UNLOCKING THE VALUE OF CORPORATE SUSTAINABILITY

CASE STUDIES
India & Australia

THE GREAT GOVERNMENT NUDGE
Voluntary guidelines & the government’s stance on CSR

THE WIN-WIN SITUATION
From corporate philanthropy to corporate sustainability

CSR DOCTOR
10 Steps to Good Corporate Health
Welcome to this inaugural issue of The KEY - a quarterly, interactive e-zine that unlocks the VALUE in Corporate Sustainability (CS) in India: the new Corporate Social Responsibility (CSR)

Our focus, in this issue and over time, will be the strategic and holistic approach to corporate sustainability and how that leads to better bottomline results for your business!

This edition explores COMMUNITY INVESTMENT as one part of CS and how this investment has evolved beyond mere philanthropy, into what can be a 'win -win' situation for all stakeholders.

Through THE KEY, you can find a forum where new thinking around corporate sustainability is shared between peers and the most contemporary knowledge on corporate sustainability is disseminated.

Many of us are only just starting on the road to CSR and want ideas on strategy and implementation. Many experience challenges and want solutions. Many want a broader and more holistic understanding of work in this sphere. This is what we intend to deliver.

Developed specifically for members of The Collaborating Chambers, THE KEY is a publication for any business operating in India and it is our hope that chamber members share it with their friends and business associates.

This e-zine belongs to you and to every person in India with an interest in promoting best practice corporate sustainability. It is our hope that it is embraced, read and forwarded to people in every nook and cranny across this amazing country.

We invite you to get involved in the development and evolution of this exciting initiative and we actively seek your contributions, ideas and feedback.

Yours in sustainability,
Roger C.B. Pereira, Convenor.
COLLABORATING CHAMBERS

The Collaborating Chambers

in association with

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Many companies today regard CSR activities as charitable initiatives. There are some notable exceptions, of course, like the ITC Group, the Tatas & Bharti Airtel who embed CSR into their business models.

The time has come for a change of mindset – and the government is giving corporations a gentle nudge! The big news is that India may make CSR more regulatory. "The government will look at all options, including legislation, to make more companies adopt CSR," Corporate Affairs Minister Salman Khurshid recently said. He made the point that CSR is not philanthropy. As we see elsewhere in this edition, being a responsible business affects every part of business policy and practice.

According to an MCA report on voluntary corporate social responsibilities, companies should allocate a specific amount in their budget for CSR activities that may be related to profits after tax, cost of planned CSR activities and any other suitable parameters.

**WORDS FROM THE CHAIR**

"I think governments need to be careful of imposing this sort of thing on companies because it can become an issue of compliance. Dare I say companies might even consider their CSR responsibilities in the same way they consider tax: something we have to do but do only to be as 'efficient' as possible.

Far better that companies are educated, that issues are communicated to them, benefits laid before them and so, with all the facts they will hopefully do as the Tata group does, rather than just do the minimum to keep politicians and law-makers happy."

Jim James
Chairman, British Business Group

What are your thoughts?
Tell us at thekey@innovaid.in

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**VOLUNTARY GUIDELINES**

1. Care for all Stakeholders
2. Ethical Functioning
3. Respect for Workers' Rights & Welfare
4. Respect for Human Rights
5. Respect for Environment
6. Activities for Social & Inclusive Development

The report suggests that the CSR policy of the business entity should provide for an implementation strategy that should include identification of projects, time schedule and monitoring, setting measurable physical targets with time-frame, organisational mechanism and responsibilities.
Corporate giving has come a long way - beyond philanthropy to what can be a 'win-win' situation for all stakeholders.

In the past, socially responsible businesses had an annual budget earmarked 'for charity'. It was a feel-good factor, a way of discharging one's corporate responsibilities.

Then came the realisation that while this was important, it wasn't enough. There was more to corporate responsibility than just giving away money. You had to give of your time, skills and resources as well.

Corporate giving began to be looked upon as an investment. And as with all good investments, you got a ROI.

An example of the benefit to the business could be the development of soft skills among employees, making them better communicators and therefore able to offer better customer care. It reflected positively on the company profile and the good reputation garnered was good for business.

