



Sustainable Value Partners

Creating Value for Shareholders and Stakeholders

Getting Traction with CSR through Executive Education

by John Whalen

Corporate social responsibility (CSR) is gaining increased attention from a variety of quarters. Many companies have a new awareness of how CSR issues can impact reputation and license to operate, and a heightened commitment to comply with both regulatory and emerging voluntary standards around CSR. However, according to a recent survey¹ of multinational companies, there remains a significant “belief gap” about the business value of beyond-compliance CSR efforts. CSR professionals have confidence that there are business opportunities, as well as risks, inherent in CSR issues, but line and financial executives still have major doubts. This “belief gap” appears to be consistent across industries, and to persist even in organizations that are viewed as leaders in CSR. In most companies CSR staff still face an uphill battle to convince line executives to focus on CSR issues as business opportunities, and to incorporate the interests of a broader range of economic and societal stakeholders into their decision-making processes.

This “belief gap” presents an enormous obstacle to success in moving CSR to the center of the business agenda and integrating it fully into strategic and operational thinking. Most CSR executives don’t have the political clout or the resources to drive significant change in the business agenda, and most line executives continue to view CSR as a distraction from the challenge of delivering financial performance in a difficult economic environment. There are a number of levers that CSR executives can use to create a shift in this situation, including getting environmental and social metrics into the company’s “scorecard,” embedding environmental and social dimensions into existing corporate change mechanisms such as six sigma, and raising awareness of the company’s activities through social and environmental reporting. However, these measures are not sufficient to drive the shift in mindset necessary to identify and capture new sources of business value.

In the scenario we have painted, there is one largely under-utilized change mechanism: executive education. The ability of quality executive education to serve as a driver of change in culture and mindset is proven, from General Electric’s legendary use of their Crotonville programs to create a new culture of accountability, to the widespread success of six sigma education in embedding competence in quality improvement. In the case of CSR, however, executive education presents some unique challenges, and poorly designed and executed programs have actually exacerbated rather than closed the belief gap.

Common Problems with CSR Executive Education

The biggest factor contributing to the belief gap around CSR is the lack of connection between social and environmental performance and the drivers of business success. Many executive education programs in this area focus on increasing executives' awareness of the social and environmental problems related to business activity in general, many of which are global in scope – climate change, loss of species diversity, human rights abuses in oppressive regimes, and so on. They may also describe the current company initiatives in the environmental and social arenas – basically repackaging what the company is already doing in CSR terms, as many companies' initial CSR reports have done.

This kind of program usually leaves busy line executives with a “so what” reaction, and with little sense of shared accountability for CSR issues. Even managers who have a personal interest in these dimensions often leave without a clear sense of what they can and should do differently back on the job. The biggest missed opportunity is a lack of appreciation of the business opportunities hidden in a stakeholder value view of their business. Worst of all, an experience like this will likely make the CSR executive's job more difficult, as it will reinforce the line managers' preconception that these issues are tangential to their core concerns.

The Ingredients of Successful CSR Executive Education

Experience in a number of multinationals in different industries demonstrates that in order to be an effective force for mindset and behavior change, executive education on CSR must accomplish several key objectives.

1. *Give line executives an opportunity to share and discuss their preconceptions about CSR.* This gets the major mindset obstacle out in the open and sets the scene for true learning, which entails a change in the participants' “mental model” of CSR. It also usually provides ample evidence of the widely varying perspectives that exist within the company.
2. *Re-center the conversation on value creation* and provide a business-value centered framework to support this view. This framework must define value creation and make a clear linkage between stakeholder and shareholder value.
3. *Provide “thinking tools” to help the executives assess stakeholder issues* and interests and identify the company's current and potential impacts on those stakeholders – the stakeholder value created or destroyed
4. *Provide case study examples* detailed enough to let executives test and get comfortable with the tools' application in real-world situations with relevance to their business
5. *Provide the opportunity to exercise the tools* in diagnosing the value potential of the stakeholder perspective for their area of the business and identifying potential

business opportunities. These case exercises are done in small teams where the members work together on opportunity areas they identify, and then critique other team's findings, using the company's own framework for assessing opportunities.

Delivering Insight and Building Credibility

This may seem like a tall order, but experience shows that these results can be obtained in as little as a day of well-designed education. In many cases, this approach can actually generate key business insights that participants pursue back on the job.

For example, in one recent workshop, executives from a multinational energy company were focusing on a natural gas development project. The company had been managing the project primarily from a technical perspective. It became clear that in this competitive situation time-to-market was the most important driver of business value. A stakeholder-centric approach revealed a variety of stakeholder risks and opportunities. Creatively managing these had the potential for huge payback.

In another workshop in a manufacturing organization, a team examined a new product currently in the alpha design phase. This product was slated for a global launch; however, important stakeholder knowledge was not factored into the design. Such input could both reduce lifecycle costs and improve customer acceptance. The output from this workshop was compelling enough to gain a commitment of collaboration from the product development team.

This workshop approach can create good results even when delivered in a generic form that does not focus on business-unit specific content. Even more powerful results can be created by doing pre-workshop research that enables the facilitators to work with selected workshop participants and other internal stakeholders to develop a tailored view of the societal and other stakeholder issues most pertinent to the audience, map the competitive landscape in light of those societal issues, and define ahead of the workshop some hypotheses around value creation opportunities. Partnering with key participants in this tailoring process blurs the line between education and business strategy development, and can help the CSR staff further demonstrate their ability to add value.

¹ Survey conducted by Sustainable Value Partners. Contact john@sustainablevaluepartners.com to participate in the survey and receive a report comparing your responses with those of the overall survey group.

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