



Brands and Responsible Business

The contribution of brands through responsible business and
a study of the developing approach to policy in partnership

February 2010





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Foreword

John Bebbington, Chairman, British Brands Group

Brands are about trust.

They are an interface between business and the consumer where reputation matters and promises need to be kept. That is why they are able to drive value in the British economy and across the world.

It is also why brands have been at the forefront of responsible business – brands are acutely aware of their customers' needs and values and understand that customers expect them to behave responsibly. They also understand that for brands that get this wrong, the consequences can be disastrous.

The British Brands Group and its members therefore have a keen interest in the development of Corporate Social Responsibility (CSR), the value of its contribution, and importantly its future development. We commissioned Fleishman-Hillard during 2009 to coordinate a study which brings together thinking from a number of organisations and individuals who are leading work to better understand the role of brands in the CSR landscape.

Taken together, the essays in this study build the case for the continued development of brands' CSR activity, with a particular focus on ensuring that it is valued appropriately – by business, Government and consumers – and increasingly becomes an integral part of business activity.

As well as undertaking their own responsible business activities, brands are increasingly becoming partners for Government in a wide range of activities where the policy objective is to change

consumer behaviour – for example on healthy eating. This partnership between Government and business is one of the most interesting developments in this area in recent years, and one we explore in more detail in this study.

One of the strongest messages we have seen during the course of this study is that there is a wealth of value to be derived from effective public policy partnerships between Government and brands. Furthermore, this study finds that there is a significant opportunity for these relationships to develop in future. However, for these partnerships to be most effective it is vital for both sides to set clear goals, and Government must be prepared to listen to partners and learn from brands' experience of engaging with consumers.

Importantly, this report builds on our work alongside the Westminster Business School during 2008 to assess the economic contribution of branding to the UK. It makes clear that brands' commitment to responsible business is continually evolving, innovating and making a considerable contribution to the communities in which they operate.

I hope that this study will support the future development of CSR and public policy partnerships, ensuring that brands continue to play an effective role supporting the economy, society and the environment.

A handwritten signature in blue ink, appearing to read 'John Bebbington'. The signature is stylized and fluid.

Executive Summary



Brands are making a valuable contribution to society, the economy and the environment through their investment in CSR and sustainable business practices.

This study looks in detail at that investment, how it might be valued more effectively, and developing approaches to CSR – specifically the rise of public policy partnerships.

It is clear from the evidence that CSR is increasingly a core part of business activity. In the majority of cases, CSR programmes are no longer add-ons to help build positive reputation. Instead, they are playing a key role in boosting profitability and building better relationships with both suppliers and customers.

This activity takes a number of forms and has become much more sophisticated than a simple cash investment to support local communities or international aid projects. In particular brands:

- Make a significant investment in kind;
- Allow staff the flexibility to spend time working to support local communities and international projects;
- Support sustainable supply chains and promote the welfare of workers within them;
- Share expertise with local communities and schools to support the education of children;
- Develop healthier products to promote better lifestyles amongst consumers.

Despite the increasing integration of activity which is delivering a broader range of benefits to brands and the communities within which they work, there are currently no established tools to demonstrate the social, economic and environmental value of this work.

One solution to this current gap could be the Social Return on Investment (SROI) evaluation framework developed by nef consulting. Based on work with the Cabinet Office and aligned to Treasury Green Book guidelines, the SROI model combines elements of social accounting with traditional cost–benefit analysis. For example, two widely recognised regeneration and construction consortia recently reported the SROI ratios their respective designs were projected to create for a £2 billion waterfront redevelopment project. Desirable outcomes identified for the project included contributing to community well-being, social cohesion, economic dynamism, water positive impact and carbon neutrality. Projections of the social value to be created ranged from £5 to £6 billion in socio-economic outcomes alone.

Unless this hidden value is made transparent, evaluation measures and balance sheets will continue to value this ‘goodwill’ with little accuracy under ‘intangible assets’ and so reflect competitive performance less holistically. By taking steps to account for this hidden value, brands would be better able to stand up to public scrutiny.

Through use of a consistent replicable tool that measures triple bottom line value, brands could successfully demonstrate proper ‘corporate accountability’. Furthermore, such an approach to

measurement would enable regulators, policy makers and the media to better understand which companies, industries or sectors are actually benefiting (or damaging) society and the environment. Not only would this provide these stakeholders with a better understanding of where further, or different regulation, may or may not be required, but also widen the range of tools currently available for understanding social and environmental problems. This in turn would provide for a more nuanced approach to solving them.

This study also looks in depth for the first time at a developing area of CSR – public policy partnerships.