The scope began to widen as companies began to see this as part of the bigger agenda of corporate responsibility. They began to look at employee welfare and its impact on the environment, develop a licence to operate within the communities in which they were present, and prioritise customer relations.

Now business is beginning to define it in terms of corporate sustainability or CS; the realisation has dawned that it's about how the company itself behaves and promotes its sustainability. Ethical practices need to be integrated into the way a company does business. Recent research by the Forbes List asserts that a company using CS as a planning tool is likely to see the life of the business increase by up to 30%.

All this goes to show that companies who put responsible business at their core are better placed to minimise risk and maximise opportunity. They realise that a values-based company with integrity doesn't inhibit growth or the creation of wealth and prosperity but underpins it.

LEARN FROM THE LEADERS

Leading businesses are achieving a competitive advantage by understanding that a win for their stakeholders also means a win for business.

Sainsbury's
Promoting health led to healthy sales figures
The company gave free sports equipment to schools and ended up with increased sales.

McDonald's
Happy staff meant happy customers
When employees signed up for learning and life advice, their renewed confidence proved good for business.

Yes Bank
Said 'Yes' to customers usually given a polite 'No'
Yes Bank became the first bank in India to provide microfinance to low income households. The goodwill generated got more mainstream customers to say 'Yes' to Yes Bank.
BEING A GOOD NEIGHBOUR

All businesses, large or small, have an impact on the communities in which they operate. Managed well, this impact can bring significant benefits to both the community and the business concerned.

Business has a positive impact on the community because of the employment the company provides. It also produces goods and services which may be consumed locally.

A company can add an extra dimension to this by taking the initiative, and by supporting and building the community through a programme of corporate community investment.

This programme can take the form of charitable donations, staff volunteering and providing other resources, such as the use of professional skills or the use of equipment and premises.

It can be the most visible part of a company’s approach to social responsibility, and one of the most satisfying.

Of course a business may also have a negative impact. This might include disruption and noise from the day-to-day operation of a site and poor relationships with key local stakeholders. A good community program should go hand-in-hand with measures to keep these negative impacts to a minimum.


WHAT’S THE BENEFIT?

Companies are increasingly developing positive relationships with local communities. This not only helps the community, it can also support the objectives of a whole range of business functions:

1) **Marketing**: building brand familiarity and reputation, sales promotions

2) **Human Resources**: boosting staff morale, developing team building skills, management development and training

3) **Public Affairs**: creating platforms for dialogue with national or local opinion formers

4) **Public Relations**: generating positive media coverage retaining “license to operate” relationships

Community investment is like any other form of investment. Done well, and linked with business goals, it will both assist the community, and support and strengthen the business. Done badly, these benefits may not materialise.

COMMUNITY INVESTMENT

In this edition we’ve concentrated on community investment and take a look at two very different forms of community investment from leaders.

In future editions of the newsletter we’ll bring you case study examples of the other aspects of corporate responsibility around the areas of the environment, workplace and marketplace. Stay tuned!
In the 1990s, Tata Steel launched a TV commercial that struck an emotional chord in the audience. It showed people from the company excelling in sports; people with the strength of steel as it were. The tagline said it all: “We Also Make Steel”.

There were no shots of the plant or processes. But Jamshedpur, the steel city that Tata built, and Tata Steel became indelibly entrenched in the minds of Indians.

Jamssetji Tata, the founder of the Tata Group, who laid the foundation of Tata Iron and Steel Company, later Tata Steel, is quoted as saying: “No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people and is achieved by fair and honest means”. When he wrote a letter to his son Dorab in 1902 he advised: “Be sure to lay wide streets planted with shady trees, every other of a quick growing variety. Be sure that there is plenty of space for lawns and gardens. Reserve large areas for football, hockey and parks…” Although Jamsetji Tata did not live to see his dream realised, Jamshedpur (a city named in his honour) bears testimony to his vision.

