

# WHO CARES WINS

THE RISE OF THE CARING CORPORATION



A report from  
**HAVAS**  
WORLDWIDE



# WHO CARES WINS

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*“Ideas abound about CR practice becoming ‘embedded’ in businesses, influencing decisions on everything from sourcing to strategy. The more this happens, ironically, the more the days of CR may start to seem numbered. In time it will simply be the way business is done in the 21st century”. Says one company’s head of corporate responsibility: ‘My job is to design myself out of a job’.”*

*The Economist, January 2008, (U.S. Edition)*

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## In boardrooms around the world change has arrived.

This change presents a crossroads in the relationship between corporations and consumers and the commercial response to it is easier said than done.

In a world that has become used to the drip feed of ‘feeling bad’, the quieter, but ever more determined, knock on the door of the ‘feel good’ factor has been easier to miss.

It’s a factor that brings with it new goals, where doing well and doing good may well prove to be more closely linked than may have been thought. It requires a response from business, one where concern meets capitalism, where principles meet profit.

From the fire of recession to the embers of recovery a new type and a new style of global business may well emerge. Simply put, the rise of the caring corporation.

This report captures a snapshot of the changes taking place around the world. From the views of business leaders to policy makers and opinion formers, it charts the changes that are shaping

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a new generation of challenges and opportunities for businesses. It interrogates the role of corporate responsibility in the boardroom and ethical decision-making and a social conscience as an engine room for profit.

For the cynic, the idea of 'doing good' is the latest in a dubious line of corporate con tricks; the new opium of the masses.

This report makes the case for commercial optimism. It provides new research from YouGovStone that demonstrates why doing good is good for businesses; why trust, customer loyalty and reputation are the trinity to winning preference with consumers; and why who cares wins.

That success and failure happens at breakneck speed and with that comes a whirlwind of change that has torn down corporate certainties. In this ever more transparent environment, the caring corporation is mission critical for business success.

The world needs the caring corporation. In a social media revolution bringing more societal change, every day, than a generation of communist revolutions, people want brands, products and services they can believe in.

It is also an environment where people will punish dishonesty and malpractice. There is nowhere to hide on a planet united in its ability to bring about real change through 24/7 scrutiny. It is a power that increases due to the reach and use of multi-platform, user-generated content, digital web-channels. It is a power that corporations ignore at their peril; fail to prepare and prepare to fail.

If this report proves one central fact, it is that customers want to feel good about what they buy and whom they buy from. It's not a request, it's not even a debate, it is people power at its most potent; it is a demand.

This demand brings with it obligation, but it also brings huge opportunities.

The benefactor is the Caring Corporation and for many businesses it is an objective that is firmly in sight.

# FOREWORD

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By David Jones, Global Chief Executive, Havas Worldwide, Co-founder One Young World

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Optimism hasn't been a word used much recently in business but I'm optimistic about global business in 2010 and the prospects for the global advertising and marketing industry. Not just because digitalization of my industry has totally reinvigorated it but because two very exciting revolutions taking place are having an impact that will make every business better.

The first of these is the social media revolution. The ability of millions of individual people to communicate rapidly, publicly and globally with like-minded contemporaries. This is a watershed in mass communications. The scale and immediacy of word-of-mouth thanks to social media is creating what I believe will be a bigger transformation for business than the arrival of television. And whether the Twitters, Facebooks and YouTubes of the world are still with us in a decade, what is certain is that the digital sociability they enable will be.

Last year, for our client Evian, we created — according to the Guinness Book of Records—the most downloaded piece of commercial content in history. We created and then seeded the Evian Rollerbabies film through social-media platforms and it generated over 94 million downloads. It delivered our client an incredible return and a wonderful proof of social media's power; it was named by Time magazine as its favourite TV commercial of 2009 — before having run on TV.

Social media also impacts employees and shareholders. Today, in the US, only 17% of businesses actually have a social media policy for employees; what are your employees writing about you as you read this, and are you happy about it?

The second revolution we are living through is the advent of large scale corporate responsibility. CR was trending in world business before the economic crisis, and given the lessons learned there about the pursuit of profit for profit's sake, its trajectory will now accelerate.

