

An ICCA publication

Manfred Pohl • Nick Tolhurst

# RESPONSIBLE BUSINESS

How to Manage  
a CSR Strategy Successfully





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**How to Manage a CSR  
Strategy Successfully**

Edited by  
Manfred Pohl and Nick Tolhurst



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**Manfred Pohl**  
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February 2010



## About the editors

**Professor Manfred Pohl** is the founder and CEO of the Institute for Corporate Culture Affairs (ICCA). Born in Bliesransbach, Germany, in 1944, he received his PhD in history from the University of Saarbrücken, Germany, in 1972. Since then, he has been an Honorary Professor at the University of Frankfurt. He is currently the deputy chairman of the European Association for Banking History e.V and of the Frankfurter Zukunftsrat e.V. In October 2001 he received the European Award for Culture at the European Parliament in Strasbourg. From June 2002, Prof. Pohl was head of the Corporate Cultural Affairs department at Deutsche Bank in Frankfurt, responsible for corporate social responsibility strategy, all cultural activities as well as charitable donations and sponsoring within Deutsche Bank globally before retiring in May 2007. Professor Pohl has written over 100 books, articles and monographs on topics as varied as business history, culture, politics, corporate ethics and travel.

**Nick Tolhurst** is managing director of the ICCA, which he joined in April 2004, a fellow of the Institute for Cultural Diplomacy and a lecturer on CSR at the Steinbeis University in Berlin. Before joining ICCA, he worked for the British Foreign Ministry in Germany, advising British companies in Germany and German companies investing in the UK. Previously, he worked for the European Commission at DG II (Economics and Financial Affairs) preparing for the introduction of the euro in differing cultures and economic systems. He studied at London Metropolitan University (UK) and completed a master's degree at Osnabrück University (Germany), both in European studies specialising in economics and cultural studies. Nick Tolhurst has written and edited many publications on CSR, corporate culture and economics, including, most recently, *The A to Z of Corporate Social Responsibility* and the *ICCA Handbook of Corporate Social Responsibility*. He writes regularly in the media on CSR and related issues.

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# Introduction

**Manfred Pohl & Nick Tolhurst**

Over the last two decades, the subject of corporate social responsibility (CSR) has made the journey from NGOs and academia on to the front pages of the financial and business press and into the boardroom and MBA courses. Indeed, as that most hard-headed of business media – *The Economist* – announced in the opening line of its 2005 special supplement on CSR, ‘The movement on corporate social responsibility has won the battle for ideas.’ Yet despite this, much literature on the subject still seems to be aimed at academics, concentrating on theories rather than on practical ideas and real-life perspectives of what being in the CSR sector entails. This book is thus aimed at those who – be they at university or already in business – are looking to pursue or build upon a career in a CSR-related field and deals with the nuts and bolts of how to run a CSR strategy successfully in a company or public organisation. As such, it unashamedly steers clear of most of the theories and academic debates surrounding the subject; rather, it concentrates on setting out, in a jargon-free way, strategies for incorporating a responsible business approach within an organisation in a way that is accessible to both those new to the subject and those more established in this area.

The book is divided into chapters that deal with the building blocks of CSR and sustainability, informed, wherever possible, by practical, real-life examples. The chapters and authors fully reflect the wide responsibilities now covered under the general term CSR, with practical advice on the individual aspects of a CSR manager’s role as well as industry information and perspectives from those responsible for managing CSR in specific companies.

While we make no claims that this volume is completely exhaustive in the rapidly changing world of CSR, we have attempted to cover as many topics, perspectives and responsibilities as possible. This publication has also been deliberately structured so that while each chapter should complement the others, they can all be read and referred to individually on a stand-alone basis as need dictates.

