

# 21ST CENTURY CORPORATE CITIZENSHIP

A Practical Guide to Delivering  
Value to Society and Your Business

Dave Stangis and Katherine Valvoda Smith have undertaken a great service for all of us by laying out the essentials for any company to create both economic and social value simultaneously. How can line management integrate the needs and ideas of all stakeholders into product and service design and implementation? By activating positive disruption and “entrepreneurship inside” our corporations. Nowhere can you find a better roadmap for practical action that provides not only powerful examples and insights but an interactive guide that supports alignment and relevance to achieve the true value of Corporate Citizenship. The authors show that Corporate Citizenship done well enables conventional business success along with increased social and environmental impact. Accordingly, Corporate Citizenship can and should be managed like any other corporate function and doing so successfully can be a vital source of inspiration for all stakeholders. This is a must read for practitioners as well as business leaders.

— Cheryl Kiser, *Executive Director,*  
*The Lewis Institute & Babson Social Innovation Lab*

Now more than ever, business plays a critical role in helping solve some of our world’s toughest challenges. Understanding how to create real value that is authentic to the organization’s purpose and embedded throughout is critical to enable impact at scale. This book provides fantastic guidance for any business leader looking to make a positive, lasting contribution and transform our world for the better.

— Trisa Thompson, *Chief Responsibility Officer, Dell*

*21st Century Corporate Citizenship: A Practical Guide to Delivering Value to Society and Your Business* exemplifies the essential truth that aligning the interest of society with a business’ bottom line has never been more applicable or beneficial than in the 21st century corporate landscape. This book is a must read for both current professionals seeking to make more of an impact, as well as for students designing their corporate career path.

— Liz Maw, *CEO, NetImpact*

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A Practical Guide to Delivering  
Value to Society and Your Business

BY

DAVE STANGIS

KATHERINE VALVODA SMITH



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India – Malaysia – China

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We’d like to thank all of the people working in companies who are out in the world doing excellent work every day. We are fortunate that several agreed to share their real-world experiences with us in this book. You can find their stories in the following locations:

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# FOREWORD

*From Denise Morrison  
President and Chief Executive Officer  
Campbell Soup Company*

I am honored to contribute to the foreword of this book with Andy Boynton, Dean of Boston College's Carroll School of Management. *21st Century Corporate Citizenship: A Practical Guide to Delivering Value to Society and Your Business* ties together important principles that have informed and guided my career.

As the CEO of Campbell Soup Company, I work with this book's co-author, Dave Stangis, Campbell's Vice President of Corporate Responsibility and Chief Sustainability Officer, to set our corporate citizenship agenda. I am thrilled Campbell was able to attract Dave, one of the field's most-respected professionals. He is passionately driven to make our company — and the world — better every day.

As a proud alumna of Boston College, I have also followed the admirable progress of the Center for Corporate Citizenship — run by Dave's co-author Katherine Valvoda Smith. My time as a BC undergraduate reinforced the importance of doing right while doing well. Those ambitions and values led me to Campbell, a company that embraces the values of service leadership and promotes them through our Purpose — Real Food that Matters for Life's Moments. Our Real Food philosophy embodies creating real food that is affordable and accessible for consumers, respecting the environment, and innovating to improve the quality of life and well-being of our customers and employees.

Our society stands at the intersection of global consumer demand, technology, environmental sustainability, and human well-being. With markets moving at the speed of ideas, it's difficult to predict where the next disruptive innovation or seismic shift will happen. It is an interesting environment for a nearly 150-year old company with several of the world's most recognized and respected brands. For me, building on the Campbell legacy to develop our 21st century corporate citizenship strategy has reinforced the business and social good that can be realized when we live our Purpose, not only in the short term, but also for generations to come. I believe you can make a profit and make a difference.

This book is important because it offers a step-by-step approach to doing just that — thinking beyond the quarter to nurture the long-term health of the company, its suppliers, and its customers. It helps the corporate citizenship manager consider all the operation's dimensions, methodically assess the operating environment, and develop objectives and a plan to improve both the business and the world.

At Campbell, while our business strategy may shift over time and across markets, our Purpose and commitments to corporate citizenship will continue. We are tremendously proud of our environmental sustainability, public policy, and community achievements, and we know that our leadership differentiates us with many stakeholders.

Will it be difficult? Of course. Will it require time and effort? Of course. But we'll never stop trying to improve. I encourage you, and all readers of this book, to join our efforts, leveraging this invaluable resource. It's the right thing to do for all of us — for our consumers, our companies, our shareholders, and our planet.

*From Andy Boynton, PhD  
Dean, Carroll School of Management  
Boston College*

As Dean of the Carroll School of Management, I am pleased to be contributing this foreword alongside one of Boston College's most accomplished alumnae, Denise Morrison. Denise has made important points about the challenges we face and the value of this book in our business context.

