

Goodbye recession, hello upturn!

IF WE HAVE LEARNED ONE LESSON FROM THE HARDSHIP OF THE PAST 18 MONTHS IT IS THIS: CORPORATE RESPONSIBILITY DOES INDEED MATTER. IT WAS IRRESPONSIBILITY IN OUR MOST IMPORTANT INSTITUTIONS THAT FIRED AND FANNED THE GLOBAL ECONOMIC CRISIS.

As we look to a brighter 2010, two issues are clear. First, with limited resources and ever-growing demands, super-sharp strategic thinking is needed to ensure that corporate sustainability delivers the maximum return on investment.

The cutting has been done, now is the time to grow. Most of the value will flow from exploiting new business opportunities created by a global shift to sustainability.

Second, market demand for social and environmental performance information is increasing. Bloomberg has brought these data into the mainstream and other information providers are expected to follow.

This, combined with the wild growth of online social media, has made effective corporate sustainability communications an imperative. The shy will fail to capitalise on their investments.

We expand on these points overleaf, and the conversation continues online at www.econtext.co.uk



WELCOME

Instead of an annual publication, we are issuing four quarterly bulletins linked to a continuing conversation on our website. We will be exploring the issues that matter most to our clients as they look to extract maximum value from their corporate sustainability programmes.

We apologise to our readers in the USA for the UK spelling and punctuation in this edition. Our next bulletin will conform to US conventions, to reflect the transatlantic spread of our clients and our business. Fair?

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■ **VALUE BACK.** Heather Rankin introduces our regular series on value for money.

Join us to continue the conversation or download a PDF of this publication at www.econtext.co.uk www.contextamerica.com or twitter.com/Context_Group

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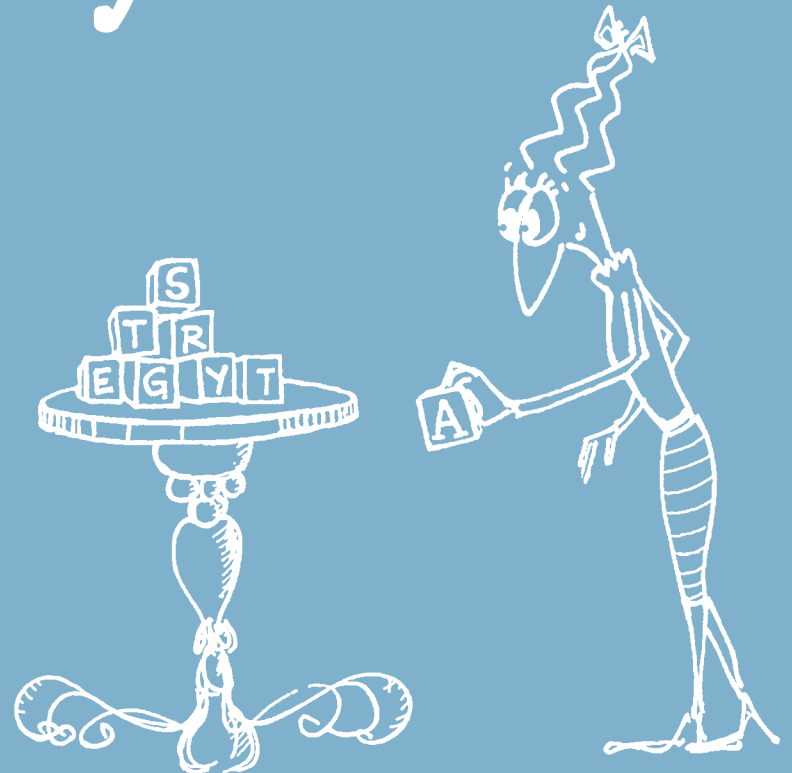


Get smart about corporate sustainability and growth.



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IT'S TIME TO PLAN FOR ECONOMIC RECOVERY. HERE'S HOW TO EXTRACT THE MAXIMUM VALUE FROM YOUR CORPORATE SUSTAINABILITY (CS) ACTIVITY.



HARD TIMES HAVE FORCED EVERYONE TO FOCUS. AND NOWHERE IS THIS MORE NEEDED THAN IN THE SPRAWLING SUSTAINABILITY ARENA, WHERE HUMAN RIGHTS DEMANDS ON MONDAY ARE HOTLY FOLLOWED BY GOVERNANCE CONCERNS ON WEDNESDAY AND CLIMATE CHANGE DECISIONS ON FRIDAY.