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This will be the age of corporate responsibility. Consumers, customers, employees and now shareholders expect business to be more responsible. The people with whom you wish to do business, to whom you wish to sell, now have the information about you and the means to test you: they have been digitally empowered to punish those businesses that don't live up to their standards. But an entire business cannot simply be "nicewashed." CR must be at the core of business strategy.

Business leaders need to wake up to the growing power of social media as a game changer and the emerging demand from consumers for ethically responsible brands.

I have said publicly many times, that we in the creative industries should also turn our hand to affecting changes in behaviour for the better. To that end we founded One Young World as a global platform for the young people who will be the leaders of governments and businesses tomorrow; like a "Davos," but for the leaders who have yet to come. At the inaugural One Young World Summit in London in February 2010, we had 823 young leaders from 112 countries, being "counselled" by world leaders like Kofi Annan, Muhammad Yunus, Desmond Tutu and Bob Geldof.

The Delegates' expectations of global business were unequivocal. One Young World Resolution 2010.3, that called on global businesses to behave ethically and to define their role and act on the fight against poverty and climate change was passed by 81% of the delegates and supported by 98% of the thousands following the Summit online.

Failure to listen to these future consumers and future leaders of the world, will, given the means in the digital age to judge the business community, result in their withholding their custom.

With these revolutions, we have a unique opportunity to make business better. But I believe far from these being separate subjects, they are in fact totally interlinked. In the coming decade, businesses that are the most socially responsible will be the most successful and will reap huge benefits from the power of social media, as employees, shareholders and consumers become passionate advocates for their brands and businesses.

To end on another optimistic note, it's reassuring that even if we were to fail to capitalize on this exciting challenge, from what I saw at One Young World, the next generation certainly won't. The caring corporation is the business model of the future.

# THE CARING CORPORATION: REPORT DASHBOARD

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## Who Cares Wins

- Businesses Can Make Money by Making Social Changes – Principles Mean Profit
- Happy Customers Make Good Customers
- Social Media Can Punish, But It Can Also Pay

## CHAPTER ONE: Think Positive, Think Commercial Advantage

- 70% of Business Leaders Believe in the edge CR Gives Them
- 79% of Business Leaders Accept CR as Business Cost
- TREND: Businesses Innovating in CR Speed Their Growth
- Returning Something to Society will Return Businesses to Profits

## CHAPTER TWO: Actions Speak Louder Than Words

- When Government Spends Less, Consider Private Sector Opportunities That Come From Doing More
- 83% of Future Leaders Think Global Corporations Should Be Ethical & Responsible
- Consumers Karma Off-Set by Buying from Caring Corporations
- Only 28% of Future Leaders Trust Their Government

## CHAPTER THREE: Do or Do Not. There is No Try

- 72% of Future Leaders Think Multinationals Can actually be Ethical
- Sir Bob Geldof, Kofi Annan and Bishop Desmond Tutu Inspire Leadership Conference
- 76% of Future Leaders Think Future Business Success is Based on Corporate Transparency

## CHAPTER FOUR: Social Scrutiny Meets Social Media

- Digital Lynch Mob: Nearly 25% of Adults Lash Out at Brands Online
- Whistle Blower Uses Twitter-Power to Reverse Corporate Stand
- CEO's Bow to Power of SEO

- 54% of Consumers Influenced by Online Reviews
- Twitter Notch Four Billion Tweets in First Three Months of 2010

## CHAPTER FIVE: The Feel Good Factor

- 90% of Business Leaders believe some customers are strongly influenced by the CR policy of the brands they buy
- Power and Influence of Social Media Will Double in Five Years
- Don't Sell a Better Tomorrow, Make Commercial Sense Today

## CHAPTER SIX: Change and The Caring Corporation

- Turn On, Log In, Help Out – Social Media is the future of brand communication, get involved
- Put Your Workforce to Work – Employees who endorse and engage your CR hugely improve its impact
- Give It Away – Strategic philanthropy is a counter-intuitive but enlightened investment
- FUTURE TREND HEADLINES: Government Offer Tax Incentives to Caring Corporations for Doing Good
- FUTURE TREND HEADLINES: All Product Packaging to Carry Brand CR Rating
- FUTURE TREND HEADLINES: Online Peer Review Feedback Rating More Persuasive Than Product Discount

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## THINK POSITIVE THINK COMMERCIAL ADVANTAGE

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### THE THOUGHT LEADERS

What do UK business leaders agree about Corporate Responsibility?

