National Park, San Francisco, CA 94132

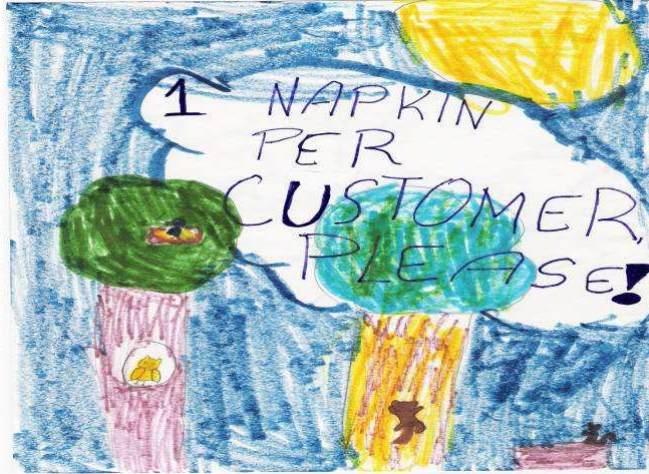
Great For: 55+

Interests: Environment, Science, Sports & Recreation

Minimum Age: 55

Report to Host

Simplify



Sign in Dreyer's Ice Cream Scoop Shop, Berkeley, CA

Employees Care

Top Attraction Drivers	Top Retention Drivers	Top Engagement Drivers
Competitive base pay	Satisfaction with the organization's people decisions	Senior management sincerely interested in employee well-being
Competitive health care benefits	Good relationship with supervisor	Seek opportunities to develop new knowledge/skills
Vacation/paid time off	Understand potential career track within organization	Organization quickly resolves customer concerns
Flexible schedule	Organization quickly resolves customer concerns	Organization's reputation in community
Convenient work location	Ability to balance my work/personal life	Organization's reputation for social responsibility
Career advancement opportunities	Have excellent career advancement opportunities	Appropriate amount of decision-making authority to do my job well
Caliber of coworkers	Can impact customer satisfaction	Improved my skills and capabilities over the last year
Reputation of the organization as a good employer	Satisfaction with the organization's business decisions	Can impact quality of work/product/service
Reasonable workload	Organization's reputation for social responsibility	Satisfaction with the organization's business decisions
Learning and development opportunities	Unit has skills needed to succeed	Unit has skills needed to succeed

Source: US Healthcare - 2007 Towers Perrin Global Workforce Study

An Inside \$1M Story

Lowering your thermostat just ____ degrees during the winter saves 6% of heating-related CO₂ emissions.

A 15 degrees C 25 degrees
B 20 degrees D 2 degrees

Answer: D

Be careful not to overheat or overcool rooms. Turn your thermostat up 2 degrees in the summer and down 2 degrees in the winter. The effect is a reduction of 420 pounds of CO₂ per year for a typical home.

A Continued Story

A budget-friendly guide to helping the planet.



WAL-MART
Save money. Live better.

Earth-friendly products won't save the Earth if they don't save people money.

Save up to \$100 a year with a PUR® Personal Mount Water Filtration System. In just one year, it can provide the equivalent of up to 3,200 bottles of water. Great news for the planet, considering 60 billion bottles are thrown away each year.

YOU + 200 million—
If every Wal-Mart shopper swapped their tap water for filtered water, they could help enough water to account for all of the bottled water sold every year in the U.S.

Customers Are Caring More

The consumer is more informed.

- 52% of US consumers claim that they actively seek information on companies' (CSR) record.

A conscious consumer has emerged.

- 90% Americans want companies to manufacture energy efficient products
- 87% claim to support fair labor and trade practices

Consumers remain loyal to brands that they know are socially responsible.

- 35% of consumers identified "being socially responsible" as the most likely factor influencing brand loyalty Vs lower price at 20%.

-Shaping the New Rules of Competition, UN Global Compact Participant Mirror, GS Sustain, Highlights from the BBMG Consumer Report

Millennials Care A Lot (ages 8-26)

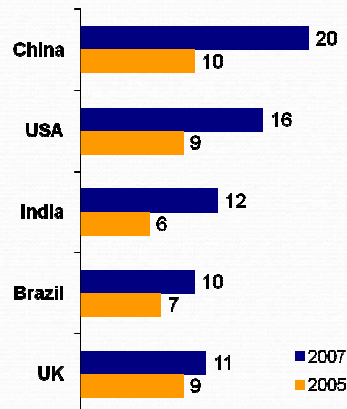
- 89% said they are likely to switch brands if linked to cause
- 83% will trust company more if socially responsible
- 79% want to work for company that care about and contributes to society
- 78% believe that companies have responsibility for making a difference in the world
- 74% more likely to pay attention to a company's overall messaging when they see that company has deep commitment to cause they care about
- 69% consider companies' CSR reputation when deciding where to shop
- 61% feel personally responsible for making a difference in the world
- 56% would refuse to work for an irresponsible corporation