In our experience, few companies have a clear CS strategy. Many are doing excellent work in different parts of the business, but few have brought it together coherently.

In the good times it may have been possible to try and do everything. Now that there may be fewer resources, it's time to be less random, more selective. Concentrate on what really matters and jettison the rest.

This is not just a message for CS. A recent McKinsey article* suggested key principles for guiding companies safely out of recession, based on the views of more than a dozen top corporate leaders. "Put strategy center stage" was one of the principles. Interestingly, another principle was "Keep faith with the future", something else for companies to remember when they might be tempted to scale back CS ambitions.

The fact is that CS will be even more important as the recovery takes off. That's why a company like CEMEX is ramping up its work developing sustainable construction despite suffering from the property slump. CEMEX knows there will be more demand for sustainable building materials when construction takes off again.

Whether you need to devise a new strategy or revise an existing one, you will want to make sure that CS is integrated in the business strategy. Ultimately this means aiming to transform your own business, your industry and your supply chains.

For the immediate future, a CS strategy should prioritise three broad types of sustainable activity, those that can:

- generate revenue, by opening up new markets
- produce better value for money
- replace hard cash spending with softer investment, such as employee time.

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**INTERFACEFLOR'S
RAMON ARRATIA**

"Times have changed. It's important not to just plough on with the strategy that made sense before the crash. We need to think about what makes most sense in the new environment."

GENERATING REVENUE

The most valuable CS strategy strand is surely one that generates revenue, including the potential for strategic philanthropy to open up revenue opportunities. Companies are increasingly looking for business potential from CS and GE's Ecomagination branding is probably the best-known (if controversial) example. Context clients in various industries have many others:

- GSK is building on its initial philanthropic work opening up access to drugs in developing countries. This is now leading to an emerging markets business strategy which should position the company well in the growth markets of the future.

- United Technologies (like CEMEX) has positioned itself to supply the burgeoning green building industry.
- In the mobile technology industry, Vodafone and Nokia Siemens Networks have developed new business models that will work in developing economies.
- The ICT industry is recognising the business opportunities in applying its expertise to creating a low-carbon economy. HP is an example that has moved beyond reducing the energy consumption of its products to developing services that will help others to save energy.
- The financial sector is also playing its part. Banks such as Standard Chartered are growing financial services for previously excluded groups as well as providing finance for low-energy and low-carbon developments. The insurer RSA is supporting micro-insurance services and greening its claims processes as well as its internal operations.
- Unilever's work on sustainable agriculture over several years has given it a competitive advantage with customers such as Walmart who are looking for sustainability in their supply chains.

VALUE FOR MONEY

Of course, becoming more sustainable saves money – as at Tesco, which has developed a low-carbon store model and has managed to continue serving its growing UK network without increasing its distribution fleet over the past three years.

Another way of getting value for money is making the most of what you're doing by making sure it is communicated well. It doesn't cost much to tell a good story, and you waste money on activity that nobody hears about. (See the next article for tips on using social media, which can be especially cost-effective.)

SOFT INVESTMENT

Some objectives require sizeable investment, but it may not yet be time for splashing cash even if it will yield a decent return in the long term. Most companies are still in cash-preservation mode, which means switching the focus to low-cost activities. They can still have a big impact, and changing behaviour possibly has the biggest impact of all.

A behaviour change campaign might target employees, suppliers or customers. BT is focusing on increasing the involvement of employees in community activity. Standard Chartered is encouraging customers and employees to change their behaviour to save resources.

BUT WHAT DO I DO ON MONDAY MORNING?

Getting the strategy right is one thing, but being able to pursue it with limited resources could be another matter entirely.

If you have a list of tasks as long as your arm, and a bundle of costs bigger than your budget, some will have to be deleted. Here's some guidance on how to choose. The key is to get more value from less work or money.

HP'S AMY KNIGHT

“HP has a great opportunity to use our products and services to enable a low-carbon economy.”

Questionnaires

If you're inundated with questionnaires from investors, researchers, NGOs and academics, something may have to give. Focus on those that inform the most users, e.g. EIRIS, which is used by many fund managers. Remember that a good CS report can answer many questions.

Memberships

There's a host of organisations to belong to (see back page), but they cost money and it's not always clear how much value you get in return. Ask what you wouldn't have been able to do over the past year without the membership. Do they help you make connections you wouldn't otherwise make?

Conferences

Conference organisers are great marketers. But you could spend every week pursuing the apparently brilliant insights on offer. Choices have to be made. Did you really learn anything last time? Did you make some great contacts?

