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The Market Speaks: CSR is Good for Business

“Customers... are making purchase decisions based upon companies' behaviors. When companies do find the things that are important to their customers and go above and beyond with regard to the corporate responsibility that the customers expect, [companies] frequently can charge higher prices, they get better market share, better customer loyalty, et cetera, and that is of course something that all businesses want,” according to George Pohle, in an interview with Julia Kennedy in Carnegie Council's podcast series on Advocates for Ethics in Business.

Pohle's recommendation's ring true to my experience with corporations that have become highly strategic with philanthropy and CSR, as well as nonprofits that are leveraging corporate engagement to advance good causes locally and globally.

I asked businesses for their advice about being strategic in their approaches to philanthropy and community engagement. I also asked nonprofits how businesses can be most useful to them in advancing their missions to the community. Their responses resonate with Pohle's comments. Here are a few:

Being Strategic and High Impact

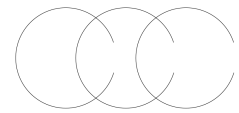
Allyson Peerman is President of the AMD Foundation, the philanthropic arm of AMD, “an innovative technology company dedicated to collaborating with customers and partners to ignite the next generation of computing graphics and solutions.” Peerman advises that “companies need to invest in issues that both help society and eventually benefit the business.” She explains that AMD is investing in AMD Changing the Game, their “signature education initiative designed to inspire kids to learn important skills by developing social-issue games on topics like the environment, energy, health, and poverty.” Peerman recommends to companies to “focus on issues and partners that tap into the businesses' core competency in order to have the greatest impact.”

From the nonprofit perspective, according to JD Hoyer, President of the National Academy Foundation, “businesses who open their doors [for internships] to young people represent a cross-section of American enterprise—from multi-national corporations to local, family-owned businesses. Across the board, the internships businesses provide to our students are transformative. They give students a window onto a world they probably would never see otherwise, and inspire them to finish high school and go to college.” What's the win-win for the company? Among other things, the program “provides businesses with important opportunities to shape their own future workforce and identify young people whom they may hire one day,” says Hoyer. NAF schools focus on career paths in finance, IT, engineering, hospitality, and tourism.

Developing Employees and A Brand Identity

In the Pohle interview, he stresses that “allowing the employees to engage in a local community can be as effective as launching some nationwide campaign. Local participation on the part of the employees can be a very strong mobilizing force and a very strong brand-building force in a local community.”

Accordingly, Seth Merrin, CEO, Liquidnet Holdings, Inc., advises companies to “get your employees involved and make them proud to work at your company.”



Craig Medwick, Managing Partner for the Americas, Clifford Chance, also believes that involving his firm's talented people is key. In addition to firm-wide volunteerism and pro bono activities, partners are encouraged to serve on nonprofit boards where they have a strong personal interest and where they and the firm can add value. "Our partners are developing as leaders while helping nonprofits achieve greater results," Medwick explains. "We are investing in organizations that are building healthier, more educated, and more sustainable communities."

Wendy Kopp, CEO and Founder, Teach for America, reports that the best ways that companies can help are through corporate partnerships, financial contributions--to enable TFA to field a corps of more than 7,300 members nationwide, and in-kind support (examples include pro bono support from McKinsey, Bain, and Cisco). Also, "individual and corporate donors can get involved in one of the 35 regions where we place corps members. They can sponsor an individual teacher, provide mentoring support, and participate in TFA Week...These experiences create even stronger advocates who know that with the right commitment and focus, our country can make educational excellence and equity a reality."

Janice Weinman, President of Kids in Distressed Situations (KIDS), says that companies can help by providing funds, donating products (toys, books, and clothing), and encouraging and supporting employee volunteerism. Toys "R"Us is one of the companies that participates in this global organization that distributes over \$60 million of essential clothing as well as educational materials to help in the development of children's academic and emotional development. Look here at why and how companies support KIDS.

Aaron Hurst, CEO of Taproot Foundation, that matches talented business people with nonprofits on a project basis, recommends the value of businesses "helping to train nonprofits on human resources best practices to inform their volunteer management systems. This would help ensure the wave interest in services is not wasted and instead is harnessed."

Accordingly, Doug Loescher, Director, National Trust Main Street Center, businesses have "critical talent that can be lent to nonprofits to help them weather the current economic climate." Further, he comments on the value of leadership development opportunities provided by companies like American Express through its Nonprofit Leadership Academy.

CSR, Innovation, and Consumer Interest

Pohle recommends that "corporate responsibility is a domain that is as ripe for innovation as any other domain is." He also cautions that "there has to be a commitment to actually execute on the overall CSR initiative, and the execution has to come before the communication and the 'marketing' of it."

Furthermore, says Pohle, "despite the fact that you'd think that the recession or the financial crisis would negatively impact CSR requirements, the consumers haven't really changed their behaviors, and, as a result, companies realize that it hasn't gotten less important, it continues to get more important."

Pohle's final advice: "The main issue here is that it is the market that's talking. That's why companies can't ignore it, right? There's more information available to people. They now make different decisions based upon the information. At the end of the day that's not going to go away, that's not going to change. So companies are paying attention."

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