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
Who I wanted to be....
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

<table>
<thead>
<tr>
<th>2006</th>
<th>Company/Country</th>
<th>Revenue (Fortune Magazine) [millions, USD]</th>
<th>GDP (World Bank) [millions, USD]</th>
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<tr>
<td>1</td>
<td>United States</td>
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<td>2</td>
<td>Japan</td>
<td>4,340,133</td>
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<td>3</td>
<td>Germany</td>
<td>2,906,681</td>
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<td>People’s Republic of China</td>
<td>2,668,071</td>
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<td>United Kingdom...</td>
<td>2,345,015</td>
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<td>22</td>
<td>Exxon Mobil</td>
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<td>Poland</td>
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<td>Austria</td>
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<tr>
<td>25</td>
<td>Wal-Mart Stores</td>
<td>315,654</td>
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<td>26</td>
<td>Norway</td>
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<td>Saudi Arabia</td>
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<td>28</td>
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<td>29</td>
<td>Denmark</td>
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<td>28</td>
<td>BP</td>
<td>267,600</td>
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</table>
There’s Been a Shift of Trust
Expectations of Companies to Operate in Society’s Best Interests v. Perceived Performance

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**

![Graph showing stock market fluctuations](image-url)
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 and (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”

Consumers buy brands that support causes:

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

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 26% 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.
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

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

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

The Fit: REI…Get Dirty!

www.rei.com/volunteer
Employees Care

<table>
<thead>
<tr>
<th>Top Attraction Drivers</th>
<th>Top Retention Drivers</th>
<th>Top Engagement Drivers</th>
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<tr>
<td>Competitive base pay</td>
<td>Satisfaction</td>
<td>Senior management</td>
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<tr>
<td></td>
<td>with the organization's</td>
<td>sincerely interested</td>
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<tr>
<td></td>
<td>people decisions</td>
<td>in employee well-being</td>
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<td>Competitive health care</td>
<td>Good relationship</td>
<td>Seek opportunities to</td>
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<td>benefits</td>
<td>with supervisor</td>
<td>develop new knowledge/</td>
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<tr>
<td></td>
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<td>skills</td>
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<td>Vacation/paid time</td>
<td>Understand potential</td>
<td>Organization quickly</td>
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<tr>
<td>off</td>
<td>career track</td>
<td>resolves customer</td>
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<td>Flexible schedule</td>
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<td></td>
<td>resolves</td>
<td>reputation in</td>
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<td>customer concerns</td>
<td>community</td>
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<tr>
<td>Convenient work location</td>
<td>Ability to balance</td>
<td>Organization's</td>
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<tr>
<td></td>
<td>my work/personal life</td>
<td>reputation for social</td>
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<tr>
<td></td>
<td></td>
<td>responsibility</td>
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<tr>
<td>Career advancement</td>
<td>Have excellent career</td>
<td>Appropriate amount of</td>
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<tr>
<td>Caliber of coworkers</td>
<td>Can impact customer</td>
<td>Improved my skills and</td>
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<td>satisfaction</td>
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<td>Reasonable workload</td>
<td>Organization's</td>
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<td>development opportunities</td>
<td>needed to succeed</td>
<td>needed to succeed</td>
</tr>
</tbody>
</table>

Source: US Healthcare - 2007 Towers Perrin Global Workforce Study
An Inside $1M Story

I Knew That!
The Going Green Game
more office editors

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

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

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.

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

Source: Shaping the New Rules of Competition. UN Global Compact Participent 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**

- China: 10
- USA: 18
- India: 12
- Brazil: 10
- UK: 11

**YOUTH**

- China: 20
- USA: 25
- India: 20
- Brazil: 11
- UK: 9

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**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”

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...

YOU CAN CHANG OUTFIT. YOU CAN OUTFIT CHANGE.

Look good doing good.

100% of net proceeds from the sale of AWEARNESS collection to the AWEARNESS Fund - a not for profit organization - are donated to organizations fighting social injustice. To find out more, please visit our ABOUT page.
Why Communicate Corporate Responsibility?

- Reputation
- Trust
- Employees
- Consumers
- Competition
- Differentiation
- New markets
- Governments
- Hope
One Message to All

Key Channels? Use the Web
Use Employees as Brand Ambassadors


Use Multiple Channels

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?