*21st Century Corporate Citizenship: A Practical Guide to Delivering Value to Society and Your Business* is a unique resource for professionals who want to maximize business and social value and who see the opportunity to use the assets of business to solve some of our most pressing environmental, social, and policy problems. Through the work of its Center for Corporate Citizenship, Boston College has been committed for more than 30 years to helping people in companies make more effective social and environmental investments. We've been proud to have Dave as a longstanding member of the Center's Executive Forum and Katherine Valvoda Smith has done an excellent job as its executive director. Their collaboration offers a privileged perspective on the business of corporate citizenship. Dave has worked at the top of his field in three companies and as many industries. Katherine has had the opportunity to observe thousands of individuals across hundreds of companies — and to interact directly with dozens on projects. Between the two of them, they bring almost six decades of insight and experience to this book.

This is an important book for anyone who is just starting out in corporate citizenship and even for more experienced leaders and managers who find they want to or need to refresh their company's corporate citizenship strategy. *21st Century Corporate Citizenship* offers a comprehensive process for how to approach your important work.

Corporate citizenship has evolved quite a bit in the thirty plus years that the center has been in existence. I have seen the

profession mature. Even ten years ago, I — and many other management professors — might have considered environmental, social, and policy considerations secondary to business strategy. Today, managing these domains is an essential part of business strategy. Corporate citizenship professionals have tremendously important and challenging work to do. Because the practice is nascent, many companies do not have robust corporate citizenship teams or budgets and corporate citizenship leaders are challenged to both lead these initiatives with little authority and manage processes competently at the same time. This book offers practical insights that help corporate citizenship professionals do just that.

At its heart, corporate citizenship is change management. It is about envisioning a different and better future for business and society. Change management requires the skills of both leaders and managers. Warren Bennis, one of the pioneers of contemporary leadership studies, was fond of saying, “The manager does things right; the leader does the right thing.” It’s a distinction that should speak volumes to anyone who seeks to both manage and lead in an organization.

Managing and administering are critical tasks: Without them, we wouldn’t execute our best ideas and carry out essential functions. Still, Bennis is right. Each of us needs to be a leader, not simply a manager or administrator. We need to not just do things right — which is about execution. We have to also do the right things, which means finding better ways to carry out the missions of our organizations.

As Bennis also said, “The manager administers; the leader innovates.” How true. Without leadership, there’s no agenda for change and improvement. There’s no vision.

In my research, I’ve developed a list of three things any leader must do to be more than a manager. These reflect my three decades of working with leaders worldwide as a speaker, author, strategy professor, executive trainer, and dean of a management school.

**Leaders stake out a clear vision.**

It's simply impossible for organizations to do great things if they have no clear expectations of the future. Without a vision, people lurch in different directions. They run in circles. The result is a waste of time, money, and brainpower. Visions focus minds, hearts, and energy.

**Leaders get the architecture right.**

They design organizations that create the space for talent to soar. At a minimum, leaders remove all of the roadblocks that people must work around to do their jobs. The obstacles could be inadequate information, conflicting goals, mixed signals from the top or confusing reporting relationships.

**Leaders call for leadership from every seat.**

They make it clear that everyone should step up and find their spots as a leader, regardless of rank, title, or position. This is especially true when it comes to generating ideas.

Because of the magnitude of the challenges and opportunities we face as a society — overpopulation, climate change, inequality, water scarcity — corporate citizenship professionals must be excellent leaders and managers both. This book provides an excellent toolkit to support the important work of our next generation of corporate citizenship leaders — no matter which seats they occupy in their companies.

## ACKNOWLEDGMENTS

We would like to thank the many, many people and organizations who contributed to this book. Thanks to Mike Sugarman for suggesting the project and being a great optimist and enthusiast for the field and for the work of the Boston College Center for Corporate Citizenship. To our current bosses (for Katherine, Carroll School of Management Dean Andy Boynton and for Dave, Campbell Soup Company President and CEO Denise Morrison) for their belief in the importance of the project and their support. To our excellent first readers, Steve Quigley, Jessica Shearer, and Kate Rubin, who offered great feedback and ideas. To our Emerald Insights editors, John Stuart and Pete Baker for their patience and advice. To Sara Henry and Liz Rogers for their contributions to the materiality chapter. To all of those who read drafts and offered ideas and insights: Dan Bross, Suzanne Fallender, Rick Pearl, Regina McNally, Marcia Ryan, and James Valvoda. To all of our colleagues who offered “Notes from the Field.”

