

**Inter American Development Bank,  
Conference: CSR as a tool for competitiveness  
Panama City, 26 - 28<sup>th</sup> October 2003**

**Final Plenary: The Future of CSR - presentation text**

My headline is from the Chairman of the UK Institute of Directors that

"Good business is good business."

The three things that I am going to focus on are:

1. **Good Business**: SMEs are the future for CSR
2. **Being good**: Art can help you think out of the box, can help you to be creative in the enormous field of CSR and can give universal values;
3. **Doing good**: We are the future of CSR - we can make a difference.

**Slide 1**

**TNCs:**

Two things about major companies:

Given what we have discussed over the past day and a half, for major corporations and organisations, CSR really is a no brainer. As Antonio Vives said after the presentation of Stan S. Litow from IBM, "Well, we can close the meeting now!" The business case is there - as **Walking the Talk** illustrates <sup>1</sup>with many case studies.

*[Omitted due to time constraints*

*We would point out that we embrace CSR for the purposes of competition. Being better at CSR than one's competitors is going to become more and more advantageous as the century advances and as society's expectations of business continue to change*  
*p. 105]*

*[Omitted due to time constraints: **Cost? Barclays Bank** in the UK as they pointed out at a recent Corporate and Communities Conference, uses volunteering - whereby staff gives time to local projects or fund-raising for charities which is matched by Barclays - as an example of social engagement: it benefits the community, is better for the staff than any other type of team building exercise and there is no direct financial cost to the company.]*

**Slide 2**

**SMEs: For SMEs CSR is a problem, it shouldn't be**

SMEs often bury their heads in the sand, like a person in the communications department of a major international sports branded company I spoke to recently who stated "Thank God we are not involved in that area!" when I asked him about their CSR activities.

At a panel discussion on CSR at the Institute of Chartered Accountants in London earlier last week, I met the Company Secretary of the **RPC Group PLC** - a medium sized company that produces plastic parts and food trays - she said that the thing that most worried her about CSR were the cost implications. This is probably the main concern that SMEs have about CSR. Which is why it starts off the list given in a speech by Prof. Alan Stainer at a recent masterclass :

1. **Social obligations can be costly**  
Involvement, the implementation of a programme or marketing your CSR success are all costs.
2. **Dilution of purpose**

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<sup>1</sup> Holliday, Schmidheiny and Watts, **Walking the Talk - The Business Case for Sustainable Development**, (Berret Koehler, 2002) ISBN 1-57675-234-8

CSR is seen as yet another demand on a busy manager's time;

**3. Businesses are already powerful and can be perceived as paternalistic:**

There is suspicion of business, that business is motivated solely by greed

**4. Businesses have no direct line of accountability to society**

I pay my taxes so it's up to the government to do this stuff - but the view is changing

**5. Subjectivity of definition:**

CSR suffers both from a lack of definition: Corporate Citizenship, Sustainability, Corporate Responsibility + a myriad of standards & guidelines which underline that it is huge in its implications - this is frightening for SMEs.

Moving back to the plastics company, as my conversation with the Company secretary continued some key points came out:

- Very bottom line focussed
- Responsible for corporate governance - CSR was on her radar screen as an issue
- They cut costs through good environmental management, particularly on power and re-cycling
- Engaged with the community by distributing old stock items (buckets etc) to local schools. Already working on some CSR issues - so the fear is gone!

**Slide 3 - Advantages 1 - 4**

Let's look at some of the advantages in practice: picking up on Zephirin Diabre's words from his speech yesterday, this is a very "dynamic local enterprise." **BOVINCE LTD** is the family run printing business in a deprived area in the East of London, UK that I mentioned in my introduction. They specialise in large poster printing and 'bus shelter and 'bus advertising panels. The company is run by MD Peter Rosen, whose zeal for CSR issues comes from a deep personal conviction and a desire to make a difference, not only with the company's stakeholders but also for the company's profitability. His enthusiasm has inspired two other key members of his staff who now drive CSR with him: the trickle down of their ideas into the rest of the 60+ staff is in itself inspiring!