The first chapter introduces us to the role, aims and activities of a sustainability manager through the personal experience of Jason Leadbitter, sustainability manager for a large chemical company. He not only deals with the tasks of the position itself, but also examines the relationship of a sustainability manager to top management and provides clear guidelines to enable sustainability/CSR managers to realise their potential to advance sustainable business practices within their organisation. Following this, Bettina Palazzo then outlines the reasons why stakeholder dialogue is so fundamentally important to modern business. Indeed, for many CSR managers, managing expectations, communication and dialogue with their various stakeholders has become, over the last few years, the major part of their role. As well as outlining what stakeholder dialogue involves, Palazzo also provides best-practice examples from the business world and provides a step-by-step guide to successful implementation. In the third chapter, Andrew Cartland looks at the CSR employment situation and examines who works in the sector, as well as addressing some of the key questions in CSR recruitment from both the employers' and the potential employees' perspectives. The chapter also includes information how to retain CSR staff, how CSR staff are organised within a company, how much they're paid and how the positions are placed. Jonathan Lux and Marie-Louise Orre provide an insight into the fast-changing legal world of CSR management in Chapter 4. Here, they examine how the legal implications of CSR practices are rapidly shifting from being a matter of voluntary practice to a subject of legal pressure and enforcement. Real-life examples such as Nike and Chiquita are used to illustrate the enhanced legal demands companies face as well as the absorption of CSR norms into standard business law.

Moving on to an issue that has risen rapidly up the CSR management agenda over the last few years – corporate volunteering – Kirsten Wenzel looks at how to achieve the best results in this field. Wenzel outlines the advantages of strategic corporate volunteering as part of a CSR strategy and illustrates the beneficial impact of corporate volunteering on human resources, stakeholder relations and company reputation as well as providing specific guidelines on how to successfully plan and implement corporate volunteering as part of a CSR strategy. In Chapter 6, Martin Viehöver looks into what CSR verification in practice involves. As the demand for responsible business practices has grown, so has the requirement for such activity to be properly measured and verified – both inside and outside the company. The chapter continues by examining the most important aspects that a CSR manager should know about sustainability verification, and outlines the most important assurance standards for CSR managers, as well as providing a first-guidance and a best-practice checklist. Following on from auditing, Ralph Thurm from Deloitte considers the importance and benefits of sustainability and CSR reporting, and provides background on the rapid development from the first generation to the next level of ‘strategic sustainability reporting’. The chapter sets down the necessary steps to be undertaken to achieve the best results, provides information on Global Reporting Initiative’s sustainability reporting guidelines and finally outlines pointers to future trends in this area.

The difficult subject of how best to communicate CSR is addressed by Norbert Taubken and Irina Leibold of Scholz and Friends in Chapter 8. They outline the dos and don’ts of successful CSR communication and stress the importance of communication in two crucial areas: internally with the company’s own employees, and externally with target groups. Finally, the chapter provides a practical checklist for turning the CSR of a brand into a selling point and identifies the best communication channels for this. The next chapter, by Siegmund Ley, deals with the practicalities of events (CSR, HR or volunteering) from a project management perspective, as increasingly such events are organised under the auspices of a CSR department. Here the emphasis is on the business plan and tools for

developing good practice in the run-up to events in order to align such events with other corporate goals.

Chapter 10 deals with the vital role that advances in IT can play in achieving sustainability goals and reducing companies' carbon and ecological footprints. Here Chris Preist illustrates this not only by examining how existing equipment can be used more efficiently but also by using IT proactively to develop more sustainable business models.

After looking at specific activities within CSR, the emphasis then switches to how CSR managers in industries and particular sectors tackle their roles, with four articles drawn from the banking, automotive and pharmaceutical industries. In the first of these, H  l  ne Roques, director of sustainable development at Accor, offers a personal perspective of a CSR manager in an international hotel business, detailing the various programmes enacted, an insider's guide to why specific CSR projects were undertaken, the personal characteristics required by a CSR manager and the vital importance of CSR managers having operational experience in order to ensure success. This is followed by a chapter on sustainable banking and microfinance, which provides a background to one of the fastest-growing CSR tools in the finance sector – microfinance. The author outlines the aims, approaches and challenges of microfinance, as well as the benefits both for the recipients and for the bank itself, in this case Credit Suisse. Gerhard Pr  torius then presents a personal insight into CSR in the automotive sector with a perspective on Volkswagen CSR activity, from stakeholder relations to supply chain management and the mission of the company. The author places particular emphasis on the environmental challenges facing the industry, as well as addressing challenging issues such as carbon-neutral travel. Moving from one of the major corporations to smaller and medium-sized enterprises, Nick Tolhurst interviews Horst Erhardt, one of the leading lights behind Betapharm's groundbreaking use of CSR as an innovation and marketing strategy in the pharmaceutical field. As well as exploring the possibilities for CSR in this sector, the interview also examines the often underestimated potential for CSR in smaller companies.