Businesses think positive CR initiatives give them competitive advantage:	70%
CR is an accepted cost of doing business:	81%
Good CR ensures organisational durability:	56%
Successful commercial organisations of the future will focus on solving social and environmental problems rather than just selling desirable products and services	59%

Source: YouGovStone

These figures show:

- Without Corporate Responsibility strategy UK businesses will be at a major disadvantage over the coming years compared to those who embrace it.
- The cost of Corporate Responsibility is widely recognised as a necessary cost, so any smart business leader will look for ways to create value and benefit from this expenditure, not simply accept investment without return.
- The sustainability of organisations themselves will be increasingly helped by having good Corporate Responsibility. This could relate to durability versus competitors, the strength and loyalty of your work force towards the organisation and the companies ability to withstand the changing demands and expectations of their customers.
- Success won't just be defined and achieved by DOING WELL, but by DOING GOOD.

### Conclusion:

Caring corporations recognise the opportunity that doing better CR will make them better, stronger businesses.

## THE CYNICS

What do UK business leaders fear about Corporate Responsibility?

CR is little more than 'greenwashing':	43%
CR is mostly an insurance policy:	52%

### These figures show:

- A large group still think part of the motivation behind Corporate Responsibility is to be perceived positively, rather than to actually behave positively with all of the manifold benefits of sincere action.
- Over half of UK business leaders think that positive Corporate Responsibility programmes are there mainly to counter the potential of negativity.

### Conclusion:

Cynics miss what lies at the heart of the opportunity recognised by Caring Corporations – Successful companies of the future won't just do CR. They'll do it brilliantly.

YouGovStone Survey of UK business leaders, May 2010.



# IF YOUR COMPANY WERE A PERSON, WOULD YOU BUY FROM THEM?

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person 1

Open and apparently honest, friendly and informative about his products and transparent about the challenges he faces in producing them without polluting, exploiting or destroying. What's more, while charitable and thoughtful of others, trusts that you'd accept he would make a fair profit given the efforts made to bring them to market.

person 2

Incommunicative, surly and slightly suspicious, sketchy about his products' origins, components and who actually made them. What's more, they focus solely on what the product will do for you and what a great price you are getting, justifying that their personal profit is the reward for bringing it to market.

The sound of markets crashing will echo through future generations...and not just economically. Moral high ground was ceded by these failures. Public and commercial institutions who once held themselves up as principled guardians and benefactors, proved fallible and fearful. In spite of economic restrictions, Caring Corporations are investing in new thinking.

The economic re-shuffle has changed perceptions of who, how and what businesses stand for. Shareholder return was and is evidently their primary quest, but the reality of our current situation questions the means to return to profit. Businesses, by becoming more socially aware organisations and addressing broader issues; pollution, recycling, waste reduction, energy efficiency, staff protection will find this innovation speeds their growth.

In 2010, Caring Corporations taking these initiatives seriously, planning them carefully, publicising them strategically and ensuring their longevity are building core parts of their brands' ongoing value proposition.

If you follow free-market purist Milton Friedman "the most influential economist of the 20th century" and believe that the business of business is business. You are living in that era with him.

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## ACTIONS SPEAK LOUDER THAN WORDS

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### CARING CORPORATIONS CAN:

#### Help The World, Without Negating The Profit Motive

Making and sticking to commitments to do better for its workers, local communities and the planet means companies will attract better staff, improve productivity and morale, generate optimism and goodwill and increase profits.

#### Consider Filling the Vacuum

In an environment where government spends less, the private sector should look at opportunities that come from doing more.

#### Out Business the Cynics

Consumers vote with their wallets and will only back companies who are making positive CR waves.

#### Get People Talking About Them

Social Media including Twitter, Facebook, MySpace or YouTube has made word-of-mouth, for any purpose, infinitely more powerful. They recognise that the best way to understand their employees, suppliers and customers is to participate in the digital conversation.

#### Grow Through Karma Off-Setting

Consumers will actively buy from companies who are good, so they feel that they themselves don't have to personally undertake social projects, as they have done good by making their purchase with you. Good brands provide a moral alibi for buying.