Communications

As we said earlier, people need to know what you are up to. But that doesn't necessarily mean you need a multi-media global campaign. Start with a solid report but avoid duplication between the report and other material on the website. Save money with electronic rather than print versions. Avoid over-elaboration. Reassess the value of assurance, if you use it for the report. Target specific audiences with communications most relevant to them.

Doing more with less is what this is all about. Less money, less time, less unproductive effort. More impact, more effective, more sustainable. ■

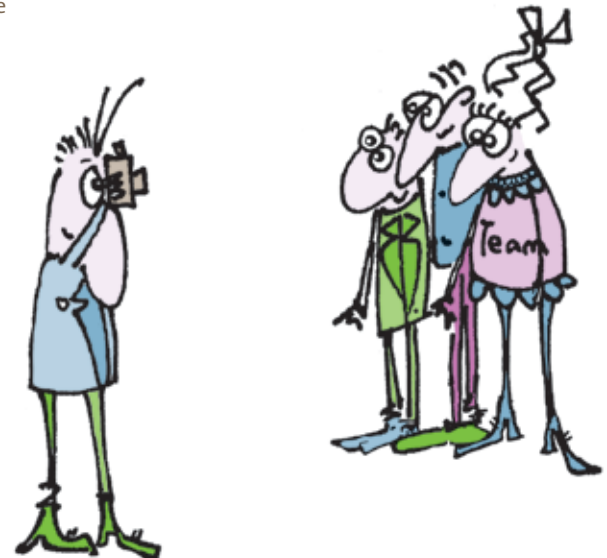
*McKinsey Quarterly July 2009, Leadership lessons for hard times, by Dennis Carey, Michael Patsalos-Fox, and Michael Useem

CEMEX'S MARIA CLAUDIA RAMIREZ

“Sustainable construction is the future. The industry must not use the economic circumstances as an excuse for failing to move forward.”

BT'S SUSAN MORGAN

“Employees will play a key role in ensuring that sustainability is embedded in our business.”



How to get noticed in cyberspace



PETER T. KNIGHT
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CORPORATE SUSTAINABILITY COMMUNICATORS ARE BEGINNING TO EXPLOIT SOCIAL MEDIA TO TELL THEIR STORIES AND GET QUICK FEEDBACK. WHICH NEW MEDIA OFFER YOU THE GREATEST POTENTIAL – WHAT IS THEIR DIGITAL BOTTOM LINE?



CORPORATE BLOGS

While still very much a minority sport among corporations, blogs are already the grandfathers of Web 2.0. CEOs and corporate specialists have been blogging for many years, especially in the technology industry. Intel, for example, has a range of internal and external blogs, some focused on corporate sustainability. Suzanne Fallender, head of corporate responsibility communications at Intel, blogs regularly on the company's CR blog.

Bob Langert, VP at McDonald's, has confounded critics of the fast-food restaurant chain by engaging with them through his blog.

One of the more prolific among the corporate sustainability bloggers is Kevin Moss, head of CSR at BT Americas, the US arm of the UK-based telecoms giant BT. (See our links to CS corporate blogs at: www.econtext.co.uk/articles)

When used for internal communications, corporate blogging by senior executives can be highly effective because the medium gets you as close as possible to conversing with your employees.

But corporations find it much more difficult to talk openly with outsiders. All external sustainability blogs are, by necessity, rather anodyne. It is naïve to think that a company can engage in a rumbustious conversation with all-comers: there are just too many legal and reputational risks involved.

DIGITAL BOTTOM LINE (DBL): Blogs are useful ways to personalise messages, respond to critics and show that you are willing to engage. But avoid blogging unless you have something interesting to say, and the energy to keep it current.

INTEL'S SUZANNE FALLENDER

ON THE USE OF SOCIAL MEDIA

“Social media are going to change corporate responsibility communications in a dramatic way. But there is still a lot of development ahead. The secret of success will be in the way you mix your media.”

SOCIAL NETWORKING – CONNECTING WITH DIGITAL COMMUNITIES

The success of social networking sites, such as Facebook, has spawned others that attempt to build digital communities within a social niche, such as LinkedIn, the professional networking site.

Justmeans, a sustainability-focused website that offers a range of social networking options (jobs, forums, Twitter feeds...), is trying to build a community of people interested in sustainable development and philanthropy. This group will not only generate beneficial interaction (debates, networking etc) for itself, but it could also offer companies a ready-made stakeholder engagement audience that can be accessed for a fee. For example, Timberland is using Justmeans to disseminate its quarterly online sustainability reports, and to solicit feedback. Campbell's is trying something similar.

