

Internal Responsibility

The impact of corporate social responsibility on the internal life of a company

A company's commitment to sustainability, in all of its various forms, has been producing some interesting side effects. One of those side effects happens to be influencing a main concern for most CEOs—talent to run the business. It's often a huge expense for most companies and will only increase as the United States moves further into a service based economy. It's no secret that high employee turnover can wreak havoc on any organization. Compounding the issue is the declining talent pool as the baby boomer generation moves into retirement. The old adage, "it's all about the people", however cliché, is becoming more true every day.

It turns out that corporate social responsibility (CSR) is having a growing influence on both attracting employees and sustaining job satisfaction. We at Pivot Lab were not surprised to find that when attracting talent, starting salary is becoming less of a concern when compared with how the applicant feels about a company and what that company stands for. It makes sense that the people who make up our companies are as much a part of the Healthy Lifestyle Mindshift as their target audience. People as consumers and employees want to be associated with organizations that reflect their values. A substantial paycheck is no longer enough.

Sun Microsystems recently launched their "Eco Responsibility Initiative" to address the concerns of its employees. They quickly recognized the positive impact it had on their highly valued talent pool. Susan Space, Director of brand advertising, mentioned at the 2007 Sustainable Brand Conference, that talent wants creative, responsible thinking from a company when it comes to CSR. Their Open Work Program allows their employees to telecommute from home when possible which reduces the company's use of power and materials. At the same time it reduces automobile emissions, cost of fuel for their employees and improves the employees' quality of life. The Open Work Program is one of a four-pronged approach to reorganizing their company around this mindshift.

Similarly, The Gap Inc. has recently mentioned that they are getting more pressure to change from within the company rather than from the outside. Their employees want to believe in their company and are demanding company changes that align with their personal values, creating healthier lives and a healthier planet. To address this demand The Gap has formed a social responsibility team, an internal group that will influence the entire company.

It stands to reason, that the largest employers should require the largest employee programs. Wal-Mart recently launched an enormous employee sustainability program throughout their entire corporation. The concept for PSP or Personal Sustainability Project originated from the Wal-Mart corporate leadership who then enlisted outside consultants to develop the project. Initially introduced to a core team of staff members, Wal-Mart allowed these employees to develop the program further, thus encouraging employee ownership early in the process. By not limiting the program to eco-sustainability, Wal-Mart has seen a great deal of success with the PSP, which encompasses the health of people as well as the planet thus allowing for broader support.

Wal-Mart's sustainability turnaround started two and a half years ago and culminated in its most succinct form, in the tagline "Save money. Live better." Wal-Mart is hoping that these four words

will change the way we perceive life, business, consumption and the world. Specifically, they want to engage their 1.3 million associates on a deeper level by introducing the PSP program to all employees. It was launched with an extensive internal campaign involving diverse media from video presentations to table cards in the break room. It encouraged the associates to eat healthful food, exercise and recycle; in effect, to create your own Personal Sustainability Project. To date they have forty captains and six hundred thousand participants. In some cases even family members of employees are developing their own projects. Fifteen thousand associates have stopped smoking and Wal-Mart has even gone so far as to implement eco-friendly alternatives developed from their associates' recommendation of how to cut waste in their store.

There are a number of statistics that demonstrate how an employee based sustainability program benefits a brand. The 2006-2007 worldwide study by GlobeScan found that 55% of the thought influencers in North America are likely to punish a brand for not being socially responsible, 68% hold a company completely responsible for employee treatment. And in the United States, the number one reason a brand is viewed as socially irresponsible is due to poor treatment of employees.

There are reasons an employee driven sustainability effort will be profitable. It's common knowledge that employee wellbeing is tightly tied to profitability. In fact, KLD, an independent investment research firm, uses employee wellbeing as a factor in evaluating a brand. Consider the potential for a reduction in health care costs, loss of work hours due to illness, and reduced productivity. Gallup estimates that disengaged workers cost the American economy up to \$350 billion per year.

Engaged employees have proven value to a company while disenchanted workers may cost more than we think and affect broader facets of the business. It is clear that taglines and corporate sponsorships are no longer enough to connect with consumer audiences. Corporations need to involve the entire organization in the brand—it's values, personality, and positioning, and discover ways to embody that every day.

Shari Burk, Brand strategist at Pivot Lab, is helping to lead the way for organizations to respond to the shifting mindset of their audience. Let us know if we can be of further assistance. You can contact her at shari@pivotlab.com or e-mail info@pivotlab.com