From Dave ... to Carolina, Michael, Megan, and Dad for providing the inspiration for, and for instilling, the work ethic and value set to live by. From Katherine ... to Ted and Casey Smith for their patience, love, support, and forgiveness for the absent-minded responses to questions, postponed family outings, and evenings at the computer rather than the family table.

To all of our former bosses, who allowed us to disrupt, challenge, persuade, and work above our paygrades (albeit clumsily at times) on the topics and issues outlined in this book. Your faith that we would actually make things a little better than how we found them helped us learn and grow as professionals.

# INTRODUCTION

We have always had a strong belief that the science and art of corporate citizenship are fundamental to differentiated business success. This has played out in our personal careers and in the careers and companies we've had the opportunity to influence. As we started to talk about the need for a “how to” book that addresses the fundamentals of corporate citizenship practice, we realized that the two of us had, between us, almost 60 years of experience working in some dimension of corporate citizenship. Though Dave started in environmental health and safety management and Katherine in philanthropy, both of our career paths converged at the intersection of those disciplines and corporate citizenship strategy. As a team, we drafted this book to provide a resource for those in the field — whether you are just starting out, are a more experienced corporate citizenship professional who is rethinking all or part of your corporate citizenship program, or a CEO seeking to get the best out of your corporate citizenship team. We hope you will use this book as a helpful desk resource that can help you think through the solutions that create the most value for your company, your shareowners, and for society.

Dave Stangis is Vice President of Corporate Responsibility and Chief Sustainability Officer for the Campbell Soup Company. Campbell's portfolio of products extends beyond soup to foods such as Pepperidge Farm breads and Goldfish crackers; Arnott's, Kjeldsens, and Royal Dansk biscuits; V8 beverages; Bolthouse Farms super-premium beverages, carrots, and dressings; Garden Fresh Gourmet salsa, hummus, dips and chips; Plum organic baby

food; Swanson broths; Prego pasta sauces; and Pace Mexican sauce.

Dave created and now leads Campbell's Corporate Social Responsibility (CSR) and sustainability strategies. As such he oversees the company's execution of CSR and sustainability goals, policies, programs, engagement, and reporting, from responsible sourcing and sustainable agriculture to social impact metrics in the community. Since arriving at Campbell Soup, the company has been named to the Dow Jones Sustainability Indices, the 100 Best Corporate Citizens List, and as one of the World's Most Ethical Companies.

For more than 20 years, Dave has been leveraging corporate responsibility principles to generate business and brand value. Prior to joining Campbell, he created and led the Corporate Responsibility function at Intel. He led a global CSR network organization, a role which gave him insight into corporate citizenship across the world. He's also served on the boards of Net Impact, the Graham Sustainability Institute at the University of Michigan, the University of Detroit College of Business, the United Way of Greater Philadelphia and Southern New Jersey, and Ethical Corporation Magazine. In 2008 and 2013 he was named one of the 100 Most Influential People in Business Ethics by *Ethisphere Magazine*. *Trust Across America* has named him one of the Top 100 Thought Leaders in Trustworthy Business Behavior for four years running.

He earned his MBA from the University of Michigan, his Master of Science in Occupational and Environmental Health from Wayne State University in Detroit, and his undergraduate degree from the University of Detroit.

Katherine Valvoda Smith is Executive Director of the Boston College Center for Corporate Citizenship in the Carroll School of Management. She oversees all the center's activities and strategic ventures, and teaches "Managing Business in Society" in the Carroll School of Management MBA program. The purpose of

the center is to help corporate citizenship professionals know more, do more, and achieve more with their corporate citizenship investments by understanding the foundations of how companies create good in the world and add value to their businesses through their environmental, social, and governance (ESG) investments.

The center has conducted research about the practice of corporate citizenship for more than 30 years, developing the deep knowledge and insights that help corporate citizenship professionals manage and improve performance in the ESG dimensions of their companies. The BC Center for Corporate Citizenship supports more than 430 (and growing) members each year; as its executive director, Katherine has had the opportunity to work with dozens of companies and to observe closely the corporate citizenship practices of hundreds of companies and thousands of practitioners.

Before joining the BC Center as Executive Director, Katherine held various academic and administrative positions in higher education and in nonprofit organizations. Throughout her career, Katherine has worked to support several large-scale public-private partnerships and research projects. These include a series of corporate, foundation, and university research partnerships focused on multidisciplinary science initiatives, and on social issues, including education and healthcare. She has also served as an advisor to numerous Fortune 500 companies. She earned her BA from Cleveland State University and her Master's Degree from Rhode Island School of Design.

## THE PRACTICAL GUIDE

We spend a lot of time within our own spheres at Campbell and the Center for Corporate Citizenship building models and strategies that deliver results ranging from reputation management to employee and community engagement. We also spend a lot of time providing advice and structured programs to our peers and other companies about how to leverage these disciplines for true business value. We wrote this book to share these perspectives and provide a guide for those who are either just starting out in Corporate Citizenship, CSR, or any effort that touches the environmental, social, or governance (ESG) dimensions of business — or who want to refresh or refine their CSR program.