Such a ready-made audience is potentially good news for companies because it can save a lot of time, effort and money trying to reach specialist groups in traditional ways. The challenge for social networking sites is to attract an audience of the right quality and breadth to suit fee-paying users.

Some companies have tried to build their own digital communities as part of their marketing and public affairs engagement. Chevron, for example, has invested heavily in developing and advertising its willyoujoinus website that promotes energy-saving lifestyles.

DBL: Corporate sustainability communicators ignore social networking at their peril. Specialist digital communities promised by some sites could be too narrow for one-stop stakeholder engagement.

MCDONALD'S BOB LANGERT

ON BLOGGING

“My advice is take it seriously. If you are going to get in, then get in. And have a thick skin.”

MOTOROLA'S TAMA MCWHINNEY

ON TWITTER

“Twitter has provided a new way for the Motorola Foundation to highlight its education programs and connect over 100 grantees with each other and other organizations with similar focus areas. We believe using Twitter makes the depth of our program more visible while sharing best practices among our grantees.”

FORUMS

Corporate online forums have existed for over a decade, with Shell pioneering its Tell Shell forum in the 1990s. Usually connected to popular blogs, news outlets and social networking sites, forums offer opportunities for all-comers to express views and discuss issues.

Companies selling controversial products, such as alcohol beverages, are using online forums to encourage debate on topics such as drunk driving and binge drinking. Brown-Forman, owner of Jack Daniel's and a host of other brands, recently launched an online forum called "Our Thinking About Drinking". This contains serious articles on key topics of public concern, as well as expert views. It also provides an opportunity for anyone to join the debate.

DBL: Most public forums are blighted by debaters who are more interested in self-promotion than moving the conversation forward. Forums run by corporations send out a clear signal of openness, but this message is quickly undermined if the discussions are dull or too sanitised.

TWITTER

Business is still puzzling how to use this much-hyped service. Smaller companies are tweeting news about their products but the main benefit for large companies appears to be in helping to manage reputation. This is because Twitter can be used by companies to monitor what is being said about them in cyberspace, and to respond directly – and immediately – to those who might be spreading potentially damaging information.

DBL: The jury is still out on how useful Twitter will be for companies wanting to tweet about sustainability. But it is prudent to understand the medium and ponder its potential.

HOW TO BE HEARD ABOVE THE DIGITAL NOISE

For the information-rich world of corporate sustainability, social media offer myriad opportunities to communicate, debate and solicit feedback.

But digital public places are crowded and noisy. A clear strategy is needed to participate and be heard. While the media might be new, the fundamentals of good communications still apply: be precise in your messaging; clearly identify your audience; show respect; be honest.

The magic ingredient is to offer value in your communications, instead of flooding the already noisy networks with more self-interested opinion. This means working hard to understand the needs of the audience and finding ways to truly engage with them. A good conversation is as much about listening and sharing as it is about talking. ■



BROWN-FORMAN'S ROB FREDERICK

ON "OUR THINKING ABOUT DRINKING"

"It is an opportunity for us – and for all interested parties – to contribute to the ongoing dialogue and discussion about the role of alcohol in society and how to curtail abuse and promote responsible consumption."

www.ourthinkingaboutdrinking.com

■ Call us, or join us online, to discuss how best to deliver value and get your voice heard above the digital din.

Value back

Corporate Sustainability Organisations



DO CS MEMBERSHIP ORGANISATIONS OFFER VALUE FOR MONEY? OUR RESEARCH – THE FIRST OF A REGULAR SERIES ON GETTING VALUE BACK – WILL HELP YOU DECIDE.