A more traditional aspect of CSR is given a new angle in Chapter 15, as Clemens Mulokozi & Klaus-Peter Storme from HypoVereinsbank outline the advantages of sponsorship in business terms and how it can fit in to a CSR strategy. The authors look at the new CSR dilemmas and challenges facing sponsoring – in this case sport – which can involve political and social sensitivities. As sport sponsorship is being transformed from traditional ‘passive’ forms to more socially proactive ones, the authors look at the role that sports sponsorship can play in terms of social responsibility, where to engage and what to avoid. In Chapter 16, Anselm Iwundu explores the increasing importance of supply chain management as a part of a company’s overall commitment to responsible business and provides a five-step practical guide to ensuring that companies’ supply chains are sustainable. The author provides real-life business examples from the agri-food industry sector, which has become perhaps the most crucial, and in many ways the most visible, industry in debates on supply-chain good practice. Staying with the international aspects of CSR, the next two chapters look at CSR in developing countries, firstly through Judith Köhler’s article on the role, advantages and challenges of public private partnerships (PPPs). Informed by her experience with the German development agency, the author outlines the role that cross-national PPPs can play in capacity-building and environmental projects, while Isaac Desta provides a background to CSR in developing countries, with particular emphasis on the burgeoning role of local CSR initiatives as well as the supply chain and how companies can achieve staggeringly effective – and efficient – results through imaginative, well-thought-out CSR policies.

The book is rounded off with three chapters devoted to the future of CSR. First, an aspect of CSR that has rapidly shot up the agenda in recent years – carbon offsetting – is addressed, and the question of how this can become an integral part of a company’s CSR strategy is explored. Then, Oliver Laasch and Ulises Flores examine emerging management tools and how companies are finding new ways and techniques to realise the full potential of CSR in business. The chapter is based on a number of interviews and surveys with business leaders from internationally recognised

companies. Finally, Wayne Visser considers the future of business as he argues that CSR in its present form has only gone part of the way, and outlines how the next step – CSR 2.0 – will become less Western-orientated, less risk-averse and less of a ‘nice-to-have’ niche, instead evolving into a mass-market ‘must have’ that will become incorporated into ‘companies’ DNA’.

We very much hope this book proves useful for you and we welcome feedback on any issue that arises out of it.



# **What does a sustainability manager do?**

**Jason Leadbitter**

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*Responsible Business: How to Manage a CSR Strategy Successfully*

Edited by Manfred Pohl and Nick Tolhurst

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*In this chapter, the role, aims and activities of a sustainability manager are described, based on the personal experience of the author, who is a sustainability manager for a large chemical company – he offers a step-by-step outline of the goals that are important, how they can be achieved and the challenges that will be faced.*

## **Company background**

I wrote this chapter to provide a personal perspective of what a sustainability manager actually does – in my case, for the INEOS ChlorVinyls chemical company. INEOS is the third largest chemical company in the world, with an extensive chemical portfolio. My responsibilities relate specifically to sustainability within chlorine chemistry and, in particular, to the plastic PVC and other chlorinated products. We are the largest European manufacturer of PVC, with plants in Norway, Sweden, Germany and the UK. In February 2008 my former company, Hydro Polymers (also a PVC producer), was acquired by INEOS. Much of what I have learnt on this personal journey, to which I will refer in this chapter, relates back to my experience with Hydro Polymers, although the opportunities and challenges under new ownership provide renewed vigour and excitement in the pursuit of sustainability.