Source: 2006 Cone Millennial Cause Study

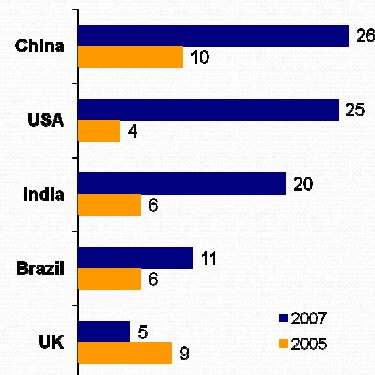
Ethical Consumerism

Social Activists, General Public vs Youth, Selected Countries, 2005 - 2007

GENERAL PUBLIC



YOUTH



Generation Y Volunteers

Born in the 1980 & 1990's

- 80% identify themselves as volunteers
- 97% believe that companies should offer employees opportunities to volunteer

Deloitte's 2007 Volunteer IMPACT Study



"People, especially young people, think the government and the public sphere are broken, but they feel they can personally make a difference through community service"

- "The Case for National Service" Time Magazine, Sept 10, 2007

Women Care the Most

- **WOMEN** more likely than men to:
 - **Volunteer** in their local communities
 - **Investigate** a company's environmental reputation before making a purchase
 - **Invest** in companies screened for different criteria including environmental practices, the hiring and promotion of women and minorities, labor practices and tobacco manufacture
 - **Purchase** a product with a percentage of profit earmarked for charitable donation
 - **Participate** in company sponsored social programs
- And **WOMEN** control upwards of 80% of the purse

Finally...Tell Your Story

- Substance & content first
- You cannot not communicate
- Others will tell it first
- Stories trump facts **ten times out of ten, period.**

Kenneth Cole...

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December 1, 2008 | Opportunities 33,338 | Organizations 81,818

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VOLUNTEERISM

MAKE A DIFFERENCE

KENNETH COLE

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1. Find a Volunteer Opportunity

Use the search tool to find opportunities near you.

ZIP Code:

Distance:

Interest Area:

2. Login or Register to Track Your Hours

Welcome! If you have volunteered since your last visit, don't forget to track your hours.

Email Username:

Password:

Not registered?

Get Involved! Welcome to Kenneth Cole's VolunteerMatch site.

With today's hectic schedules, we can all relate to feeling like we are too busy to volunteer. But the key to changing the world isn't setting aside special days just to give back. It's making volunteering part of your life in ways that actually make sense for you - no matter how much time you have to give or how unusual your interests.

We're sure you will find unique and rewarding ways to make a difference right here.

POLITICAL LANDSCAPE

[Advocates Against Tobacco Litigation](#)
Project for Peace in Living (PPFL)

[Children's Advocacy Center](#)
Forum of Greater Minneapolis

[Delaware and Sussex Children's Association](#)
Lutheran Social Service - Refugee and Employment

(More...)

WELL-BEING

[Special Events Volunteer - Entertainment Music](#)
The Senior Museum

[Adopt-A-Family Reunion](#)
Seaford Army

[St. Louis Park Local Job Quest](#)
Volunteer Opportunity Association

(More...)

SOCIAL RIGHTS

[One Voice United Church Council Volunteers](#)
One Voice United Church

[Family Guidance Bureau - Dec 11, 2008](#)
Family & Children's Service

[Social Intervention in Human Interaction](#)
Lutheran Social Service of MN - State Center

(More...)

HARD TIMES

[Exposition for Christmas Time Service](#)
Seaford Army

[Adopt-A-Family Reunion](#)
Seaford Army

[Chapel, Park, Love, Promise](#)
Simon Young Services, Inc.

(More...)

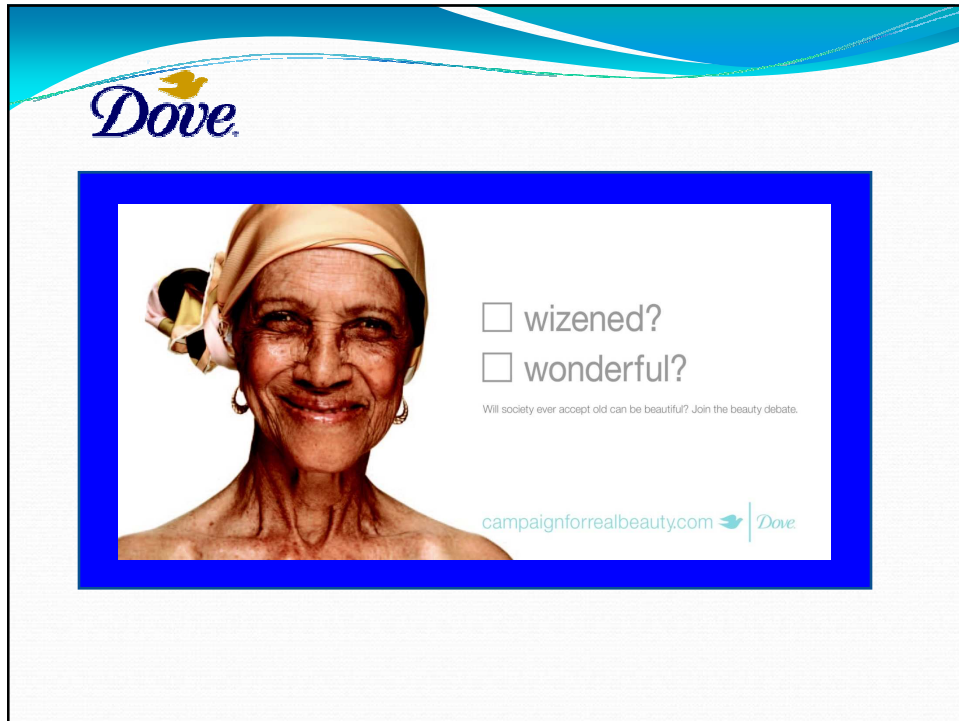
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Privacy Policy | Updated: May 21, 2008 | Terms of Use | Updated: May 21, 2008

