

PR Week

April 21, 2000

LENGTH: 2181 words

HEADLINE: FOCUS: **CORPORATE REPUTATION** - Putting a caring face first/Companies are discovering the commercial benefits of being seen as socially responsible, but their activities must be in tune with their **brands**, or consumers are not convinced. Stephanie France reports

BYLINE: STEPHANIE FRANCE

BODY:

As Ben and Jerry's, the US ice-cream maker with a social mission sold out to Unilever, one of the first questions was whether the new owner would continue to donate 7.5 per cent of pre-tax profits to social action projects. The fact that this was an issue at all - and that Unilever pledged to continue the donations, shows the extent to which companies are taking social responsibilities seriously.

'Businesses are coming to recognise they are part of the fabric of society and not distinct from it,' says Rob Cameron, chairman of design and communications consultancy Flag. 'Initially this idea was driven by high-profile radicals such as The Body Shop's Anita Roddick, but views that were once outside the mainstream are now held by many business leaders who recognise their connection to the world at large.'

Quentin Alexander, managing director of Addison, the corporate marketeering arm of WPP, says the days have gone when an organisation only needed to have a relationship with its institutional shareholders. 'Companies have to create effective dialogue with a range of stakeholder groups, including customers and staff, if they want to succeed. Stakeholders are increasingly aware of the impact of commerce on their lives. For them, ethical and social reputation matter as much as financial performance.' According to Charlotte Hines, associate director of research company MORI, there is firm evidence that corporations are taking their social responsibilities seriously.

'In our recent Captains of Industry study, we asked the leaders of the top 100 companies what proportion of their expenditure they would be putting into this area over the next 12 months,' says Hines. 'Over half said there would be an increase on an already growing budget.'

Other research demonstrates this is what the public wants and expects from businesses. The Fleishman-Hillard /Ipsos report into European Attitudes Towards Corporate Community Investment, published in June 1999, revealed that 89 per cent of British respondents believe large organisations should channel resources into social problems. And 83 per cent claimed they would be more likely to purchase products from a company if they knew it was engaged in such activities.

Countrywide Porter Novelli director John Orme says organisations are coming to recognise that their most valuable assets are intangible, including corporate reputation, employee knowledge, brand valuation, and the processes by which a company operates.

Orme is in his second year of part-time secondment to the DTI's Innovation Unit, a body made up of 25 representatives from industry. Part of the unit's role involves talking to 50 CEOs from across the business spectrum, to discover how leaders decide which assets they invest in as a business.

Hilary Sutcliffe at social responsibility specialist Shared View was the lead consultant on the DTI's interim report, to be published this summer.

She says this has been driven by the media interest in good causes and publicity-savvy pressure groups. She says the way companies approach social responsibility depends on the areas which are priorities for their business - social exclusion for banks and ethical sourcing for textile producers, for example.

'The City is beginning to look at and understand social responsibility as an intangible, which adds value to customers and employees as well as share price,' says Sutcliffe.

A robust corporate reputation is arguably the most valuable intangible asset a company possesses. Social responsibility is seen as an effective way of banking goodwill with stakeholders. But does every company need to consider becoming a dutiful corporate citizen?

Cameron of Flag thinks so. 'All companies make an impact upon society and thus have the choice and opportunity to contribute positively. Obviously environmental issues are more pressing in a chemical company than a software house, but all companies should consider corporate social responsibility.'

Mark Bunting, head of consulting at internet intelligence agency Infonic, believes it even applies to dot.coms. 'You don't need to have a physical presence to develop an image as an ethical or unethical operator. If anything, dot.coms are more vulnerable, since their entire business can be attacked electronically.'

Bunting believes few dot.coms have thought about their reputation.

'Very few have thought outside the traditional boxes of advertising and marketing. Just because they don't have factories belching out carcinogens, it doesn't mean they wouldn't benefit from a socially responsible brand.'

While doing good undoubtedly brings its own rewards, the decision by companies to act in a socially responsible way is informed by sound business reasons. Matthew McKenna, account director at Harrison Cowley, works for client Whitbread, which won the Business in the Community 'Company of the Year' award in 1998 for excellence in corporate community investment.

He says: 'Whitbread's community investment programme is not about philanthropy. The company expects its investment to achieve tangible business benefits and help meet the company's overall

corporate objectives. The programme involves all employees and is an excellent method of staff recruitment and retention.'

Employment, therefore, is one of Whitbread's key reasons for operating social responsibility schemes, but the reasons vary depending on the nature of the business. For City-based companies fighting over talented graduates, a sound reputation will ensure they get the pick of the crop.

Other factors include pressure from highly articulate NGOs; the desire to foster good relations with local government - watchdogs of planning applications; and Government legislation.

Chris Genasi, chief executive at Shandwick's corporate practice, believes the internet is another catalyst for change, giving companies no place to hide. 'We would always advise a new client to assume they will be on Panorama, even if they have been getting away with something for years. It could all come out through a whistle blower, an undercover journalist or a disgruntled employee.'

In addition, Bunting points out that organisations which operate social responsibility programmes are increasing their value in the eyes of the City, by enhancing their reputations as thoughtful employers, considerate neighbours and dutiful corporate citizens.