## **The role of a sustainability manager**

The overall aim is to provide the reader with a clear insight into the practicalities involved in being a sustainability manager. In particular, precisely what does a sustainability manager do? To merely write some kind of job description is important, but this is too prescriptive. It is rather like reading the rules of chess, which is often dull and boring – it is only when you play the game that things become exciting. That said, we do need rules and principles to help guide us in the right direction and to make smart business decisions along the way, i.e. towards sustainability, or, as in the game of chess, to achieve checkmate. I also want to firmly differ-



entiate, as I do in my mind, between two distinct roles in any organisation, namely those of the corporate social responsibility (CSR) manager and the sustainability manager. They may be one and the same person and, if that is the case, please note that there is a wealth of difference between these roles. A CSR manager's responsibility has to do with how companies engage in societal issues on a voluntary basis, usually in collaboration with stakeholders, with an emphasis on public relations. Conversely, the sustainability manager should be addressing the longer-term strategy of the organisation regarding its core business and commitment to innovation in moving the business towards sustainability. Of course, the two roles are complementary and there is a necessary degree of overlap. However, to address these issues as one individual is a tall order, both from a practicality perspective and in differentiating the roles in your mind.

## **Down to business**

To be effective as a sustainability manager, a series of essential yet basic criteria must first be met:

- ▶ commitment from top management
- ▶ an understanding of the core business activities of the organisation
- ▶ an understanding of what is meant by sustainable development and sustainability
- ▶ an appreciation of where the company is today and where it should be heading
- ▶ the skills to influence and motivate the organisation to move in the right direction and thereby execute the right actions.

## **Commitment from top management**

There is nothing more frustrating for sustainability managers than recycling their paper clips. The job has to be taken seriously by top

management and there needs to be a mechanism whereby the sustainability strategy relates directly to short- and longer-term business plans, i.e. these must be aligned to maximise efficiency and ensure that all elements of the company are rowing in the right direction. The sustainability manager should be playing a key role in any organisation to ensure the long-term sustainability of that business. The commitment needs to go beyond just fine words. Talk is easy – it is the getting down to work that counts.

## **Core business and activities of the organisation**

Sustainability managers need to get under the skin of their organisation. There needs to be a systemic appreciation of what the organisation does or provides. We should not underestimate the sustainability footprint of any organisation – whether social, economic or environmental – and that of its products or the processes used in their manufacture. To make improvements, there is an obvious need to know the basics – this might be related to operational processes as well as the manufactured products or to those services provided by the organisation.

## **What is meant by sustainable development and sustainability?**

No doubt you will have heard these terms mentioned many times, but what do they really mean to you? One of the simplest explanations came from Jonathon Porritt, one of the founding directors of the sustainable development charity Forum for the Future, in the UK. Put simply, sustainability could be described as a defined *state*, i.e. the point at which you could continue indefinitely without serious erosion to mankind or the environment. Conversely, sustainable development is the *process* that drives us towards sustainability. That said, if you type sustainability into Google, you will get literally hundreds of definitions. What is important is what sustainability really means to you and the organisation you represent.

## **An appreciation of where the company is today and where it should be heading**

An effective sustainability manager should ask three questions that logically follow on from the question in the previous section:

1. Do we have a definition of sustainability?
2. Considering this definition, what is the gap between where we are today and where we are heading?
3. What can we do to bridge this gap?

## **The skills to influence and motivate the organisation to move in the right direction and thereby execute the right actions**

Such skills are essential to ensure that a sustainability manager is fully equipped to take on this demanding task. Being a good manager merits a whole section in its own right. There are numerous management books that articulate the essential skills of an effective manager. For me, sustainability managers must demonstrate a belief and passion that they are making a difference to the company. Often they may be working with few, if any, subordinates. Consequently, the business case for sustainability must be compelling, and also pragmatic and sufficient to win the hearts and minds of peers. The sustainability manager must also be prepared to challenge senior management constructively, with good information and clear arguments about the benefits to the business in the long term of taking a more sustainable path. This may, at times, challenge fixed assumptions and ‘sacred cows’, so good relationships and sound arguments are essential.