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*"I don't care whether companies change for the love of the environment or because of their financial self-interest. The most sustainable solution is to have companies responding to financial incentives rather than their own feelings."*

**Geoffrey Heal**

Columbia Business School professor and author of *When Principles Pay*

## Influence Our Day-to-Day

While politicians struggle over mandates and consensus, interconnected multi-national companies are much more nimble. Governments can't create profitable and satisfying solutions, Caring Corporations can.

## Give Us a Youth Boost

By listening to innovative global platforms like One Young World, companies can be prepared for the changing face and value of Corporate Responsibility.

# 83%

*The number of young leadership calibre individuals who thought global corporations must behave responsibly and ethically.*

Source One Young World, Global Survey, YouGovStone July'08 - Dec'09



Delegates to One Young World 2010 gather with flags in the City of London



Mayor Boris Johnson addresses the Delegates and the Opening Ceremony of One Young World 2010

## DON'T YOU FORGET ABOUT ME

**63%**  
of OYW delegates are loyal to the country they grew up in

**62%**  
of OYW delegates actively follow domestic politics

**Only 28%**  
of OYW delegates trust their country's politicians

**Just 17%**  
of OYW delegates think their country's politicians represent their age group

## Conclusion

If this powerful global youth group don't trust politicians to represent them, who has got their concerns and well-being in mind?

Source: OYW Live Forum

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## DO OR DO NOT THERE IS NO TRY

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Kofi Annan and 16 year old Adrian Lo from Hong Kong in discussion before Adrian gives his speech at One Young World 2010.

A policy of corporate transparency is empowering.  
66% said YES

Future success of major commercial organisations depends on their being transparent.  
76% said YES

Major commercial organisations are no more than partially transparent.  
91% said YES

Multinationals have a duty to behave responsibly.  
81% said YES\*

Young people trust that Multinationals can be ethical.  
72% said YES\*

YouGovStone Survey of UK Opinion Leaders, May 2010.

\*Source One Young World, Global Survey, YouGovStone July'08 - Dec'09

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*“One Young World matters because it is an untapped source of future world leadership. This high calibre group aren’t spoken TO by counsellors Bob Geldof, Archbishop Desmond Tutu and Kofi Annan but spoken WITH. They are innovative thinkers, highly motivated, globally connected and they will be the one’s who’s profitable businesses will successfully figure out how to protect our planet and its people.”*

**Kate Robertson**, UK Group Chairman, Euro RSCG, Co-founder One Young World

# WHO IS FIGHTING THE CAUSE?

One Young World is a global platform for the young people who will be leaders of governments and businesses tomorrow; like a Davos but for leaders set to arrive. [www.oneyoungworld.com](http://www.oneyoungworld.com)

The inaugural summit in London in February 2010 attracted over a thousand of the world's brightest talents to London and the message was clear. Delegates are placing high demands on business, and voted emphatically that they would work for, and buy from, companies that place a priority on their role as strong corporate citizens.

## The Secret? There are None.

Radically transparent, politically engaged, highly motivated, global and desperate to be heard, tomorrow's leaders, who are also consumers of today, will adapt the world to their way of thinking. This is the New Constituency.

The New Constituency know of:

- Public confessions
- Discreetly filmed footage
- Paparazzi shots
- Freedom of Information
- Online leaks



23 year old One Young World Ambassador Michael Teoh presents 'Our Future' report to Malaysia's Prime Minister Dato' Sri Mohd Najib Tun Razak after attending the One Young World 2010.

## We've Been Expecting You.

The New Constituency want companies courting them on social media platforms to be as open and transparent as they are: or get the hell off their platforms. These are social sites, not showrooms.

## Forget the Paper Trail, We're Digital Now.



When asked which social media platform was thought to be the most effective for campaigning for a cause, project or election the number of respondents who answered Facebook: **100%**

From a survey of 500 young leaders in 'Ideas & Solutions for the World' A Youth Report by Malaysian Young Leaders for One Young World.

The New Constituency accept that somewhere phone calls, emails, pictures, transactions and web histories are recorded and can be accessed if needed.

## Everything to Declare

On a constructive note companies can use transparency itself as a currency. The virtue of being 'open' carries implications beyond just an act of corporate responsibility. It shows intent – it shows willingness – it shows honesty and, if nothing else, makes you less of a target: “we’re striving, we’re doing something, we’re being transparent”.