We want to set a little context upfront about what this book is, and perhaps more importantly, what it's not. First and foremost, this is a book about building a successful business in the 21st century. It's a book about leveraging all the tools, trends, and assets at the disposal of business to drive bottom-line results, value chain resiliency, productivity, innovation, long-term shareowner value, and benefit for the community. We set out to provide a set of practices and checklists that can help you ensure that you are considering ESG impacts and assets to create competitive advantage for your company and a better world for us all. We will use terms like sustainability, corporate responsibility, and social impact to help explain our concepts and translate some of our frameworks, but this is all about creating the most successful business possible in the 21st century competitive landscape.

We initially thought about writing a leadership book, or book on the leadership characteristics needed to run a successful business in the 21st century. But honestly, leadership books are a dime a dozen. Our libraries are full of great leadership books, written by great leaders. They're enjoyable to read and they offer great stories. They offer challenges and improvements to our personal leadership behaviors and help us develop as human beings.

In all of those books, we had not found a simple, and practical "how to" guide for building a comprehensive corporate citizenship strategy anchored in purpose, and leveraging rapidly evolving external environmental dynamics. That's what we set out to do here. You can dive into the examples and resources to any depth you desire. If you work your way through the sections of this book and implement the tools and tactics we offer, you will develop both yourself as an effective advocate for corporate citizenship and your organization's 21st century business strategy will be more resilient, agile, and successful than your competitors.

We wrote this book with several audiences in mind. For the individual corporate citizenship/CSR professional seeking to navigate his or her own meaningful career in the purpose-driven economy; for the CEO who wants to drive real change and agreement among subordinates about the measures of accountability of corporate citizenship; or the board member who wants to know the kind of questions he or she needs to ask to ensure management is paying attention to the right things. All of the profits from the sale of this book will benefit the BC Center for Corporate Citizenship.

# THE CORPORATE CITIZENSHIP CHALLENGE

What is corporate citizenship? You may have heard it called a variety of names — CSR, corporate sustainability, corporate responsibility — but all of the terms boil down to the same thing: building a more ethical, resilient, and sustainable way of doing business. In the 1970s and 1980s, Corporate Citizenship, CSR, CR, etc. were a kind of shorthand for talking about corporate philanthropy. As the practice has evolved, so has the purview of the practice. Today when we talk about corporate citizenship, we are talking about how companies exercise their rights, responsibilities, obligations, and privileges in society.

In 1970, Milton Friedman wrote an article in *The New York Times Magazine* titled “The social responsibility of business is to increase its profits.” Wildly influential, this article argued that if businesses contributed to charitable causes, they would betray their primary responsibility as businesses: profit-making. Friedman left little room for considering that any ESG expenditures might help a company’s profit margins. That was the reigning assumption at the time, but what if Friedman were wrong. What if strategic corporate giving and other ESG activities were not noble wastes of money? What if, instead, they actively created value for the company and society? Since Friedman made his assertions in the 1970s, social scientists have been searching for hard evidence linking ESG performance to financial performance.

They have found a great deal of it; numerous empirical studies have indicated that it does indeed pay to do the right thing:

- An analysis<sup>1</sup> of 30 years of research examining the relationship between corporate social performance (CSP) and financial performance (CFP), looking at 52 studies. It found that the CSP and CFP generally go hand in hand, and this effect holds true across a variety of industry and study contexts. The analysis also suggested that CSP bolsters CFP mainly through improved reputation, rather than through internal benefits such as improved efficiency.
- A 2009 paper<sup>2</sup> analyzed 35 years of research, looking at 214 studies. The analysis concluded that CSP has a positive relationship with CFP — especially if the company can improve its environmental impact and is a transparent and proactive reporter of its ESG performance. In fact, the study notes that companies may under-communicate about their good works and could derive more value from strategic communication.
- An award-winning 2012 paper<sup>3</sup> tracked the market's reaction to an institutional socially responsible investor's engagements with publicly traded target companies. This study looked at 2152 engagements with 613 firms between 1999 and 2009: a very large sample for a study of its kind. The engagements were designed to improve the target company's CSP. Researchers found that when the engagements were successful — resulting in the target company adopting socially responsible ESG practices — the company's share price jumped by an average of 4.4 percent in a year. Unsuccessful engagements had no negative impact on the company's share price. The market rewarded some issues more than others: Successful engagements on issues of corporate governance produced an average one-year abnormal return of 7.1 percent. This figure rose to 10.6 percent for successful climate change engagements.