## **So how do we get started?**

There are many theories about organisational culture that lead to logical engagement in sustainability – either through the transitional stage of

companies moving from regulatory compliance to addressing eco-efficiency and then sustainability, or by benchmarking themselves against their competitors. In our case, we were pushed into it courtesy of Greenpeace. Back in the late 1990s, the PVC manufacturing industry was singled out principally because of our use of chlorine chemistry. In Greenpeace's eyes, God created all the elements but one – chlorine, which was created by the Devil. And since PVC consumed around one-third of total chlorine output, it was seen as a good single-issue target. Towards the end of the 1990s, our industry had to act to prevent potential legislation and to stem the major threat that was being created by the Greenpeace campaign. Ironically, it was environmentalists themselves who questioned Greenpeace's thinking that merely by phasing out PVC, the planet would be saved. Important questions needed to be asked, from a sustainability perspective, about what would replace PVC if its use in pipes, cables and a whole range of other applications was to be phased out (see Leadbitter (2002) for further reading on this process).

Across the industry, a major 'European voluntary commitment' was begun, known as Vinyl 2010 (see [www.vinyl2010.org](http://www.vinyl2010.org) for details), whilst a separate, independent process initiated by an international sustainable development charity, The Natural Step, tasked the industry with answering the three questions outlined above. Firstly, did we have a definition of sustainability? This was a simple question to answer at the time: no we did not. Consequently, an investigation was completed using a sustainability model, The Natural Step Framework (see [www.naturalstep.org/en/applying-framework](http://www.naturalstep.org/en/applying-framework) for details), the principal outcome of which was the identification of five key sustainability challenges facing the industry if it was to become fully sustainable:

- ▶ the industry should move towards becoming carbon-neutral
- ▶ the industry should commit towards controlled-loop recycling
- ▶ the industry should phase out persistent organic compounds

- ▶ the industry should use sustainable additives in PVC
- ▶ the industry should engage the whole supply chain in order to address sustainability.

So, in a matter of a few months, not only had we been provided with a definition of sustainability, but we were also provided with details regarding the ‘gap’ between where we were and full sustainability. All that was now needed were the actions required to bridge this gap. This sounds simple, but first of all, let us review the basic criteria highlighted above.

## **Commitment from top management**

The threat posed by Greenpeace ensured that top management of all European PVC producers were fully supportive of the actions required to address sustainability, although some serious concerns were being expressed about the cost of achieving this. Speaking of which, to become truly sustainable, the economic element of sustainability is hugely important – no company can aspire to being ‘clean and green’ if it means going out of business! Therefore, a profitable pathway to sustainability is a basic requirement. As we begin to bridge the gap towards sustainability, we must therefore ask ourselves a further set of questions:

- ▶ Is the investment that we will be making in a process or product a step towards sustainability, i.e. are we headed in the right direction?
- ▶ Are we creating ‘flexible platforms’ with such investment? (We want each step to enable another that leads to our goal, and thus avoid blind alleys.)
- ▶ Will the investments that we intend to make bring good enough returns? The returns here include both economic savings and environmental benefits.

## **An understanding of the core business and activities of the organisation the sustainability manager is representing**

Having, as I do, a strong background in industry is an extremely useful qualification when it comes to taking on the role of a sustainability manager. A distinct advantage for me personally was having a professional scientific background, although, beyond any doubt, the greatest driving force is a passion and appetite for such a challenge. There are many experts in most businesses and it is a question of tapping in to this knowledge base and learning the knack of how, where and when to apply it. Clearly, the better prepared you are with a good understanding of the business, the more likely it is that you will be taken seriously by your work colleagues and the more valuable will be the support they provide you with. For example, 'green' university graduates must be savvy enough to respect the sensitivities of their more experienced work colleagues. Gaining trust and respect is a mutual process and one not to be underestimated.

## **Heading towards sustainability**

Let us assume that we now have a definition of sustainability and we at least have some understanding of where we are today and where we need to go, no matter how daunting that gap may be. What follows needs to be a sensible, logical series of practical actions that will begin to bridge this gap. To illustrate this point, let us evaluate the first of our five key sustainability challenges – the industry should move towards becoming carbon-neutral.

Back in 2000, few companies had a good understanding of their carbon footprint. Today, it is all the rage with the debate surrounding climate change to the fore. In order to make improvements, it is essential first to accurately measure current performance. So, in 2000, we set about measuring the carbon footprint of our activities across the whole supply chain entailed in manufacturing PVC. Clearly, this required some expertise in