**BOVINCE LTD** is an excellent example of how CSR issues give competitive advantage. Their activities started with Peter Rosen's father and his focus on waste paper management and now CSR is core to the company's activities:

1. **Learning for staff:** a Japanese based Kaizen Continuous improvement programme seriously impacted on the technicians and their working practices
2. **Improved culture:** at a time when the phrase "a job for life" brings a jaded and knowing smile to most managers' faces, staff turnover is very low and the average length of service is 10 years;
3. **Reputation:** they recycle waste, give drawing paper from their own production to local schools, as well as re-direct old stock from their suppliers. This has not only enhanced their position in the local community, but has enabled upstream stakeholders to clear old inventory and free up storage space without having to meet extra disposal costs. **BOVINCE's** fame has also spread to the Corridors of Power: Peter Rosen has been invited to a meeting on business regeneration by Tony Blair and is frequently referred to by UK Govt Ministers, and funding from a whole battery of governmental and local authority sources flows into the company.
4. **Recruitment:** as a result of their efficiencies, they can offer their staff higher than average salaries, which is real bonus, and hire the best people from the local community. This gives a very positive company culture.

**Slide 4 - Advantages 5 - 7**

5. **Productivity:** Health and Safety issues are crucial. They have dramatically cut down days lost through illness or injury: as an example, film processor developer was formerly delivered as a liquid in drums, which were difficult to handle. A move to a powdered form – which was more expensive – cut down storage space, spillages and injuries, because the containers were so much smaller.
6. **Environmental:** Bovince moved to the computer based processing of the graphics images sent in by their clients. This not only meant a huge reduction in the amount of photographic film they used, which has impacted on their waste production, but it has also meant that the number of motor bike couriers roaring up to their site has so

dropped off that, Peter is often astonished at both the calm and the improved air quality!

7. **Corporate responsibility:** in the case of Peter's two key employees, Derek Hall and Don Blackwood, their personal involvement in CSR has enriched their private lives which has fed back into enthusiasm and commitment in the company: they are prepared to go that extra mile in their daily work.
8. **Customers:** as a marketing instrument, **BOVINCE's** engagement with CSR is one that has directly helped the company to expand into Europe at a time when revenues in London were stagnant - he has increased both turnover and his customer base!

Had **BOVINCE Ltd** followed normal business practices, then many of the cost savings through new technology and environmental activity would have probably occurred anyway. What is special in this case is that the company culture is pervaded by a 'can do' approach to change and continuous improvement and everybody lives the ethos of "Doing well by doing good." And the free exposure that the company has received for its activities is worth a pile of marketing dollars.

So how far do you go? At a recent conference on business ethics, Mr Howitt (Member of the European Parliament for the UK with a special interest in CSR) mentioned a local but specialist, family owned shop in a small market town in England. They are so committed to CSR that they have produced their own Social Report, the kind of action that is only currently being undertaken by major companies!

The UK Government is naturally promoting such examples as best practice but they are going to have to do more: by increasing the level of compliance in companies; by increasing the profile and importance of the domestic UK Minister for CSR (currently Mr Timms - who, I hear you ask?) and by co-ordinating initiatives across Government departments. This will ensure a level playing field - and companies like **Bovince** will naturally have a major advantage.

That was the first point: focus on SMEs for the future.

#### **Slide 5: 3 key steps**

The first two points have been mentioned a number of times in the last 36 hours of this conference but they are crucial in embedding CSR in a company:

1. CEO: unless the CEO wants to act on CSR issues then they won't fly - the lead has to come wholeheartedly from the top, as with Peter Rosen.
2. Staff: it is the enthusiasm and ownership of the workers that embeds CSR into an organisation. But they have to own it, to help create any CSR programme or it will not have a serious impact.
3. Think out of the box... creativity. This is the second point -

#### **Slide 6:**

**Things don't change, we change  
(Las cosas no cambian, nosotros cambiamos)**

*Henry Thoreau, Walden.*

From a CSR angle, art in any form but especially great literature, gives two things:

1. Art helps you to be questioning, to be creative - to think out of the box.
2. Moral guidance and values - the Golden Rule "Do unto others as you would have them do to you"

In this respect consider Stan S. Lithgow's comment yesterday: "Great companies value integrity and trust."

In the end, the response to CSR has to be an individual one whether you are the CEO, the owner of a company, a member of the staff or involved in financing business. You have to

ask yourself - Do I want to make a difference? This is my third point and is underscored by Professor Austin, who said in his beautifully clear presentation yesterday: "collaborations are born with individuals."

The message from my brief presentation is that:

1. SMEs should be the future focus of CSR activity - Good business
2. Moral values have to be at the heart of any CSR activity - and art and literature are another way of accessing universal values - Being Good
3. It is up to us to be creative and to want to make a difference - Doing good

Consider my camel driver - we have to look into the future, to new horizons, but we have to act now. It's good for business...final words to Andy Warhol.

**Slide 7:**

**Making money is art and working is art and *good business* is the best art of all**  
*Andy Warhol*

Gracias por su atencion. Que le vaya bien.

Ivor Hopkins, Senior Partner, **MHC International Ltd**, October 2003