Although few studies operate on scales as grand as the above three papers, the empirical relationship between corporate ESG and financial performance is consistently documented in current scholarly literature. A 2013 study,<sup>4</sup> for instance, focused primarily on CSR ratings; it aimed to disentangle various measures of environmental performance into a simpler, cleaner metric. Researchers distilled these diverse measures into two principal drivers: the adoption of environmental management practices and reporting, and environmental outcomes (the tangible environmental outputs a company creates). They then investigated the relationship of these to financial performance. They found a significant relationship between environmental processes and financial performance, indicating that firms can create more value by implementing environmental practices and being more transparent. Once again, the data show it pays to be good. Nearly half a century after Friedman's provocative article, the tables have decisively turned. Researchers have, time and time again, demonstrated that socially responsible behavior does not reduce company value.

Today the scope of corporate citizenship touches every aspect of your business. If you don't want to learn something new every day and go home with an ever-expanding to-do list, a career in corporate citizenship may not be for you.

Businesses operating in our global economy have become increasingly responsive to the demands of a range of stakeholders — communities, employees, customers, shareholders, and governments across the world. Many factors have contributed to this trend. The democratization of information and digital and social communication have been major factors. As more people have greater ability to communicate with and about companies across domestic and international borders, there has been a higher expectation placed on companies of transparency and communication with multiple stakeholders. Companies are held to account by greater numbers of stakeholders than ever before and, as a result, they are proactively managing their impacts. As a corporate citizenship

manager, it can be tough to make the impact you want. Sometimes your co-workers don't really understand what it is that you do. They may see you as a do-gooder with little business acumen in an increasingly complex corporate world. "Don't you realize we've got financial objectives to meet?" they say. "Why waste time forecasting 10 years ahead when we've got sales targets to meet by the end of quarter?"

There's a seemingly endless amount of red tape and bureaucracy to sort through. Reporting frameworks, Sustainable Development Goals, investment screens, and standards — you could spend all day every day filling out forms if you had a mind to. How on earth do you find the time to *make* the very progress you're reporting on in the first place? What's more, you've no sooner persuaded one area of your company to alter the way they do things than a new executive leader comes in and you're back to square one.

Finally, you may have a CEO asking questions about the annual community golf tournament you've been asked to organize. You find yourself torn between old expectations and driving strategic value. You find yourself wondering how you're ever going to persuade your company's leadership team that there's more to corporate citizenship than philanthropy.

### *Don't Make This Fundamental Mistake*

Sometimes, people working in corporate citizenship think if their initiatives are related to their business strategy, they shouldn't promote the business at all. They can feel confused about the concept of "self-dealing," when a corporate citizenship program is both creating value by improving an aspect of the company, and at the same time doing good in the world. Let's take a look at this assumption for a moment.

First ask yourself if the social or environmental good you achieve with your corporate citizenship investments is less good because your business may benefit also. A number of studies show

consumers, employees, and other stakeholders respond much more positively to corporate citizenship initiatives that meet both the strategic needs of the company *and* create good in society.

This means the more logically connected your citizenship investments are to the operating context of your business, the more likely your customers are to accept that your company is committed to doing good. They don't have to work out why you're doing what you do, they just get it and give you credit for being a good corporate citizen.

To make this a bit easier to understand, here's an example of a corporation that's done a great job of connecting their corporate citizenship commitments to their business strategy.

Brown-Forman is a distiller. It's best known for its bourbons, including Jack Daniels and Woodford Reserve. In addition to its whiskey lines it owns Finlandia vodka and also several tequila brands including Herradura and Don Eduardo. For these they need to harvest regular, reliable agave crops. When they moved into this product line they realized they had a problem with managing a consistent supply of agave, which takes a very long time to grow. Rather than thinking about sourcing their agave from independent growers who may or may not have been good stewards of that precious resource — water — in the arid regions of Mexico where they had acquired their tequila brands or moving agriculture elsewhere, they decided to incorporate sustainable agave production into operations. Understanding excellent water management in an arid climate has led to transferrable knowledge that has allowed Brown-Forman to excel at natural resource management and pushed the company to work hard to develop plans to grow their grapes, grains, and agave sustainably. By doing this they've created a more manageable ingredient supply and, because it's grown sustainably, the price and quality remain predictable for them as a business. This move has also enabled them to learn more about water and soil management for all their operations. Given their commitment to sustainable crops it makes

sense for some of their most significant citizenship commitments to be related to natural resource conservation. Brown-Forman cites climate change and water scarcity and quality as significant business risks in its annual report and Form 10-K and supports The Nature Conservancy with its corporate giving and employee volunteer programs. These commitments obviously create value for the company and because they do, the company is more likely to invest for longer, which is good for their cause partners. And because Brown-Forman understands the issues related to its business, they're better able to measure the impact of their investments. This mutual reinforcement leads to more value for business and society.

