

## **A Process for Aligning Your Company's CSR Strategy with its Business Strategy**

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## Background

- Bachelor of Science in Systems Engineering, UVA, 1997
- Consultant with American Management Systems, DC, 1997-2004
- Master's of Business Administration, Vanderbilt, 2006
- Founder & Lead Consultant, J. Gowdy Consulting, 2006-2009

## Company Info

- Clients: consumer products, diversified products, transportation and distribution, office products, corporate real estate development, residential real estate development, nonprofit, academia
- Work: Strategy Development, Implementation, Marketing & Communications
- Partnered with: Strata Environmental, Orchard Advisors

## Strategy Development

- The Process of working with individuals or cross-functional teams
- Findings - working with cross-functional teams has greatest impact and results



# Process Overview

## Process Steps

### That We Will Cover Today...

- Education - creating team-wide understanding of sustainability
- Identification - identifying Stakeholders, Business Issues, Natural Resource Usage, Business Drivers
- Analysis - seeing 'aerial view' of how natural resource usage affects your company
- Selection - picking specific natural resources to hone in on
- Business Case Development - creating financial/environmental/social business case per resource
- Strategy Creation - selecting one or more business cases within a specific timeframe

### Not Covered Today...

- Implementation Plan
- Marketing & Communications Plan

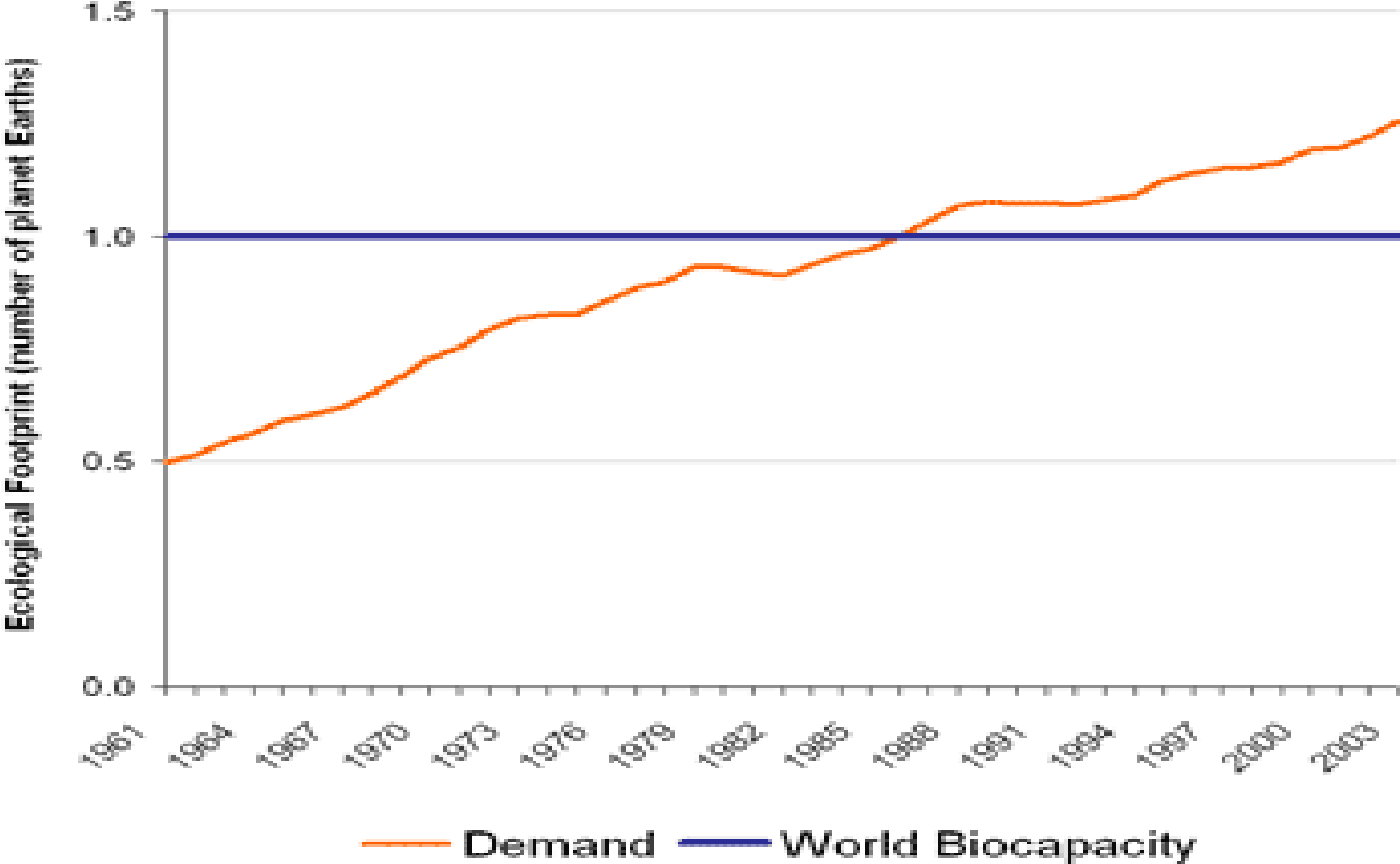
## **Sustainability, Corporate Social Responsibility, Going Green**

