



Raising The Bar On CSR

CORPORATE SOCIAL RESPONSIBILITY IS ALIVE, WELL AND ON THE RISE. HERE'S WHAT SAVVY COMPANIES ARE DOING TO BOOST THEIR RESPONSIBILITY QUOTIENT.

By Brittany Glenn

These days it's common to visit a company's website and read something about its commitment to corporate social responsibility. But what exactly does corporate social responsibility—CSR for short—mean anyway? For starters, it's closely related to sustainability—another modern-day buzzword. In a nutshell, CSR is about being a good corporate steward of the environment, your employees, your company's economic strength, your supply chain and your community.



In the past, businesses demonstrated their magnanimity by simply writing a check to their charity of choice. It didn't hurt that it was a tax write-off. But stakeholders today expect much more from corporations; they need to do more than write a check to United Way. Companies' contributions must be wider in scope, deeper in commitment and broader in vision.

Carol Cone, founder of the strategy and communications agency Cone LLC, says CSR is about finding shared value between a corporation and the community. "When you find the shared value, you can create new products and services," she says. "You can help solve a need of the corporation as well as help solve a social need. There is deep, deep alignment. And the commitment is long-term and sustainable."

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Americans reward companies that are good corporate citizens and back off from companies they deem irresponsible, according to the 2007 Cone Cause Evolution & Environmental Survey conducted online by Cone. The more than 1,000 respondents (46 percent men and 53 percent women) in the survey revealed:

- 91 percent of Americans have a more positive image of a company when it is environmentally responsible.
- 85 percent of respondents would consider switching to another company's products or services because of a company's negative corporate responsibility practices.
- 79 percent would refuse to invest in that company's stock.
- 77 percent would refuse to work for that company.
- 66 percent would boycott the company's products or services.

Blue Is The New Green

In its "Ten Trends for 2008" report, advertising giant JWT predicted blue will become the new green in 2008. Green isn't dead, the report argued; it will just become a subset of blue, which represents a more comprehensive set of ethics. These standards don't

just affect the environment; they affect the sustainability of the planet and its people.

"Climate change has quickly become the driver of environmentalism 2.0, and consumers all over the world understand that climate is all about the seas and the sky—both blue," the report reads. "Environmentalism 2.0 is already a much bigger political and consumer issue than the 1.0 version."

"Blue is the new color," says Doug Smith, vice president of sales and operations for Richardson, Texas-based supplier Fossil (UPIC: FOSS0001). "Blue is all about pulling it together with everybody in the community and corporations on the same page. We've been through this green thing before. It's been going on and off for 20 years. It's really important right now because we're starting to see what we weren't seeing 20 years ago—the aftermath of bad habits."

In the article "Changing Colors"—featured in the July 15, 2008, issue of *American Way* magazine—Adam Werbach, CEO of advertising firm Saatchi & Saatchi, declares the birth of blue. Werbach is the former national president of the Sierra Club, a green champion. Why the switch to blue?

"Sometimes we focus on green as the only end," Werbach says in the article. "Sustainability has four elements—social, cultural, economic and environmental. We need to integrate all these things for sustainability."

CSR is a multilayered approach to corporate stewardship, and these four elements link CSR with sustainability.

Savvy Sustainability

Corporate social responsibility brings innovation and new products, Cone says. "There are ways you can increase revenue with CSR," she says. Take Saint Paul, Minnesota-based supplier 3M, a 2007 Fortune 100 company.

"As we design and source responsibly from an environmental standpoint, Post-it® Recycled Notes represent a key example from 3M of the ability to marry functionality with sustainability," says Tom Mogck, marketing supervisor for 3M Promotional Markets (UPIC: POST-IT). "3M has a longstanding commitment to sustainable development through environmental protection, social responsibility and economic progress."

Post-it® Recycled Notes include a minimum of 30 percent post-consumer content. The cost is 10 percent higher than standard catalog pricing.

Even if your client doesn't opt for recycled Post-it Notes, all Post-it paper is sourced from paper mills certified for sustainable management practices, including the Sustainable Forestry Initiative and the Programme for the Endorsement of Forest Certification. Additionally, 3M has very specific standards for its suppliers and environmental, health and safety standards.

When it comes to corporate social responsibility, 3M is a leader. Reducing greenhouse gas emissions is a priority for the company, which developed a worldwide greenhouse gas inventory



Green Screen: To learn how you can improve your CSR rating and save employees gas, money and time plus save 10-15 percent in packaging costs, visit www.ppbmag.com.



and underwent third-party verification of its base-year emissions.

