

I get inside your customer's head

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Corporate Social Responsibility – does it make any difference?

In this paper we suggest a 4 step process to tackle the elusive issue of measuring the impact of your CSR program and compare 2 different approaches - the audit and the anecdote.

Step 1: Understand why you are doing CSR

An important starting point is remembering why you established a CSR program in the first place. It could be for some or all of the following reasons:

- **FUNDAMENTAL TO BUSINESS:** To ensure a license to operate
- **STAFF RELATED:** To increase staff morale / motivation / reduce absenteeism / reduce staff turnover
- **FOUNDER RELATED:** To satisfy a strong sense of social contribution held by your founder or board of directors
- **CUSTOMER RELATED:** To improve your corporate reputation
- **SHAREHOLDER RELATED:** To qualify for external credentials eg FTSE4Good, BiTC¹. To generate PR opportunities.
- **PRODUCT DEVELOPMENT:** pro bono projects can be an opportunity to try out new ideas and products without risking existing customer relationships

The easy option is to say all of these (and maybe others) are important. A more challenging approach is to rank them - they can still all be important, but some are more critical to your business than others.

Step 2: Check what you are doing

It is then useful to have a list of activities - not everybody may be aware of everything your organisation is doing, and it is useful to review. The list will include:

- Cash donations - from the company, via payroll giving
- Donations in kind - goods, space, expertise, support, sponsorship
- Volunteering work undertaken by staff which affects working patterns (eg an afternoon off a month to sit on a charity board)
- Environmental actions to reduce impact - reducing, re-using, recycling, changing processes / distribution systems to reduce emissions, using renewable energy sources
- Social choices - using fair trade coffee, supporting local businesses, partnering with local community organisations, active diversity/inclusion programs, offering placements to school children and college students
- Influence: using your communications to promote any of the above in the wider business or local community, influencing political decisions for the better, raising ethical questions at cross-industry meetings, promoting and cooperating with new standards to improve ethical or environmental performance.

¹ Business in the Community have a number of relevant programs including the Percent Club

It is worth including a range of staff when drawing up this list - they may have quite a different perspective from head office / senior management and mention activities not previously considered.

Step 3: Outline what the impact might be

Now you know what you are doing, and why, it is easier to identify meaningful measures. At this stage, don't get distracted by *how* you might collect the information, just consider what would be valuable measures. These could include:

Improved social conditions

- Changes in the community you are supporting
- Increased awareness of the issue you are supporting

Improved business results

- Increase in share of preference / sales / market share
- Increase in positive public interest

Improved corporate reputation / loyalty

- Increase in positive press coverage
- Increased stature of your business within the industry

Once a general list has been devised, it is helpful to work through it, increasing the specificity of each aspect and working towards something that can be seen to change over time as a result of your CSR program

Example 1:

Changes in the community →

- Increase in staying on rates of over 16s at local secondary school or
- Reduction in need for hospitalisation of over 60s due to cold related issues

Example 2:

Increase in positive public interest →

- Increased response to recruitment ads from relevant candidates or
- Increased number of requests for a member of staff to speak at conferences

This revised list of impacts will be useful in Step 4.

Step 4: Measuring the impact

Knowing where you hope to have impact will be an important guide to identifying what information is required to measure the success of your program. In the next section we compare the relative pros and cons of numbers versus understanding. It is likely that you will want to gather information from more than one source in order to enrich the conclusions and add rigour to the evaluation process.

Measuring impact can feel like an extra cost - it is actually an essential investment in your CSR program. Indeed the very term "Responsibility"

Option 1: Counting the bodies

Existing data

If your measures include data about market share or share of preference you may be able to use your own internal data to imply improvement. There will always be a range of factors affecting sales eg advertising, sector life cycles or competitor activity so some judgment will be required to deduce the impact of the CSR program.

If your brand tracking includes a measure of factors influencing preference and performance against them, then you may be able to use data from that.

CSR programs that contribute to existing government run programs eg schools, health care etc may be able to use government statistics (though there can be more of a time lag on statistics becoming available).

It is useful if you can access early indicator data as this will be closer to the timeframe of your activity eg the number of enquiries about a new grant rather than the number of completed, successful applications.

External audit

Several companies with a history of financial audits now offer a similar service to measure CSR or environmental activities. This option is likely to represent a substantial investment, but may give you the credibility you require to convince your stakeholders that your program is working.

Some major companies who started with this route have found it rather cumbersome and not necessarily appropriate, especially for measuring softer issues.

Option 2: Understanding lives

Formal research

Using an external market research company to talk to the communities that you hope to reach with your CSR program will be one of the most informative ways to measure impact. You will find out about:

- Awareness of the activities
- Degree to which the activities are attributed to your business/brand
- View / evaluation of the activities
- Barriers that may be reducing impact that could be improved eg inappropriate communications, mismatch of needs and activities

An added benefit is that you will be visibly consulting with the target of your activities. This is likely to improve their view of your organisation, and may enhance the effectiveness of the program as well as improving your corporate reputation in general.

Using an online product like Synthetron (www.synthetron.com) allows open listening to large groups (up to 2000) in a live online debate with stakeholders (employees, beneficiaries, local communities, journalists etc). We have run this kind of public consultation for governments, multinationals and community projects. The output is a ranked list of the top 10 issues according to the target population (they peer review each other's ideas throughout the discussion) along with the Top 10 most supported ideas for improvement.

Anecdotal evidence

Staff within your organisation, and those running the program, are valuable sources of information. Confidential interviews carried out by an external research company will allow them to express their true views of the activity as well as providing a rich resource of real life stories that can be used in PR activities. This has been shown to be much more effective than waiting for staff to offer up examples as they are likely in that case to censor the information too strictly.

Anecdotes can be picked up from local members of the community, from taxi drivers, from delivery men. If everybody is aware of this and they are pooled, the resulting information will start to show trends and some consensus. If this supports the information gathered more formally, then it can bring the reporting process to life and give it a depth and texture that can be missing from dry statistics.

What next

Evaluation of the impact of Corporate Social Responsibility programs is in the early days of development. Different organisations use different approaches according to their culture and what they need to demonstrate. The most important principle is to be interested in the impact, rather than looking for what will support foregone conclusions. This shows real responsibility and will strengthen the program for the good of your organisation as well as society in general.

If you would like external support for the 4 step process outlined in this paper, we would be interested to discuss that with you. Contact me on cmshovlin@gmail.com for a complimentary initial discussion.