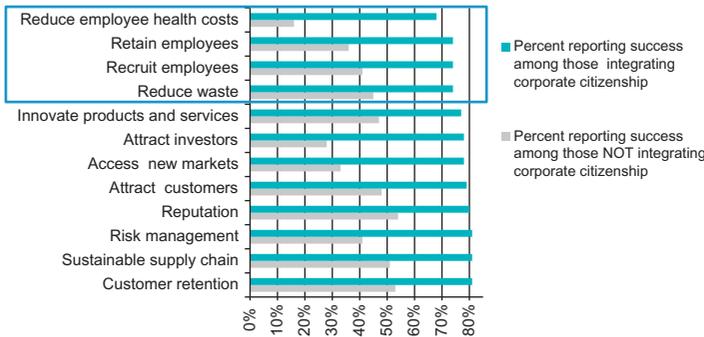
*If You're Still Not Convinced About the Benefits of Connecting Corporate Citizenship and Business Strategies, Read This*

You know now your corporate citizenship strategy should connect to, and support, the business strategy in your organization — taking into account your company's priorities, growth plan, location, expertise, and community needs. The strategy can be made up of a number of programs and investments across the social, environmental, and governance dimensions of your company's operations.

For the Boston College Center for Corporate Citizenship's 2016 *State of Corporate Citizenship* study, we talked to 750 executive respondents. Those who aligned their citizenship programs with their business objectives consistently reported increased success in achieving the outcomes valued by their companies (see [Figure 1](#)). Additional independent research also proves alignment and integration help companies achieve success with the following aims:

- Reinforce their brand; deepen customer<sup>5</sup> and employee<sup>6</sup> involvement.
- Address environmental and social issues that have the potential to disrupt their business.<sup>7</sup>

**Figure 1: Corporate Citizenship and Business Success**



The 2017 BCCCC State of Corporate Citizenship Study Observed That Companies That Do Not Integrate Corporate Citizenship in Their Business Strategy Report Achieving Modest Success in Achieving Business Goals. *Note:* However, companies that **DO** integrate corporate citizenship in business strategy report significantly higher levels of success in achieving the business goals that they set for themselves.

- Assess the impact of their gifts because they understand they are closely related to their business experience.<sup>8</sup>
- Create reputational assets that contribute intangible value to the firm<sup>9</sup> while contributing to the common good.<sup>10</sup>
- Have philanthropic and other citizenship initiatives viewed as more credible as a result of logical connections to the purpose of the company.<sup>11</sup>

In the Boston College Center for Corporate Citizenship’s *2017 Community Involvement Survey*, over 90 percent of companies that had connected their corporate citizenship strategy to their business strategy managed to reduce their employee health costs. This was compared with under 30 percent of businesses that had not. And 95 percent of businesses that connect their corporate citizenship strategy to their business strategy have improved their risk management, compared to only 55 percent of those that have not.

Given these results it’s not surprising that for the first time in 30 years, executives predicted that the investment in corporate citizenship would increase over the next three years in every dimension

queried, including human rights management, philanthropy, recycling, environmental investments, safe products, and employee volunteering.

Why the increased commitment? Because people are increasingly coming to understand corporate citizenship activity contributes to a company's success. So much so that corporations integrating these programs into their business strategy are 2.2 times more likely to gain access to new markets, and 2.3 times more likely to achieve employee retention.<sup>12</sup>

These are incredibly useful facts and figures for you to quote when you're talking to your own executives about your corporate citizenship proposals.

#### *Overcoming Barriers to Strategic Corporate Citizenship*

You'd think, given the statistics above, that every company would be implementing citizenship programs that connect to their business strategy. But as you've probably already discovered, there are many reasons why this doesn't happen. Much of this has to do with a lack of understanding about the true benefits that can be gained for both business and society.

Don't get us wrong — there are no “bad” good actions. There are, however, some commonly misguided alternatives to pursuing a strategic approach:

- *Moral appeal*: “corporate citizenship should not be about benefiting the company; it should be about the company doing the right thing.” This is a purely charitable motivation, and of course there's nothing wrong with it except that programs created with this aim are at risk of being seen as “extra” because they have no connection to the firm's purpose or strategy.
- *License to operate*: if you're only considering what your community and stakeholders think about you right now, you're defining yourself by where you are today and not where you intend to be in the future.

- *Reputation management*: this confuses social, environmental, and business results with PR. Though there are clearly reputational benefits to good corporate citizenship, focusing purely on reputation leaves on the table other opportunities to create value.