The results: 3M reduced its worldwide greenhouse gas emissions in 2007 by 62 percent from a 1990 base year; reduced its U.S. greenhouse gas emissions in 2007 by 60 percent from a 2002 base year; reduced worldwide energy use at its operations by 37 percent from 1998 to 2007; and reduced U.S. energy use at its operations by 78 percent from 1973 to 2007.

Corporate Citizens

Corporate social responsibility also encompasses the idea of reaching out to and assisting members of the nearby and global community. During its 62nd annual national sales conference this year, Lewiston, Maine-based distributor Geiger (UPIC: geiger) formally introduced its community giving program, “Geiger Inspires.” Geiger sales associates raised more than \$6,000 for a homeless shelter in Lewiston. “At our sales conferences, we adopt a cause and challenge attendees to donate to it,” says Peter Geiger, executive vice president. “Our hope is that we’re inspiring others to give back.”

Geiger has been giving to the community for years. “When Geiger moved from New Jersey to Maine in 1955, my father said that the company was going to give back to the community,” says Geiger. “Giving back to the community includes what the company does—writing checks and supporting certain initiatives—and what company employees do for the community.”

Geiger allows employees to take flex time for community work and provides other ways in which people can volunteer.

“If you can match people with their passion, there’s no stopping what they can do,” says Geiger. “The ‘Geiger Inspires’ initiative is really about inspiring what’s important to people as individuals. It’s not just about writing a check, but being part of the community through volunteering.”

“The world is as it is, and we as corporate citizens need to be involved in making it better.” —Peter Geiger, Geiger

“The world is as it is, and we as corporate citizens need to be involved in making it better,” Geiger says. “I would like to think that everybody who’s in business is doing something to help somebody somewhere. I think that’s what makes a good company great.”

Geiger is also doing its part to reduce its environmental footprint on the planet—and save money at the same time. Recently the company modified its boilers and installed 1,300 new lights and a new air compressor, which will reduce the company’s electricity usage by 580,000 kilowatt hours annually, saving the company \$87,000 each year. Geiger’s energy improvements will also keep 377 tons of greenhouse gases out of the air.

The projects were completed in partnership with Efficiency Maine, a program of the Maine Public Utilities Commission. In August, Maine’s PUC Commissioner presented Geiger with a rebate check of \$6,750 in addition to \$41,000 already received from the state program. This money helped offset Geiger’s \$80,000 investment.

So not only did Geiger “go green,” it got some green. And it will keep getting some green, year after year. By installing a new \$30,000 variable speed compressor, Geiger reduced its per-hour operating cost from \$7.45 to \$1.40, saving \$15,000 a year.

It’s not just large companies making changes in how they

operate to better the planet. “MARCO Ideas Unlimited is the sixth company recognized in Washington County, Oregon, for achieving the ‘Recycle at Work’ award,” says Nancy Gudekunst, MAS, president of Portland, Oregon-based distributor Marco Ideas Unlimited (UPIC: MARCO).

MARCO passed the Washington County inspection by equipping each work station with a recycling receptacle, setting office printers to print duplex (double-sided pages), washing and reusing drinkware, using eco-friendly promotional products, recycling catalogs, rescuing scratch paper and shipping supplies and using recycled papers for stationery, brochures and cards.

“If possible, we direct buyers to our ever-growing eco-friendly promotional products choices,” adds Gudekunst.

Anti-Sweatshop Action

Other aspects of corporate social responsibility are workers’ rights and supply chain standards. Enter the Fair Labor Association (FLA), a U.S.-based watchdog. The FLA is a nonprofit organization dedicated to improving labor conditions in factories worldwide by exposing and ending sweatshop conditions, and it has strong ties to the promotional products industry.

“Companies affiliate with the FLA in categories based on their revenue and business model, as well as on their licensing relationship with FLA-affiliated universities for manufacturing *collegiate logoed products* (emphasis added),” states the FLA website.

The FLA holds affiliate members accountable to its Workplace Code of Conduct, a set of guidelines based on International Labor Organization standards. The code includes standards on or against forced labor, child labor, harassment and abuse, nondiscrimination, health and safety, freedom of association and collective bargaining, wages and benefits, hours of work and overtime compen-

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—Brandon Boettner, R&D Specialty Company Inc.

sation. Once they join the FLA, affiliated companies make a commitment to conduct audits to identify and correct violations.

A glance at the FLA’s membership roster indicates that a large number of members are also part of the promotional products industry. Of the FLA’s 27 “participating companies,” seven are from the promotional products industry; of the 31 “category B licensees,” 13 are promotional products companies; and of the more than 700 “category C licensees,” there were too many to count.