Over recent years, Government has increasingly recognised the power of utilising brands' expertise to support the delivery of public policy goals. Some of the most high-profile examples of this developing CSR approach are the recent Change4Life and Campaign for Smarter Drinking initiatives. These programmes bring together a number of brands with Government to encourage significant behavioural change, urging consumers to eat and drink responsibly and to live more active and sustainable lifestyles.

While these campaigns are still in their early stages, this study shows that the various partners involved believe they are already beginning to see the positive effects of their work.

There are also a number of other examples of the partnership approach to delivering public policy which have delivered measurable results over recent years. They include:

- Voluntary salt reduction targets – the Office of Fair Trading (OFT) noted in 2009 that this partnership led to a decrease of 0.9g per day compared to levels measures in 2000/01, equating to the prevention of around 6,000 premature deaths every year, saving £1.5 billion to the economy;
- Chewing Gum Action Group – which during 2008 raised awareness of the responsible disposal of gum from 37% to 42% and reduced gum counts by 62%;

- Plastic bag use – Defra has estimated that work by retailers to reduce the number of plastic bags distributed by 48% (by the end of 2009) equates to a saving of 130,000 tonnes of CO₂;
- Zoneparcs – A partnership with the Departments for Culture, Media and Sport, and Children, Schools and Families has led to the building of 425 'Zoneparc' play areas between 2004 and 2007 which are helping to address social exclusion and bullying.

Evidence from qualitative research undertaken for this study clearly shows that both brands and Government are benefiting from developing public policy partnerships. In particular:

- Government lends weight to programmes that would not be possible for industry acting unilaterally;
- Both Government and brands can learn from each other to add their own skills to the project;
- Cultural differences do not have to lead to conflict, 'partnerships' should be a combination of ideas and approaches;
- A truly national awareness campaign (such as Change4Life) needs the involvement of Government in order to be effective as a social marketing exercise, adding 'moral power'.

However, these partnerships remain very much in early development and there are a number of lessons which can be learned from current activity to inform the future development of these initiatives:

Lessons for Government

- Government needs to show understanding of industry and engender an atmosphere of trust. Brands feel most comfortable working with a Government they believe is listening to them and engaging in a true partnership. Lack of understanding and empathy leads to disillusionment amongst private sector partners.

- Government needs to ensure clear goals are set at the beginning of a project. Private sector partners are frustrated when they feel the Government is not taking the issue seriously enough to set out clear goals and long-term plans. The results of a campaign should be the focus, not 'box-ticking' culture of the public sector as some private sector stakeholders see it. Outcomes, not the announcement, are the priority.
- Government must keep bureaucracy to a minimum. Too much 'red tape' deters brands from engaging in public policy partnerships and can restrict the innovation and flexibility which is vital to delivering results.
- Partnership is dialogue. Private sector partners want to be listened to and feel like an equal partner, frustration sets in when Government is deemed to be too 'dictatorial' and strict. Partnership means working together, as equals, towards a common goal.

Lessons for brands

- Brands must fully engage with a partnership's goals. Brands that use public sector partnerships solely to advance their own position damage trust amongst public and third sector partners.
- Acting together is better than acting alone. While there can be differences between the working practices in the public and private sectors, partnerships should be approached as an exchange of ideas rather than a clash of cultures.
- Partnership working should be a natural progression for brands as they expand their corporate responsibility activities. Despite some initial concerns about partnerships approaches to public policy, these initiatives are constantly improving. Both sides are learning from the other and are becoming effective partners. Future partnership opportunities should be approached with enthusiasm and a focus on what can be achieved.

Further to considering how the already successful partnership model can be improved in future, Government and brands should work together to consider whether there are any other areas of public policy which can be addressed through a partnership approach. For example, this could be the case in the financial services sector where there is likely to be a focus over coming years on driving responsible spending and saving habits amongst consumers.

In conclusion, this study clearly demonstrates that brands are undertaking a significant amount of CSR activity. Furthermore, they are integrating this activity into the core of their businesses in order to deliver the greatest benefits for the communities within which they work and to increase the bottom line.

Brands are also providing vital support to Government programmes, contributing significant expertise in marketing and communications, as well as core funding, which is helping to drive positive behavioural change across the UK.



The New Face of Business as Usual

Sue Adkins, Business in the Community

Overview

- CSR is now a core part of business strategy – there are significant examples of brands' responsible business practices and the social, economic and environmental contribution they are making;
- Cause Related Marketing is one key process which brands, charities and causes are using to form partnerships in order to market an image, product or service for mutual benefit;
- Business in the Community has developed a number of methods to evaluate the internal effects of CSR – however there remains no model to assess the broader social, economic and environmental value of CSR;
- Once identified, this value will help organisations to understand the impact of their current CSR activities and how they can be improved in future.