## INNOCENT SMOOTHIES

Great example of CR transparency is drinks brand Innocent Smoothies whose label listed the relatively low percentage of recycled material that made up their packaging next to the phrase 'but we're trying'. These three short, transparent, honest words immediately gave consumers a sense that the company may not be perfect, but were at least aware of their environmental responsibilities, and were addressing them. It also gave employees a chance to be proud they were working for a progressive company.

## Don't Accommodate, Innovate!

The opportunity for progressive companies is to use CR to attract customers and future employee-talent to work for you. Even the phrase Corporate Responsibility sounds austere to today's generation.

Is “Corporate Responsibility” an out-dated phrase? Should it be rebranded? What do your customers call it? What would you call it?

ANY SUGGESTIONS? \_\_\_\_\_

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## SOCIAL SCRUTINY MEETS SOCIAL MEDIA

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*“The risk of earnings streams being affected by a political backlash is much higher than it used to be. And in a world of twitter...of the internet, ordinary people can very quickly attack Corporates and change the game on them.”*

Hendrik Du Toit

CEO of Investec Asset Management speaking on Today, Radio Four, 4th May 2010

Social Media and CSR are totally interlinked. In the coming decade, businesses that are the most socially responsible will be the most successful and will reap huge benefits from the power of social media, as employees, shareholders and consumers become passionate advocates for their brands and businesses; both online and off-line.

### THE NEW DIGITAL DIGEST

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Whistle-Blowers

Consumer Champion

Disgruntled Employee

Dirty Company Secret

Effect Social Change

Agenda Headlines

Opinion Former

THEN

Call the Newspapers

TV's Esther Rantzen

Confronts Boss

Buried in the Boardroom

Million Man March

The Ten O'Clock News

CEO Keynote Speech

NOW

Tweet the Shareholders

eBay Feedback Rating

Starts Facebook group

Buzzing in the Chatroom

140 characters

24-Hour Rolling News

SEO Keyword Search

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## WHO INFLUENCES YOUR PURCHASE DECISIONS?

Online Experts	54%
Online friends	48%
Anonymous Online Reviews	30%

Source - Euro RSCG Biss Lancaster

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The impact Social Media has, and will continue to have, on forming opinions of companies and brands is huge. The medium is accessible, democratic, immediate and global. Where once it took a crusade to rally against unethical behaviour, a justified campaign can now be public within hours.

This game-changing technology will amplify any known – and easily reveal any unknown – failures to address unethical business dealings. Perceived corporate nastiness are the preserve of Social Media. Concerns don't just polarise and politicise, but give individuals immediate power to influence others. How would you respond if a trusted peer told you that a clothing brand was implicated in the use of third-world child labour, polluting, exploiting suppliers, and burning fuel?

### On My Company's Reputation

Social Media today has a large to massive impact on reputation.	23%
Social Media in five years will have a large to massive impact on reputation.	44%

#### Conclusion

The number of business leaders who believe that Social Media's power to influence will nearly double in the next five years.

Social Media today has no impact on reputation	22%
Social Media in five years will have no impact on reputation	12%

#### Conclusion

The number of business leaders who refuse to recognise the power of Social Media power nearly halves in five years.

YouGovStone Survey of UK business leaders, May 2010.



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*In Q1 of 2010 Twitter notched up over four billion tweets. 89% of Twitter users are over 17 years old.*

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# IT'S NOT WHAT YOU'RE SAYING ABOUT YOU, IT'S WHAT THEY'RE SAYING ABOUT YOU

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## Critical Condition

Social Media and Blogging platforms give individuals the chance to express uncensored narrative, critique and opinion without normal social restrictions; face-to-face confrontation, embarrassment, personal recriminations. As they are opt-in, user-generated, peer-to-peer content networks, users can communicate instantly with thousands of like-minded others their true feelings and thoughts – including their impression of your company.

## The Medium is the Message

Don't risk underestimating the power of a 'localised' online debate. The rabid thirst for content of 24-hour news outlets can turn online chatter into an agenda topic for traditional media platforms. The medium itself also makes headlines. When enough people follow a story on Twitter, the trending topic is deemed headline-worthy by news channels. And then to further distribute their story, old news media – CBS, BBC, CNN, ITV and SKY – all have their own Facebook pages with followers consuming their feeds.

## Spreaditorial Coverage

Online debate isn't 'localised'. 24-hour news is content-thirsty and will turn online chatter in to an agenda topic in seconds. The medium also headlines. Get thousands following a trending Twitter topic, and old media still marvels at its sheer reach.