When the Tatas first came to Sakchi it was a dense forest, a harsh environment, yielding a meagre living to its tribal inhabitants. Within a few years, it was transformed into a well-designed, clean and beautiful township. After its construction, Jawaharlal Nehru described Jamshedpur as a ‘temple of modern India’.

Even as it grew into one of the top ten largest producer of steel in the world, Tata Steel never lost sight of its commitment to the community. In fact, it echoed Jamsetji Tata’s firm belief that the health and welfare of the community was a sure foundation of prosperity and was in the interests of the company’s stakeholders: “a sound and straightforward business principle”, as he put it.

“**No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people and is achieved by fair and honest means**”.

The story of Tata Steel and Jamshedpur is the story of a company with a vision and generations of people committed to realising it. It is also a story of how labour and management can work hand-in-hand for the benefit of an enterprise and the lives of the people it impacts.

Jamshedpur is a self-contained city in every respect. It has the finest infrastructure for sports and recreation in the country and is known for spotting and nurturing sport talent. It offers the best healthcare facilities. There are education and learning centres, including institutes for technical and vocational training. Women have employment opportunities they never dreamt possible. And all these facilities are available not just to the employees and their families but also to the community at large, people living in and around Jamshedpur. Tata Steel is committed in letter and spirit to improving the quality of life of the people of Jamshedpur. It believes in making a contribution by doing the right thing against merely being compliant to CSR by not doing the wrong things. A big difference.

That Tata Steel’s investment in CSR has brought returns to the company is evident from the sense of ownership and loyalty in the people of Jamshedpur.

As one employee recalls, there was a time when a sense of gloom and desperation had descended into the city. People thought that the future belonged to cities where it was the buzzword and not to the brick-and-mortar city they lived in. That was also the time when severe job cuts were taking place and a sense of uncertainty reigned. Despite this uncertainty, Tata had a unique voluntary retirement scheme which saw those employees receiving a monthly salary until the age of 60. Many other families elected to wait out the bad phase. “We are happy we were one of them,” the employee said, “we do not regret that we put our faith in a brand name that has been equated with trust globally.”

As the Jamshedpur story vividly demonstrates, CSR makes good business sense. Oh, and they also make steel!
A FAST MOVING PRODUCT ON WOOLWORTHS' SHELF

It doesn't have a price tag but it's priceless. The Australian retailing giant, Woolworths Limited, has made CSR a product to be proud of. It is an integral part of the company's corporate culture.

Woolworths has a CSR philosophy of 'doing the right thing'—a 5-year sustainable strategy ensuring that even in challenging times Woolworths continues to positively contribute to the economy, the environment and the communities in which it operates.

'Fresh Food Kids' is a CSR story with a 'fresh' twist. With obesity levels of Australian children soaring, the media was pointing its fingers at food marketers.

Parents had been exhorting their children to eat right, with little effect. Kids didn't want to eat anything green and fresh that was good for them. They continued to be lured by junk food and it showed on the weighing scale. A Woolworths-commissioned survey showed that 93% of parents wanted fresh food advertised with the same child-appeal as junk food.

This got Woolworths thinking fresh. And 'Fresh Food Kids' was born, an initiative to genuinely improve the health and well-being of children.

Woolworths 'Fresh Food Kids' made eating fresh food fun. It helped kids learn about healthy eating and leading an active lifestyle. Ingenious ways with fresh food were shown on TV, press and posters: children making noughts and crosses, sandwich faces, and fruit necklaces with fresh vegetables and fruit from Woollies (as Woolworths is popularly known). How cool!

Woolworths' approval ratings shot up. There was a positive response from consumers, specially the parent group. The campaign was awarded the 'Best Children's Food advertising' by the Parents Jury, a powerful lobby group.

To keep the campaign top of mind, 'Fresh Ideas' stands were introduced in stores which gave valuable nutritional information to help families make better eating choices. Woolworths also worked with suppliers to make a broader variety of fresh foods available year-round.

Popularity soared along with Woolworths, supermarket sales. 'Fresh Food Kids' became an integral part of Woolworths supermarket branding.