Context

The current economic crisis, the deepest in living memory, serves to bring into sharp focus a number of issues, not least the intrinsic relationship between business and society and the critical importance of responsibility, integrity and mutual dependence in that equation.

The depth of this economic crisis is unprecedented, and those that emerge from it are likely to be those for whom the connection between business values and behaviour are strongly linked. This is a pattern found to be at the heart of success factors of companies identified by James Charles Collins & Jerry I. Porras in their work '*Built to Last*'.¹

Clearly corporate responsibility is not a new concept, having been a foundation stone in the creation and values of Quaker and other organisations set up over a century ago, like Unilever, Cadbury's and others. What has been interesting to observe over time is the prominence given to corporate responsibility, the issues it has embraced and its increasing sophistication. Corporate responsibility has evolved from a model based on philanthropy and community investment to one focused on the triple bottom line of responsibility – social, economic and environmental impacts.

¹ Collins, J.C. and Porras, J.I., *Built to Last: Successful Habits of Visionary Companies*, HarperCollins Publishers, 1994

‘Business as usual’ has seen a seismic shift; the fundamental models are being critically reviewed. Whereas in the past some businesses would ignore or were regarding corporate responsibility as an option, holding out against the increasingly convincing business case arguments for corporate responsibility, today the debate has moved on from ‘whether and if’, to ‘now and how’. Business responsibility is no longer being debated as an option; the language of sustainability is increasingly and fluently used in the boardroom.

The idea of sustainable and responsible business practice is not new; what is new is the current scale, rate and pace of interest and adoption. For many with a deep and committed heritage and values, delivering on principles of corporate responsibility, this is not the ‘new thing’ but simply the natural development of an ever-evolving set of principles and strategy built on a sound business case which recognises the intrinsic link between business and society.

Symbiotic link between business and the community

Business in the Community, arguably the oldest and largest business-led organisation championing corporate responsibility in the world, has certainly found the connection between business values and behaviour to be a vital ingredient for effective strategies on corporate responsibility, as demonstrated by a number of businesses over the past 25 years and more.

A charity with over 800 members committed to corporate responsibility, including 80 of the FTSE 100, Business in the Community has both led and observed the evolution of corporate responsibility over time, having held to a fundamental truth on the symbiotic link and interdependency between business, the community and Government. Committed to mobilising business for good on the corporate responsibility agenda, and with over 250 business leaders directly involved in its leadership and strategy, Business in the Community has been at the heart of developing this agenda, starting in the 1980s

with a focus on the community agenda and evolving and developing this agenda with business. Today, Business in the Community works across the four key pillars of corporate responsibility – community, environment, workplace and marketplace underpinned by human rights.

Business in the Community, whilst being a UK based organisation, works with international companies and therefore supports them in the UK and on international agendas through its own expertise and that of its partners, including the CSR360 Global Partner Network which has over 100 partners in 60 countries.

Same message; different language

The language used to describe responsible business behaviour has changed over time. In the beginning, the discussion focused on philanthropy, moving to include concepts around community investment, community engagement and employee engagement, further to concepts around licence to operate. The corporate responsibility agenda developed further to embrace other business operations including:

- The Workplace agenda, which covers businesses adopting responsible employment practices which deliver benefit to both business and society;
- The Environment agenda, which includes businesses taking action on climate change and other environmental issues;
- The Marketplace agenda, which is about businesses integrating responsible business practices into their commercial operations, through developing equitable customer and supplier relationships, products and services, and impact and innovation.

Over time, the agenda, the language and the concepts have grown and developed. Corporate Social Responsibility, Corporate Responsibility, Corporate Citizenship, Sustainable Development, and Sustainability, to name a few, are all phrases used to describe similar territory. There is considerable debate and discussion about the definitions and nuances of each, and more.

What is not in question is the increasing pressure on business, nationally and internationally, to embrace this agenda as a key pillar of core business. This is driven by a rising tide of expectation from consumers, Government, City watchdogs and other opinion formers, and driven into sharper focus by the current economic crisis and the reasons behind it.

In the current economic crisis, corporate responsibility has never been more important. As has been implied: to be effective, corporate responsibility must be fully embraced, deeply anchored, based on the values of the business or brand, demonstrate and add value to those values through the business, its supply chain and through the brands' engagement with consumers.

Corporate responsibility must be part of the DNA of the business and the brand; it needs to be built in, not bolted on. To be sustainable, corporate responsibility should be founded on a sound business case and address material risk. A business or brand committed to this agenda will not only drive this agenda through all aspects of the business, but also encourage and lead on it through their supply chain, creating a positive domino effect.