## Employees and Customers Are the New Media Channel

Whistle-blowing your employer used to result in disciplinary action. Today, anonymously, your employees, customers, suppliers and distributors can all freely have their say on how your business is run. For this reason, companies must be part of the online conversation or risk internal revelations without the right to reply. It is better to have good stuff to share, than to attempt to control what you don't want to share.



*Of over 15,000 young people surveyed globally prior to the One Young World Summit in 2010, over 70% said they increasingly got news via the internet.*

## Digital Lynch Mob

23% of adults who use Social Media were willing to lash out at companies and brands online  
16% adults who use Social Media said they had lashed out at employers online

Source: Survey of 1,200 UK adults, Euro RSCG Biss Lancaster in May 2010.

*'What you find is that once people get the idea that everybody is doing it and having a go, then it snowballs . . . we're at that tipping point. Anonymity is making those of us that are timid join in and feel they are part of a counter-capitalist community online.'*

Graham Lancaster

Chairman, Euro RSCG Biss Lancaster

## Public Displays of Rejection

Large upmarket stationary retailer Paperchase was hit earlier this year by a negative campaign against them on Twitter after an artist felt they had plagiarised her work. When she privately contacted them she was fobbed off, and with legal fees prohibitive turned to the 'twitterati'. Within hours of her sharing her plight, thousands of people were calling to boycott the store unless they withdrew her copied work. Then, the tipping point – the story made national news. Paperchase were forced to respond, their only channel? Twitter. By posting a link to their full statement they eased the problem, but not before the digital stable door was unlocked and the horse of negative publicity had bolted.



Clarence Seedorf presents Desmond Tutu with ecclesiastical purple boots – to kick off the fundraising campaign for the Tutu Peace Centre at One Young World 2010.

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“WE HATE YOU SO MUCH BECAUSE WE LOVED YOU SO MUCH”

*Banners criticising footballer Luis Figo after moving from Barcelona to arch rivals Real Madrid*

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## Public Displays of Affection

Social Media is not just an insurance policy against harm, but a valuable tool that can support and grow your business. You can even mobilise your own workforce to positively respond to customer dissatisfaction – as US chain Best Buy did on Twitter with their much publicised Twelpforce programme, where employees were charged with re-tweeting their honest experiences of the store's ideals.

If successful, you give a Moral Alibi to consumers to actively choose you over a competitor. In this regard within the attention economy, your company is left being perceived favourably at all future interactions. Unless, of course, you are doing something you shouldn't.

## Start a Dialogue

A three-way conversation between company, employees, and customers has many benefits. It averts minor gripes, alerts you to any future concerns, and puts out there the positive that your company does (or tries to do). Most bloggers are decent people and know that whiter-than-white isn't always possible, but sincere effort will be seen favourably.

## A Pre-Emptive Strike

As a company's positive reputation for social diligence is built into the cyber-conscience, should 'bad' news spread, the perception of them as a reasonable operator may withstand these slurs. But if there is little or no presence in the digisphere, then any bad is seen as the starting point of the company's reputation, and they must then try and prove innocence against a wave of cynicism.

## Bloggers Need Content Too

The blogosphere is a content-hungry environment where stories are needed to give bloggers subjects to comment on. Companies being open, informative and proactive in voicing CR progress, gives them less incentive to fight with you.

*"...with twitter and social media now, Corporate Responsibility is about what you are doing when you're not being watched, because you will be caught out if it's serious"*

Toby Webb, CEO, The Ethical Corporation

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## THE FEEL GOOD FACTOR

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*“People want to feel good about the brands they work with and buy from, and in a digital society it is the young who are emerging as the change-makers. They’re looking for corporations that have social responsibility etched into their commercial DNA. They want to see positive change, not for a far-off hope of a better tomorrow but because it makes commercial sense today,”*

David Jones, Global Chief Executive, Havas Worldwide, Co-founder One Young World

Yes, CR policy does influence customer decision-making today:	15%
Yes, CR policy will influence customer decision-making in five years:	27%

### Conclusion:

The perceived influence of CR policy on customers nearly doubles over the next five years.

Yes, I believe that some customers are strongly influenced by the CR policy of the brands they buy.	90%
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YouGovStone Survey of UK business leaders, May 2010.