Brandon Boettner, general manager of Brea, California-based distributor R&D Specialty Company Inc. (UPIC: RDSPP001), says his company joined the Fair Labor Association several years ago. “Some universities’ licensing departments will not license a distributor if they do not accept the FLA Code of Conduct,” Boettner says. “There are some schools out there right now that are so

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aggressive that if you apply for a license and you're not an FLA member doing these mandatory audits, they won't even give you a license to sell. Eventually I think it's going to become a requirement."

Although many times distributors join the FLA, suppliers must conform to the FLA standards. "We conduct periodic audits of the suppliers we use the most and ask questions to make sure they are in compliance," says Boettner. "We've hired a third-party auditing company to spend time at the factories—both in the United States and overseas—to inspect working conditions, interview employees and so on. We've done about 12 audits, and we've even done some follow-up audits."

Boettner suggests promotional products companies who don't work with colleges still have a good reason to associate with the FLA. "I think it's the social and ethical thing to do," he says.

It may also be a financially wise thing to do. Pending legislation could expose companies importing or selling products made in sweatshops to litigation, monetary penalties and governmental investigation, according to Michael Levine, J.D., a shareholder in the law firm Epstein Becker & Green, P.C., and the chair of its CSR and sustainability group.

"S. 367, also called the Decent Working Conditions and Fair Competition Act, allows private plaintiffs, including retailers' competitors, to sue corporations that have engaged in unfair competition and deceptive trade practices by having obtained merchandise from sweatshops," Levine says.

If this bill were to pass—it has bipartisan support and is currently in committee—suppliers and distributors could be subjected to a nightmare of Prop-65 proportions.

"As time goes on, I think more and more people are going to see that this is

something that is going to be a requirement," Boettner says.

Catalog Conundrum

If there's one CSR/sustainability issue unique to the promotional products industry, it's the amount of paper it produces. Specifically we're talking about the "c" word—catalogs. Suppliers print hundreds of thousands of them, and promotional consultants show them to their clients. At tradeshows, catalogs are everywhere.

"When you go around after [The PPAI Expo] in Las Vegas, you'll notice we're still very heavy on paper—catalogs," says Smith.

Consider the findings of a 2007 report from the Environmental Paper Network: The paper industry is the fourth-largest contributor to greenhouse gas emissions among U.S. manufacturing industries;

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paper accounts for 25 percent of landfill waste, the largest of any single component; and paper production facilities are some of the world's largest consumers and polluters of fresh water.

Tom Carroll, vice president of marketing and sales for Tulsa, Oklahoma-based supplier SELCO Custom Time, Inc. (UPIC: SELCO), says his company is planning to reduce the amount of catalogs it prints next year. "Five or 10 years ago, distributor salespeople used catalogs a lot more than they do today," he says. "We've seen that really diminish tremendously. It's allowed us to really start cutting back. Now we're trying to push people to the website and the different databases that exist. That's where most people do their research."

Additionally, when people tell SELCO they don't want catalogs mailed to them, the company codes the information into its database. When SELCO launches a new catalog, it pulls those people out and honors that request. "This year, we're estimating our catalog will be 15 to 20 pages less," says Carroll. "We would like to not print a catalog, but we're not to that point yet.

However, we're going to print at least 20 percent fewer catalogs this year."

MARCO's Gudekunst says her company has greatly reduced its reliance on catalogs with "client-safe vendor websites." She adds, "We limit the quantity of catalogs we order, refuse unordered cases of catalogs and recycle every outdated catalog. Unsolicited distributor catalogs, which are sent out frequently, could be considered a breach of eco-awareness."

Fossil deserves kudos for its catalogs, which bear the Forest Stewardship Council stamp. This means they are independently certified to assure consumers that they come from forests managed to meet the social, economic and ecological needs of present and future generations. FSC standards are globally recognized as the highest social and environmental standards in forestry.

Waving a competitor's catalog the size of a Fort Worth, Texas, phonebook, Fossil's Smith says, "Companies aren't deep-inventorying all this product." He adds, "There's no way, with all these categories, that they are inventorying really deep. They have an A, B and C inventory plan. On their A styles—those are their proven bestsellers—

they're probably inventorying 10,000 deep. This catalog is heavy in B and C product, of which they stock very little, so why even have it in here? Why not just put it on your website?"

Good question. "A lot of distributors rely on paper—catalogs—for their customers," Smith says. "They'll put these catalogs in three-ring binders and that's their tool. And we're here to support the distributor model with tools they can sell from. We have to figure out how to communicate to distributors, and distributors have to figure out how to communicate to their clients, without paper. I think the internet is the answer.

"There are 5,000 suppliers out there," Smith adds. "I'm thinking, 'Wow, we use a lot of paper.' A lot of these companies' catalogs list all the associations they're affiliated with on the backs of their catalogs. That's pretty impressive. But I think one [thing] that needs to be added is a symbol that stands for their contribution to this whole green thing." 

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