The values and principles of responsible business activity resonate through the creation, development and delivery of products and services, and are passed on to customers, who in turn recognise the brand promise as consistent with responsible business practice. When done well, this has been demonstrated to reap significant rewards.

The business case

Examples throughout this study illustrate the business case for corporate responsibility and there is also much research that demonstrates the business case, be it from the perspective of a particular aspect of corporate responsibility, for example workplace or environment, and also from the point of view of the business as a whole.

A study sponsored by Legal & General for Business in the Community and undertaken by Ipsos MORI, looked at values of corporate governance highlighting some significant findings². The research examined the relationship between total shareholder return and the management of environmental and social impacts. It took place within 33 FTSE companies that have measured and managed their corporate responsibility through Business in the Community's Corporate Responsibility Index (CR Index)³ in each of its seven years.

The study showed that good governance of corporate responsibility builds companies' financial viability and stability. Businesses consistently participating in the Business in the Community Corporate Responsibility Index outperformed the FTSE 350 on total shareholder return from 2002 to 2007 by between 3.3% and 7.7% per year and demonstrated decreased share volatility.

In addition, the research found the more a company measures its environmental and social impacts, the less volatile its stock price.

The phrase 'responsible business is just good business' has been at the heart for Business in the Community's message for over 25 years. The Ipsos MORI study demonstrates this link.

Further evidence from a survey of Chief Financial Officers and corporate responsibility professionals by consultants, McKinsey, at the beginning of 2009 indicated a growing consensus that environmental and social programmes will create value over the long term, and that '*shareholder value created by environmental and governance programmes will increase over the next five years relative to their contributions before the crisis*'.⁴

² BITC, *The Value of Corporate Governance: The positive return of responsible business*, Business in the Community, Key Publications, October 2008, http://www.bitc.org.uk/resources/publications/value_of_corp_gov.html

³ The Business in the Community Corporate Responsibility Index is a well-established index. Entering into its 8th year, it focuses on corporate responsibility within the corporate world. Since its inception, over 350 companies have used it as a framework to help integrate Corporate Responsibility. See http://www.bitc.org.uk/cr_strategy_and_integration/cr_index/

⁴ McKinsey and Company, *Valuing corporate social responsibility: McKinsey Global Survey Results*, McKinsey Quarterly, February 2009, retrieved January 2010 https://www.mckinseyquarterly.com/Corporate_Finance/Valuation/Valuing_corporate_social_responsibility_McKinsey_Global_Survey_Results_2309?gp=1

Further evidence that builds this case includes research by Edelman from August 2009 which reinforces these messages about the impact of loss of trust and reputation, as well as the power and potential of cause related marketing (CRM) to positively impact consumer behaviour:

- 68% of consumers reported that association with a good cause was an important factor in determining how much trust they have in a product or service brand;
- 62% of consumers switched brands because of something positive they read, saw or heard about a brand;
- 48% switched brands because of something negative they read, saw or heard about a brand;
- 45% switched brands in which they lost trust.

A particularly high profile way for brands to build, develop and add value to their reputation and business is through cause related marketing (CRM), another aspect of corporate responsibility.

CRM has been defined as a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit.⁵ It works best when it is integral to, and a natural extension of the brand proposition; when it builds on the values of the business or the brand, and demonstrates and adds value by connecting with the consumer's interests. This is then brought to life by building it into brands, products and services in the marketplace. Authentic and integral to the brand, and connecting with customers concerns and interests, CRM can build and reinforce trust and reputation, which is critical at a time when trust is at a premium.

Like corporate responsibility, the trend for CRM is increasing but questions are being raised about why the trend is on the increase. Is this a reaction to challenging economic times and how we got here? Is it a cynical bandwagon, or is it about appreciating and responding to the rising tide of consumer

expectation? Is it about consumer pull or brand and marketing push? Is it about the realisation that prices can be matched, as can product innovation, but that values and all that is associated with them, are unique and much harder to replicate? Is it actually about the understanding of the importance not only of value but of values? The answer probably lies in the mix of all of these ideas.

Sectors currently embracing CRM range from the energy sector and financial services, e.g. credit cards, current and savings accounts or investment products championing issues such as HIV and life-threatening diseases for children in the developing world, to the leisure industry and mobile phone sector, which has also been involved with some high-profile partnerships encouraging volunteering and supporting local communities.