### Old Guard vs. Vanguard

Fortune 500 or FTSE 100 companies used to be run by old traditionalists – today’s most highly capitalised businesses show that CEOs are younger, and that sectors which appear on these lists either didn’t exist or weren’t recognised for their massive growth potential only 25 years ago; biotech, IT, telecoms, coffee retail, sportswear.

## Will Corporate History Repeat Itself?

Younger 'big' companies are more agile than their sluggish predecessors and intrinsically understand the value of their brands as interactive so are more ready to accommodate the changing priorities and values of their customers. Brands that trade heavily on their heritage alone risk making two key mistakes; by focusing on the past, they fail to see the future of customer expectations like CR; heritage changes, so in fifty years their lack of positive CR behaviour will also be part of their heritage.

## Unconventional Wisdom

New brands know a solid CR strategy is expected of them. They know that as capitalist organisations the court of public opinion will judge brands favourably if they implement one. They also start with a blank brand, canvas uninhibited by the traditions that restrict older marques. Add social media as a change agent – is there any wonder that they'll be more successful?

## Adding Value Through CR

A modern company and their brand's true market value is increasingly considered to comprise not just their balance sheet or capital assets, but intangibles such as goodwill, networks, partnership and perception. Much of this comes from the non-commercial activity undertaken by the brand.

# WHO'S DOING WELL BY DOING GOOD?

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Sustainable CR strategy is not just about positive perception and attracting greater customer numbers, but in the case of some companies crucial to the protection of the resources that the business relies upon for their products. In addition, often the example of the skills required to run a successful business are best demonstrated in a non-profit environment where companies can simultaneously show they have both brains and a heart.

## CASE STUDIES BY CORPORATE RESPONSIBILITY SECTOR

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### RECYCLING AND WASTE MANAGEMENT

#### Reducing their Carbon 'Paw' Print

Sportswear brand Puma have sought to put themselves on the front foot in terms of CR by launching what they believe will be a new industry standard in retail packaging. By doing away with the standard cardboard boxes in which most sports shoes are sold, replacing them with innovative structured bags, they believe they have made a dramatic leap forward in the management of waste and energy efficiency. While they concede that the FuseProject will initially need internal investment, they have calculated that every year it will reduce the company's CO2 emissions by 10,00 tonnes, their consumption of water by 1 million litres, their energy requirement by 20m mega joules and their paper consumption by 8,500 tonnes. What's more by moving from polyethylene bags to sustainable materials for their apparel collection packaging they use 29 million fewer plastic bags a year, and by simply folding their packaged T-shirts just one more time they save on emissions and costs during transportation.

### ENVIRONMENTAL PROTECTION

#### No Fishy Business

Unilever is one of the world's largest buyers of white fish so have a direct interest in the sustainability of global fish stocks. Over fourteen years ago they entered in to partnership with the conservationists World Wide Fund (WWF) to set up the Marine Stewardship Council (MSC). While Unilever and the WWF had very different motives they had a common purpose; they both wanted to assure the long-term sustainability of global fish stocks and the integrity of the marine ecosystem. The result was an agreement to work to three core principles; no over-fishing, protection of the ecosystem that was fished and operating with responsible and sustainable management systems. While principles like this in 2010 sound obvious and simplistic, contemporary partnerships can be forged to accommodate the more complex problems facing today's environment.

Today as a fully independent, non-profit organisation the MSC can offer certification to other companies who fish the world's waters that verify they are adhering to these basic principles of protecting our planets resources.

## PHILANTHRO CAPITALISM

### Hungry for Expertise

Since 2002 logistics giant TNT has been an active partner of the United Nations World Food Programme (WFP) that provides food aid to an average of 90 million people, including 56 million children, in more than 80 countries. As part of on going initiative – [www.movingtheworld.org](http://www.movingtheworld.org) TNT have invested over £30 million in the partnership in the form of hands-on support in emergencies – including the Asian Tsunami of 2004 – knowledge transfer projects to help WFP to be more efficient and effective, and advocacy and fundraising activities through their customers and TNT employees, who alone have raised an additional £7.7 million for WFP's School Feeding Projects. While TNT is not a humanitarian organization at heart, by providing their expert services to a vital Non-Government Organisation (NGO) they have made a dramatic and lasting impact on the well being of the planet for the cost of just seven minutes of TV advertising during the Superbowl 2010.