OTHER INITIATIVES

Investing in people
A high proportion of people join a retailing company on a casual basis, often as teenagers in their first jobs. Woolworths has invested in their learning and development, helping them maximise their potential. The result: greater staff retention. This not only reduces HR costs but with more experienced people on the job, there’s better customer satisfaction.

Sustainable agriculture
Woolworths has entered into a partnership with Landcare Australia to fund grassroots projects and promote sustainable agricultural practices.

Carbon efficiency
By making its business more carbon efficient, Woolworths helps cut emissions while maintaining cost competitiveness and delivering value to the customer.

Reducing waste
Woolworths believes reducing waste not only minimises the impact on the environment, it makes good business sense. Woolworths pays for every kilogram of waste put into a rubbish bin which goes to a landfill.

Ethical sourcing
Ethical sourcing requires Woolworths to ensure that a good price does not come at the expense of human suffering. Woolworths' Ethical Sourcing Policy is in line with the United Nations Universal Declaration of Human Rights.
CSR Doctor, Stephen Farrell, has 30 years senior management experience of working in the government & non-government sectors and twelve years advising MNCs and MSMEs internationally on their CSR journeys.

10 STEPS TO CSR

Where are you now? What are you doing in terms of sustainability in your business? Well I'm happy to say, you're already doing loads.

I'm surprised, and astonished, by how many companies straightaway think that they are 'new' to corporate sustainability (or sometimes think they know it all, and have nothing to learn!) Both are wrong.

In twelve years of advising businesses of all sizes, and four years of facilitating workshops in India, I find that most companies feel that CSR is something different and separate from normal business. But of course, it's just not true. You are all doing many things in many different ways that show you're a responsible business.

Let's think through where we might find some examples.

Do you have policies for staff development? Do you have values that are clearly communicated? Do you provide benefits beyond the monthly wage? Are you providing training to your staff? Do you engage with your community?

What I'm trying to emphasise is that being responsible isn't separate from doing business. It isn't about doing business on the one hand and being responsible on the other. It's about how we behave in business both inside and out, and understanding the impact we have on those we interact with.

Most companies confuse CSR with philanthropy and so many of their actions aren't noticed. So we miss them. For example many don't think that benefits for employees are CSR. Of course they are. Often they'll say that compliance with regulations isn't being responsible. Of course, abiding by the law of the land is being responsible.

So let's take a fresh look and starting adding up what we now see as examples of your performance as a responsible business. Step number one, on our journey is to check what you and your employees are CURRENTLY doing. Let's take a look.

Here's a simple checklist to get you started:

- Mission statement?
- Values that reflect being responsible?
- Policies that reflect being responsible?
- Strategy related to dealing with your stakeholders?
- Employee and customer satisfaction surveys?
- Examples of community involvement by staff?
- Examples of employees saving energy, recycling paper, using less wasteful materials?
- Examples of employees innovation?
- Examples of employees guiding and supporting new members of staff?

So what's on your list? Write in and give me your examples.

Next STEP
Next EDITION

The CSR Doctor's surgery is now open. Send your questions, difficulties and examples of good practice to pass on to others to thekey@innovaid.in
CSR COFFEE MORNINGS @

WHAT: CSR Coffee Morning with William Bissel
WHERE: Moshe’s Café, Fab-India, Kala Ghoda
WHEN: 28 July, 2010, 9-10AM
COST: FREE

We love conversation, and we love ideas. And we definitely love coffee.

And so the three have been combined in the new CSR Coffee Morning series, where we will brew a dialogue between peers - to talk, share, explore and interact around the topic of corporate social responsibility. The new CSR Coffee Morning provides this platform.

GUEST SPEAKER: WILLIAM BISSEL. MD, fabindia

We invite William Bissel to share his expertise, valuable learnings and innovative practices in the field of responsible business enterprising.

FabIndia’s unique business model supports the set up of community-owned companies and community wealth generation for its artisans. This leadership initiative has not only improved communities and lives with business opportunities, but has also revolutionised the perception towards Indian folk art forms and Indian apparels. And it’s been good for the business too.

Join us for a morning of CSR, coffee and conversation.