You can see how these rationales don't include any real business reasoning, thereby laying these companies' programs open to executive or customer whims. They focus on the *tension* between business and society, rather than on their *interdependence*. Relying on generic rationales that aren't tied to the specific strategy of the company, they're not sufficient to help identify, prioritize, and address the social issues that matter most.

The more logically connected your corporate citizenship priorities are to your company's strategy, the more authentic and credible your program will be perceived to be by stakeholders of all types — customers, employees, shareholders, and community members — and the more value both your company and society will derive from the investment. Research also shows that when corporate citizenship is aligned with a company's strategy and core capabilities, the company is likely to stick with its investment for much longer and the program will be seen as more credible. This mutually reinforcing loop is a virtuous circle that creates not only a favorable business context, but also the world in which we want to live.

### *Moving Forward*

You know how vital corporate citizenship is to every aspect of the business. Managing the environmental and social impacts of your company and using the assets of business to create value both for the firm and for the world at large is critically important to the future of our environment, society, and economy. It is the way that leading companies are creating competitive advantage today,

but some people still just don't get it. It's enough to make an enthusiastic corporate citizenship executive lose confidence.

We believe it shouldn't be this hard. This book is designed to change the conversation for you. You will learn how to do what seems impossible today:

- Persuade everyone from your CEO to your co-workers to line manufacturing staff why corporate citizenship is essential to building competitive differentiation in *all* businesses today.
- Find ways to help executives understand the value of corporate citizenship, so they'll *want* to help drive your corporate citizenship strategy.
- Make changes that stick, instead of reinventing the wheel time and again.
- Prove your worth so you're valued for the benefits you bring to your company.
- Become one of the most influential and respected managers in your business. When you speak, others listen.

Does this sound like a pipe dream? Believe us, it's not. We both have decades of experience in corporate citizenship, and come at it with complementary backgrounds. You'll be getting the benefit of more than 50 years of practical experience implementing programs and driving lasting change in real businesses, as well as industry-leading research. Between us, we've worked with dozens of companies struggling with the same issues you confront and conducted research involving hundreds more. Through this work, we've observed the key factors for delivering value to your company without wasting valuable time and energy.

In corporate citizenship, you're always trying to change things for the better. That's what makes your role so inspiring, but also so challenging. Pretty much all of your arenas involve someone else's job. Want to encourage employees to get involved with your local community? That's HR. Want to reduce the weight of your

product packaging to save on transportation pollution? That's product design and distribution. Want to improve the way you report on your activities so your company is considered more transparent and trustworthy by investors? That's finance, communications, and investor relations. You can't do it on your own, so you need to build influence, credibility, and respect at every level throughout the organization. This has never been easy or quick, but you'll find it a lot less onerous with the help of this book.

Integrating your corporate citizenship strategy with the vision and strategy of the company you work in will make your life easier and create the basis for long-term success. We'll show you how to develop credibility so you can enlist people to help implement your program. Soon they'll even be knocking at your door for advice on how to get involved. You'll also raise the bar and achieve a lot more than you'd ever have dreamed of. In time, you'll have turned your company from an "also-ran" to a leader in the marketplace.

It all comes down to one thing: you should not expect your company leaders to invest in corporate citizenship out of the goodness of their hearts. They invest in ideas and strategies because they make business sense. By tapping into that way of thinking, by acknowledging that the way for your work to be valued is for it to add value to the business, you can make all the changes you need without compromising your longer term vision.

There are many books about corporate citizenship, but none like this one. This is a practitioner's handbook, a how-to book, a guide. It's the book that tells you, the corporate citizenship manager and leader, how to navigate your company's waters with a step-by-step map. From creating your corporate citizenship vision and strategy, to working with the different functions of your company, to promoting and reporting on your achievements so you build the authority you need to do it all over again — it's all here. No more worrying about whether you're doing the right thing or

focusing on the most important area. This book will help you organize and communicate a clear plan.

So dive in and get started! At the end of each chapter you'll find a handy summary of the main points and a list of questions to answer, to prepare you to move on. The most successful corporate citizenship managers take time to reflect before they move onto the next stage, so we encourage you to answer the questions and challenge yourself to see if you've understood all the issues and that you have a plan for moving forward on each front. It's action, not just thinking, that gets results.

As we noted earlier in the chapter, "corporate citizenship" is called a lot of things; to avoid confusion we're sticking to this one term throughout. Don't worry if your company calls it something different; the semantics aren't as important as what you're trying to achieve. There's a useful glossary of key terms at the back of the book to explain all the confusing terms and acronyms you're bound to come across.

We all know that individuals doing good can make an impact, but with a whole *company*? How much more can you achieve if you harness the power of your entire corporation? The sooner you get started, the more quickly you can make change for the better, make a positive impact in the world, deliver top and bottom-line results for your company, and build your corporate citizenship career at the same time.

You're on an exciting ride — let's get started.