☐ fat?
☐ fit?

Does true beauty only squeeze into size 8? Join the beauty debate.

campaignforrealbeauty.com



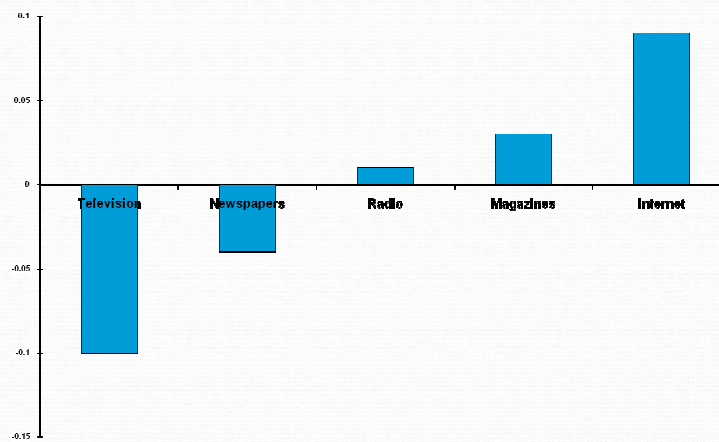
Why Communicate Corporate Responsibility?

- Reputation
- Trust
- Employees
- Consumers
- Competition
- Differentiation
- New markets
- Governments
- Hope

One Message to All



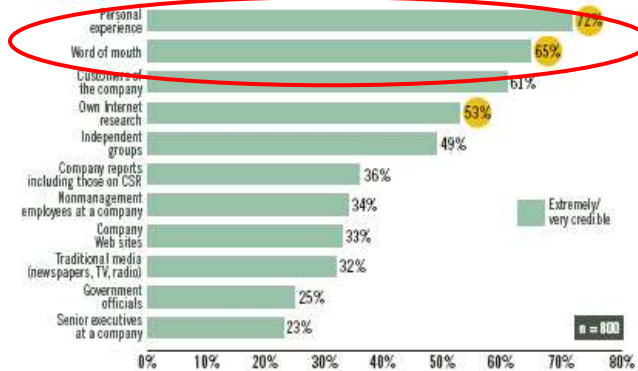
Key Channels? Use the Web



Source: Edelman Annual Trust Barometer, Jan 06

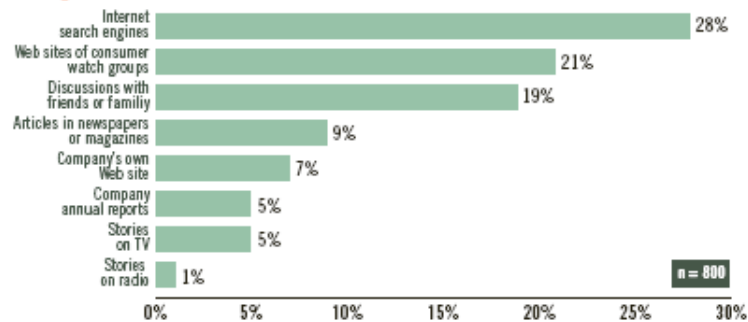
Use Employees as Brand Ambassadors

Figure 2.1: CSR Source Credibility



Use Multiple Channels

Figure 2.0: CSR Sources



Source: Fleishman-Hillard White Paper 2006

There are risks

- No good deed goes unpunished
- Cynics await
- Expectations increase
- Substance must be there first
- Must keep moving forward
- Will be criticized (but aren't there far worse things to be criticized for?)

Stories trump facts ten times
out of ten, period.

Key Take-Aways

- Select consumer segments ready (LOHAS, women, Millennials, diverse)
- Reporting does not equal communication
- POS communication is critical
- Blogs/ social networking increasing in effectiveness
- Simple messages, language
- Use employees as ambassadors
- Link to/ integrate with brand, all company messaging
- Numbers increase credibility, but stories stick

Stories Give Hope



"What would you suggest to fill the dark, empty spaces in my soul?"

How Can Each of You Give More Hope?

- Who is telling their story now?
- What are your best practices?
- What have been your best failures/ best learnings?
- What can you do tomorrow?

It's Just Good Business