For more information, or to register for this event email thekey@innovaid.in

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CSR WORKSHOPS

Those companies keen to learn more about the HOLISTIC APPROACH to integrating CS into their business can participate in one of a series of upcoming workshops.

Delivered by our CSR Doctor, Stephen Farrell, the workshops help participants see ways to improve their performance and profits through responsible business practices, and provide an opportunity to revitalise existing strategy.

Lively and interactive, the workshops include:
- Entertaining engaging exercises
- Opportunities to share your difficulties & successes with peers
- Expert insights into the problems you face
- Live case studies
- Models to help you communicate, integrate & measure your strategy
- A kick-start to developing your own CSR action plan.

INTRODUCTION TO CSR

WHAT: Introduction to CSR
WHERE: IMC, Churchgate
WHEN: 9.30a.m - 4.30p.m
27th August, 2010
COST: Rs. 3000/-

CSR FOR SMEs

WHAT: CSR for Small to Medium Enterprises
WHERE: IMC, Churchgate
WHEN: 9.30a.m - 4.30p.m
28th August, 2010
COST: Rs. 1000/-

For more information, or to register for this event email thekey@innovaid.in
Living Tomorrow’s Company
Mark Goyder
Gower Publishing Company 1998

Living Tomorrow’s Company is written for all those who care about the success of business - be they entrepreneurs, managers, investors, policymakers, educators or citizens.

It describes an inclusive approach which defines success in relation to all the stakeholders involved with a company, including the local community, employees, investors, suppliers, customers and society generally.

It puts people and their relationships at the heart of a successful business. This sounds deceptively obvious: in practice it is the recipe for a never-ending search for improvement.

Mark Goyder, who worked in the manufacturing industry for 14 years before investigating “Tomorrow’s Company”, describes the battle between two views of business - one which reduces it to a narrow concept of contracts and transactions; the other an inclusive approach which is about inspiring people to produce extraordinary results by concentrating on the human beings whose needs lie behind every business relationship.

Living Tomorrow’s Company offers action agendas for managers, educators and investors. Its compelling logic and direct style makes it a stimulating and entertaining answer to the questions ‘What is a company for?’ and ‘What will a business need to do differently if it is to succeed today and tomorrow?’.

Source: Inclusion
http://books.google.co.in/books?id=6bhUvIL_RUC&dq=living+tomorrow’s+company+mark+goyder&source=gbs_navlinks_s

Corporate Social Responsibility in India: Past Present & Future
Sanjay Kumar Panda
ICFAI University Press 2008

Business houses and corporates have been taking up social welfare activities from time to time.

Short-term, charity-based welfare interventions are being replaced by long-term, empowerment-based Corporate Social Responsibility (CSR) initiatives.

Based on the realisation that ‘business cannot succeed in a society that fails’, CSR is increasingly being recognised as the most comprehensive and successful tool in which to strengthen society, so that business can flourish.

While CSR is relevant for business in all societies, it is particularly significant for developing countries like India, where limited resources for meeting the ever growing aspirations and diversity of a pluralistic society make the process of sustainable development more challenging.

CSR interventions - based on commitment, mobilisation of employees-volunteerism, innovative approaches, appropriate technology and continuing partnership - have been making lasting differences in the lives of the disadvantaged. Further, synchronisation of corporate action with the government and civil society are making CSR interventions far more effective, and contribute to the sustainability of a corporate.

Source: Inclusion
http://www.inclusion.in/index.php?option=com_content&view=article&id=496&Itemid=83
Winston Churchill once famously said, “I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery, inside an enigma. But perhaps there is a key...”

CSR is in many ways, a riddle, wrapped in a mystery, inside an enigma. But here also, there is a key. CSR, and more so CS, is deemed complex and confusing. Now ‘THE KEY’ is in your hands. We hope to help unravel the mystery, and shed light on the subject in a simple, easy to understand way.

‘THE KEY’ is a portal where you can find out how to make CSR work for you as an investment. Filled with case studies and examples from across India and around the world, we hope it will engage and inspire you to tackle business issues responsibly. Happy Reading...

EMILY HARRISON – Executive Director, Innovaid Advisory Services

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