- Sustainability - "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

- Implication: Use resources equal to or less than the earth's regenerative capacity (biocapacity v. global demand)



## Demand vs. Biocapacity



## **Sustainability, Corporate Social Responsibility, Going Green**

- Corporate Social Responsibility
  - Each individual and organization has a role to play in attaining 'sustainability'
  - CSR is the term used for business' role
- Many opportunities are available to implement CSR
  - Philanthropy
  - Community involvement
  - Employee benefits
  - "Going green" options
  - Redefine your business model, mission

# Identification

## Stakeholders

- Customers
- Employees
- Vendors
- Suppliers
- Federal Government
- State Government
- Local Government
- Communities
- Non profits
- Others?

## Types

- Partners
- Influencers
- Influencees

# Identification

## Business Issues

- Identify the issues, problems, contentions for each relationship
- Using the lens of business as usual



## Natural Resource Usage

- Identify all natural resources affected by your business
  - Water
  - Air
  - Land
  - Fossil fuels (coal, oil, natural gas, etc)
  - Forests/wood
  - Other Materials (stone, minerals, metals, etc)
  - Wildlife
  - Other?
- Identify which Stakeholders Relationships are affected by each resource and how

# Identification

## Business Drivers

- Identify how reduction in natural resource usage would improve stakeholder relations
- Identify how natural resource related certification would improve stakeholder relations
  
- Four Drivers for improving stakeholder relations:
  - Cost Savings
  - Revenue Opportunities
  - Risk/Liability Reductions
  - Brand/Reputation Improvements

## Aerial View

- Shows all stakeholder relationships and relationship type
- Shows main business issues within those relationships
- Shows natural resource usage and how they affect each stakeholder relationship
- Shows how improved natural resource management can result in business drivers
- Result: Patterns will show and you will have a map for taking action



## **Which Resource(s) Affect Your Business Where**

- Does energy appear in every relationship?
  - Does water seem to provide cost savings in every relationship?
  - Does one resource drive reputation improvements across multiple relationships?
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- Result: Select one or more natural resources that have the most impact on your business
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- Example: Energy...

## Per Environment Resource Selected

- Energy
  - Conservation
    - i. Option 1 - Financials, Environmental Benefits, Social Impacts
    - ii. Option 2 - F, E, S
  - Efficiency
    - i. Option 1 - F, E, S
    - ii. Option 2 - F, E, S
  - Renewables
    - i. Option 1 - F, E, S
    - ii. Option 2 - F, E, S

# Business Case Development

## Generic Example

- Energy
  - Conservation
    - i. Option 1 - Daylighting
      - Financial: Cost Savings from reduced energy usage
      - Environmental: Fossil Fuels reduced, GHG emissions averted
      - Social: Improved productivity, lower absenteeism
    - ii. Option 2 - F, E, S
  - Efficiency
    - i. Option 1 - Higher SEER HVAC
      - Financial: Premium to pay, payback period, ongoing cost savings
      - Environmental: Fossil Fuels reduced, GHG emissions averted
      - Social: Improved morale, retention
    - ii. Option 2 - F, E, S
  - Renewables
    - i. Option 1 - On-site Solar
      - Financial: Premium to pay, build in incentives, payback period, ongoing cost savings
      - Environmental: Fossil Fuels reduced, GHG emissions averted
      - Social: Improved morale, retention
    - ii. Option 2 - F, E, S

## Selection of Options across all Resources Investigated

- Most Likely
  - Choose options that meet/exceed a certain ROI threshold
  - Document environmental, social gains for marketing & communications efforts
  
- Possible
  - Choose options that meet/exceed a specific environmental and/or social threshold
  - AND meets specific financial requirements
  - For example, choose all options that reduce any resource usage by 10% or greater AND have a less than 5 year payback period

## Translate Your Strategy Into a Vision Statement

- Include the following:
  - Stakeholder relationships selected to focus on
  - Natural resources selected
  - Business drivers identified

Example:

Our company will be a/the leader...

in (insert region/industry)...

through the conservation/efficiency/reuse/other...

of (insert natural resources selected)...

to the environmental, social, and economic benefit...

of our (insert stakeholders)

## Moving towards Implementation and Communications

- Create a budget
- Create a timeline
- Create specific responsibilities for employees on the team
- Create recurring meeting times with agendas, deliverables
- Track all activities, progress
- Communicate often and openly

and

- Mix in some fun!
- Go for a team hike, organic/fair trade lunch or picnic...
- Remind yourself and your team why every action you take matters

**Thank You.**

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