HEATHER RANKIN SENIOR CONSULTANT
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	Who it's for	Commitment from company (if any)	Cost per year*	Main benefits	Focus	Geographical reach	Founded
Accountability	Open to everyone		Large org: £7,000 (\$11,550) + VAT Small org: £1,000 (\$1,650) + VAT	Network of peers Expert advice Account manager Access to information and resources	Magazine or newsletter Discounts on other events and services Use of logo	Corporate accountability and responsibility	Global 1995
Business in the Community (BITC)	Companies Premier members invitation only	Share experience Collaborate on social issues Integrate, manage and measure responsible business practice	£3,500 (\$5,775) to £12,175 (\$20,089), depending on size	Account manager Expert advice Access to information and resources	Inclusion in benchmarks Training and events Magazine or newsletter Network of peers	Sustainable business	UK 1982
Boston College Center for Corporate Citizenship	Companies		Based on revenue: \$1 Bn: \$2,000 (£1,220) \$1-5 Bn: \$5,000 (£3,050) \$5-7 Bn: \$7,500 (£4,575) \$7 Bn: \$10,000 (£6,100)	Network of peers Partnerships and collaboration Discounts on other events and services	Access to information and resources Magazine or newsletter Training and events	Corporate citizenship	Global 1985
Business for Social Responsibility (BSR)	Companies		\$1,000 (£610) to \$30,000 (£18,300) depending on revenue	Network of peers Expert advice	Discounts on other events and services Training and events	Sustainable business	Asia, Europe, North America 1992
Ceres Companies	Companies	Develop plan and show improvement Exec commitment Public disclosure Engage with Ceres coalition	Ranges from \$1,000 (£610) to \$35,000 (£21,350)	Network of peers Expert advice Access to information and resources Training and events		Sustainable investment	USA 1989
Corporate Responsibility Group	Companies	Show commitment to and implement responsible business practices	£1,925 plus VAT (\$3,176)	Partnership and collaboration Training and events Magazine or newsletter		Sustainable business	UK 1987
Corporate Responsibility Officer Association (CRO)	CR professionals NGOs Academics Consultants		Corporate: \$6,000 (£3,660) Non-profit: \$1,000 (£610) Individuals: \$3,000 (£1,830)	Magazine or newsletter Training and events	Access to information and resources Partnership and collaboration	Corporate responsibility	USA 2008
CSR Europe	Companies	Agree to statute Allocate person for General Assembly Provide updates on policies and practices	€17,500 (\$24,850/£15,050) plus a one-off €5,000 (\$7,100/£4,300) signing-on fee	Network of peers Partnerships and collaboration Expert advice	Access to information and resources Account manager	Corporate responsibility	Europe 1995
Forum For The Future	Companies	Be serious about leading their sector on sustainability Potential to make core business sustainable	Members: £5,000 (\$8,197) Partners: £10,000+ (\$16,393) Foundation partners: £30,000 (\$49,180) per year	Expert advice Network of peers	Magazine or newsletter Access to information and resources	Sustainability	Global 1996
Global Environmental Management Initiative (GEMI)	Companies	Implement 7 elements of GEMI's strategy Consulting, law and other service firms excluded	\$20,000 (£12,200)	Partnerships and collaboration Inclusion in benchmarks	Network of peers Access to information and resources	Corporate citizenship, especially environment, health and safety	Global 1990
Global Compact	Companies	CEO/Board commitment Make GC principles integral to strategy/operations Report progress	Based on revenue: <\$250m: \$500 (£305)>\$1bn: \$250m to \$1bn: \$5,000 (£3,050) \$10,000 (£6,100)	Access to information and resources Partnerships and collaboration Network of peers		Sustainability	Global 2000
Global Reporting Initiative (GRI)	Companies CR practitioners Academics Consultants NGOs Assurers	Commit to establish a sustainability reporting process through the GRI framework	Based on revenue: <\$1m: \$100 (£61) \$1m-100m: \$500 (£305) \$100m-1bn: \$5,000 (£3,050) >\$1bn: \$10,000 (£6,100)	Network of peers Use of logo Discounts on other events and services	Access to information and resources Magazine or newsletter Training and events	Sustainability reporting	Global 1997
International Business Leaders Forum (IBLF)	Companies	Principal Partners and Council Level Partners commit to IBLF's mission statement	From £25,000 (\$40,983) to £75,000 (\$122,951)	Expert advice Access to information and resources Partnerships and collaboration	Network of peers Account manager	Sustainability	Global (UK based with separate bodies for North America, Russia and Asia-Pacific) 1990
World Business Council for Sustainable Development (WBCSD)	Companies (invitation only)	Support WBCSD by making knowledge and experience available CEO commitment	Unavailable	Expert advice Access to information and resources Partnerships and collaboration Network of peers		Sustainability	Global 1995
World Resources Institute (WRI) Corporate Consultative Group	Companies	State commitment to improved sustainability performance Publicly report progress	\$50,000 (£30,500) or \$25,000 (£15,250) if market cap under \$1bn	Training and events Access to information and resources Partnerships and collaboration Expert advice		Sustainability	Global 1982