## NOTES

1. Orlitzky, Schmidt, and Rynes (2003).
2. Margolis, Elfenbein, and Walsh (2009).
3. Dimson, Karakas, and Li (2012).
4. Delmas, Etzion, and Nairn-Birch (2013).

5. Gardberg and Fombrun (2006).
6. Vitaliano (2010).
7. Simmons and Becker-Olsen (2006).
8. Raffaelli and Glynn (2014).
9. KPMG AG Wirtschaftsprüfungsgesellschaft (2010).
10. Raithel, Wilczynski, Schloderer, and Schwaiger (2010).
11. Thomas, Fraedrich, and Mullen (2011).
12. The Boston College Center for Corporate Citizenship (2014).

## CONNECTING CORPORATE CITIZENSHIP TO BUSINESS PURPOSE

What's the purpose of the company you work for? Stop and think about that for a moment. Why was it originally created, even if that was many years ago? This can be an interesting question to ask, and a difficult one to answer. There's a very good reason to make the effort. In the process of exploring these issues, you'll learn how to design a corporate citizenship strategy and program that is relevant, comprehensive and — most importantly — that works. This in turn will enable you to become more knowledgeable and successfully influential within your company.

All successful businesses were created originally to fill a market need or solve a societal problem. This is the core of the purpose. The purpose of your company could have been to make life more convenient, to provide something essential, or even to create an exciting experience. Depending on how long your corporation has been around it may still be providing that same solution; alternatively, the company may now be selling products and services that address problems that did not exist at your founding with solutions that were unimaginable. At its core, a successful company delivers something to the world that only it can provide in its distinctive way. It's a special point of differentiation from its competitors. Purpose is the reason your company exists. It is related to

vision and precedes strategy. When you have your company's core purpose clear, it should guide your corporate citizenship.

Let's look at some sample company websites to better understand the concept of purpose (Table 1).

**Table 1: Company Business Purpose**

<b>This is the Company's Purpose</b>	<b>This is How They Realize Their Purpose</b>
"3M is a global innovation company that never stops inventing."	"Over the years, our innovations have improved daily life for hundreds of millions of people all over the world. We have made driving at night easier, made buildings safer, and made consumer electronics lighter, less energy-intensive and less harmful to the environment. We even helped put a man on the moon."
"Campbell Soup Company's purpose: Real Food That Matters For Life's Moments."	"For generations, people have trusted Campbell to provide authentic, flavorful and readily available foods and beverages that connect them to each other, to warm memories, and to what's important today."
"McDonald's reaches customers with enjoyable meal experiences wherever they are."	"McDonald's is innovating new tastes and choices, while staying true to customer favorites. Modern service. Personal engagement. Great-tasting burgers and fries. Building on our commitments to our people, our communities, and our world."

The purposes of the example companies have changed relatively little over time. It's the *way* they realize their purposes that's evolved, as their operating contexts have changed over the years.

It's not always easy to uncover this core purpose, but if you can get it right you'll have a solid foundation that provides the justification and boundaries for your business strategy and corporate citizenship program. What's more, unlocking a company's core purpose can unleash many new ideas, helping you to think more imaginatively and broadly about how corporate citizenship can contribute to your company's purpose and

unique ideal. Your company's purpose is here to stay, representing the value it provides to your customers year after year. It's not a program or a campaign, it's for life.

Think about Ford Motor Co., for example: the business was originally created to provide affordable transport for everyday people, and it still does that today. Ford changed its business model to adapt, like all companies do. It went from mass-producing a single model in a single color, to customizing individual models and features and vehicle types (sedans, coupes, trucks, hybrids). In today's sharing economy some consumers either can't afford or aren't interested in owning a car, but they still want to be able to use one from time to time. So Ford has developed partnerships with technology companies, and now leases vehicles to ride-sharing systems as well as selling them to individual owners. The company is still true to its original purpose of giving people an affordable way to travel from place to place, just not in exactly the same way it used to.

We mentioned McDonald's in our examples above. Their original purpose was to serve fast, family-friendly meals on the go, to the increasingly mobile society of mid-century America. When McDonald's was founded people ate out less, mainly at lunch and dinner; McDonald's therefore came up with the solution of burgers and fries. They've interpreted that purpose across both decades and geographic regions. As work hours became longer and more women worked outside the home there was higher demand for meals on the go at different times of day, so McDonald's developed a popular breakfast menu and expanded its service hours. In the United States, the breakfast menu is so popular that McDonald's now serves breakfast all day. McDonald's expects to have more than 450 restaurants in India by 2020,<sup>1</sup> and none of them serve beef. You can see how they've interpreted their purpose through a changing context and applied their core competencies (replicable inventory and fast, easy preparation) to new contexts; if they had thought