TNT's experience illustrates a core trend in corporate philanthropy. Collaboration is all. Companies should try to pick partners with some relevance to their business. For TNT, the food programme is a good fit because hunger is in part a logistical problem.

## BANK ON GETTING SUPPORT

### JP Morgan Chase

In America in June 2010, JPMorgan Chase will re-launched Chase Community Giving a project started last year that enables small charities to compete for \$5m of cash funding by gathering votes for their cause online on Facebook. Last years initiative resulted two million Facebook Fans voting, and the money being shared by over 100 charities across the country – from helping house hurricane survivors to campaigning for the release of child soldiers to enabling wheelchair user. Chase also received global media coverage for their efforts.

## RINGING CHANGES

### British Telecom

The UK Telecoms giant latest in-house survey shows that 66% of BT staff say they feel proud to work for the company as a result of CR activities. They also claim CR has measurable benefits in terms of investor confidence and operational efficiencies, as from 2004 to 2008, they said they avoided £365m of costs as a result of environmental programmes.

Source: "Corporate social responsibility: what's it worth?" Kate Hilpern, Personnel Today, May '09

## TAKING THE HIGH ROAD ON THE HIGH STREET

### Marks & Spencer

In 2007 retailer M&S launched Plan A (strapline: 'because there is no Plan B') as a bold public plan to become the world's most sustainable major retailer by 2015. Starting with list of 100 goals to achieve by 2012, they claim to be 45% of the way there, and have added another 80 commitments to their list. These include climate change, sustainable resources, health and better waste and energy management. Since this launch they have benefitted from the financial implications of reconsidering their business, saving £50m in the process.

They aim to build some part of the Plan A strategy into every single one of their 2.7 billion yearly products sold.

## IT'S GETTING HOT IN HERE

### Intel

Intel was able to reduce energy usage of air conditioners by raising temperatures by one degree at one of their offices and product assembly facilities in the US. The initiative, which resulted in energy savings of approximately 6 megawatt-hours and £250,000 energy costs in one year, was based on the recommendations and pilot testing performed by employees in order to ensure that the temperature increase would not impact product quality.

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## CHANGE & THE CARING CORPORATION

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### The Plan for Caring Corporations

1. **Responsibility Starts at the Top**  
If the CEO is not sincere about CR activity it will be found out.
2. **Beat the Legislative Curve**  
By leading on CR companies gain competitive advantage
3. **Claim Only What You Can Substantiate**  
A small truth is always better than a big lie.
4. **Put Your Workforce to Work**  
Employees who endorse and engage your CR hugely improve its impact
5. **Give It Away**  
Strategic philanthropy is a counter-intuitive but enlightened investment
6. **Turn On, Log In, Help Out**  
Social Media is the future of brand communication; get involved



Delegates to One Young World 2010 eager to speak on the topic 'Is the pursuit of profit, crucial to solving the world's problems?' during the BBC Worldwide discussion.

# CR AUDIT YOUR ORGANISATION

One future test of a company's commitment to Corporate Responsibility is when CR stops being a specialised function and becomes embedded within the culture of the company, AND when the CEO and Board members are talking about it.

## Future of CR - Crystal ball

- Employee health is the next big thing
- Business will lead government
- Tax incentives for CR action
- Packaging to carry a CR rating system (like ingredient list/carbon footprint/source)
- Companies will vie for Ebay-style positive feedback – authoritative peer reviews

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## RESEARCH SOURCES

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### YouGovStone

An online survey was completed by 553 members of YouGovStone's network of influential people in May 2010. The opinion leaders who completed the survey were drawn from the YouGovStone 'ThinkTank' network of over 4,000 influential people in the UK, who are leaders in the fields of politics, business, media, the third sector, health, education, culture and beyond.

### One Young World

During the course of the research study, carried out between July 2008 and December 2009, there were 15,111 interviews completed online by 23-28 year olds in advanced nations and newly industrialised nations in the Middle East, Africa and South America. The gender split within each country was 50-50 male-female. Respondents by location: 41% Europe, 20% Asia (exc Mid East), 12% North America, 12% Mid East & Africa, 10% Central & South America, 5% Australasia.

### Authors Footnote:

All paper used in the research and writing of every draft of this report was recycled.