'Despite its obsession with quantitative analysis, reputation is as important in the City as anywhere else. Increasingly, a socially-thoughtful approach is part and parcel of excellent management, and the City is beginning to recognise this, even if it has not yet been built into its models and spreadsheets,' he says.

So faced with a plethora of good causes, how should an organisation decide which ones to support? According to MORI's 1999 Corporate Social Responsibility report, education is the most pressing social issue, followed by unemployment, helping people with disabilities, and then environment and regeneration.

But there's a difference between really getting involved, and just paying lip service to a good cause, which won't impress consumers. Whatever organisations a business chooses to associate itself with must be deep-rooted within its values.

'Who would be impressed if a water company declared that it was committing to support for the physically disabled in its region?' asks Bunting. 'This might be a laudable thing to do, but in consumers' eyes its primary responsibility is environmental, and if the rivers and beaches are still filthy, all the charity work in the world isn't going to improve its reputation.'

When Shandwick client Lever Bros supported Comic Relief with Persil Colour, it used the colour red as its link with the charity's trademark red noses.

Brand share increased dramatically during this period, according to Genasi.

The tie-in for children's charity NCH was the millennium, the date by which it aimed to eradicate child homelessness. Ken Deeks, director at Kaizo, is behind this September's Byte Nite, which will see hi-tech company leaders sleeping rough on the streets of London for one night to raise money

for Action for Children 2000.

At Whitbread, McKenna says regional community affairs directors travel the country deciding which areas to invest in. 'This grassroots activity gives them an in-depth knowledge of local issues, allowing them to best decide how to marry Whitbread's business needs with the needs of local communities.'

The needs of the local community are paramount for cement manufacturer Blue Circle, one of Countrywide Porter Novelli's clients. Its quarries are located in rural areas, where there is an abundance of limestone, shale and chalk. Add this physical disruption to the inconvenience caused by lorries ferrying the product along country roads and chimneys belching out condensation, and you have, according to Orme, a triple whammy. For Blue Circle, social responsibility is therefore a necessity.

'The organisation has a policy of gradual restoration of its quarry works,' explains Orme. 'When the land is reclaimed, it is given to the community, to use as, say, a sports field.'

As a large local employer, it is doubly important that Blue Circle gets it right. It has a community relations programme to keep local residents informed of work at its plants. It is involved in sponsorship and works with local schools on environmental projects.

Last November, the Institute of Social and Ethical AccountAbility issued a framework for organisations to help them understand and improve their ethical performance, and as a means for others to judge the validity of corporate claims.

AccountAbility director of development Robert Beckett says: 'Because corporate social responsibility processes are at an early stage of development, it is important to bring together many aspects of an organisation that have been previously undervalued, such as employee education programmes, and link them into a coherent pattern to encourage effective examination and valuation.'

Agencies are also involved in measuring the success of their corporate social responsibility programmes. Genasi says Shandwick works with several research companies to track opinion among target audiences such as the local community, employees and local government.

McKenna says the success of a social responsibility programme can be measured through a variety of tangible business benefits. These include increased visitors to Whitbread's leisure businesses, positive media coverage, and improving relationships with local councils.

But while social responsibility can add value to a company, it is never going to save the day alone. It's up to PR practitioners to ensure that the positive messages being put across about a company's involvement with the community are married to traditional assets of customer service and effective management.

BT SUPPORTS COMMUNICATION AT THE HEART OF THE COMMUNITY

Communication is the common thread running through the various social responsibility programmes run by telecoms giant BT.

With a 14-year history, the BT Swimathon is its longest-running project.

The event takes place in swimming pools around the country for one week in March and this year, was on target to have raised pounds 1.5 million for charity.

BT community operations manager Peter Thompson says: 'BT is a communications company and we tend to work with organisations for whom these skills are important. It makes sense to contribute to causes close to our business interests.'

Given the high profile of Swimathon - it is Europe's largest swimming event - recipients are generally better-known charities, including Shelter, Child Line and Marie Curie Cancer Care. BT benefits in several ways.

As the sponsor, BT is linked with the event at the 515 participating pools through on-site marketing and a national and regional PR campaign.

Swimathon is also a way to show BT's 125,000 UK employees where some of its investment in the community is spent. A major internal communications drive is organised each year, with BT ambassadors volunteering to act as area co-ordinators.

Thompson agrees that social responsibility is a growing trend: 'More companies are realising they are part of the community and their prosperity depends on the community,' he says.

He adds there is a growing recognition in industry that social responsibility can add value to a brand and to a company's reputation.

BT Future Talk in Education is another event which ties in with BT's chief business interest. Launched last June, the roadshow aims to visit 3,500 schools by July 2001. On board is a troupe of actors who use storytelling to focus on the importance of communication skills.

Thompson says the roadshows have been well received, and the project will be enhanced by adding BT School Awards, grants of pounds 25,000 for collaborative projects. Other on-going projects include BT School Friends, a project which sees employees volunteering to give reading support to schools.

LOAD-DATE: September 22, 2000