The retail sector was an early adopter of CRM and has been heavily involved for over a decade supporting issues including environmental causes, supply chains in local communities and the developing world, education, sports and health. There are also a number of food and manufacturing businesses and brands which have a history of involvement in CRM, partnering with a breadth of causes and issues in the communities from which they buy, through 'fairtrade' programmes in tea and coffee, environmental and climate change issues, to addressing issues including HIV and Aids and the provision of clean water.

Where programmes and strategies are authentic, credible and presented in an appropriate way; brands, businesses, charities and good causes, and consumers are all reaping the rewards of these partnerships based on mutual benefit.



⁵ Adkins, S., *Cause Related Marketing, Who Cares Wins*, Butterworth-Heinemann, 1999

Examples of excellence

For 12 years Business in the Community has run a corporate responsibility Awards for Excellence programme⁶ which identifies, celebrates and shares good practice and communicates the positive impact of business on society through corporate responsibility. The examples covered below illustrate just a snapshot of the plethora of impressive programmes across the corporate responsibility agenda.

Marks & Spencer – Plan A

Even though conditions on the high street are challenging, 22 months into its five-year Plan A, Marks & Spencer have developed new ways of working, delivering environmental and supply chain benefits as well as savings to customers and the business. Progress made on energy saving, reducing waste and increased efficiency means that less than halfway through, Plan A is cost neutral.

Some of the impacts have included:

- 70% reduction in the number of carriers used, with three quarters of M&S customers now using an alternative to the standard food carrier bag each time they shop;
- Additionally, over £80,000 raised from the sale of standard food carrier bags has been donated;
- Due to the success of the campaign, M&S implemented a 5p charge for food carrier bags in all its UK stores from the beginning of May 2008;
- M&S has successfully influenced consumer behaviour in recycling their clothing through its affiliation with Oxfam. It has successfully reduced its CO₂ emissions, supported farmers who are investing in small-scale renewable energy production, and completed a carbon footprint for its food business which will allow it to further monitor and control CO₂ emissions in the future.

Kraft – Rainforest Alliance Certified coffee beans

In 2008, Kraft announced that the entire Kenco coffee range would be made with beans sourced from Rainforest Alliance Certified farms by 2010. Since then, Kenco Pure has seen growth of approximately 40% and has become the top selling instant ethical brand with approximately 30% market share.

Tesco – changing behaviour and reducing carbon emissions

Having first put its own house in order and seen great financial savings as a result, Tesco is now on a quest to show customers that every little helps when it comes to the environment. Instead of being overwhelmed by the challenge, Tesco is utilising its size and influence in the marketplace to improve environmental impact on a huge scale.

As one of the top three global retailers, Tesco's position, between producer and customer, is well placed to lead by example and encourage widespread change in environmental behaviour.

Some of the impacts have included:

- UK energy usage per square foot is 50% less than 2000;
- Reduced emissions of UK fleet by over 10% during 2007/2008;
- Doubled customer recycling, reduced carrier bag use by 25%, quadrupled energy-efficient light bulb sales and increased green product sales by 50%.

Procter & Gamble – Ariel 'Turn to 30'

One of the key challenges for companies seeking to respond to the growing sustainability agenda is to enlist consumers to support the meeting of green objectives through changing their behaviour. Procter & Gamble's Ariel 'Turn to 30' campaign has been one of the most successful campaigns to achieve this.

Some of the impacts have included:

⁶ BITC, Awards for Excellence, Business in the Community, retrieved January 2010, http://www.bitc.org.uk/awards_for_excellence/index.html

- The past five years have seen the number of consumers washing clothes at 30° rise from just 2% in 2002 to 17% in 2007;
- A total of 1 million households have turned to 30°, resulting in an estimated 41% energy savings;
- 60,000 tonnes of CO₂ have been saved, enough to fill the drum of over ½ billion washing machines with greenhouse gases;
- With 89% of customers confirming that they would continue washing at 30°, the shift seems to have been an ongoing one.

Co-operative Financial Services

20% of customers cited ethics as their reason for choosing the Bank (in comparison with only 1% of customers of other banks) in March 2008. Figures for 12 months to October 31 show that the Bank's retail deposits increased from £2.7bn to £3.8bn as consumers sought a 'flight to safety' with savings.

GlaxoSmithKline – nutritional healthcare sustainability strategy

GlaxoSmithKline has increased the amount of recycled material in its drinks bottles and encouraged recycling at its manufacturing sites, increasing recycling to 95% while reducing waste disposal costs and landfill tax.

Some of the impacts have included:

- New 100% recyclable bottles save between 7,500 and 10,000 tonnes of CO₂;
- Reducing the weight of containers cuts resource use and raw material costs. For example, the 500ml Ribena bottle alone has had 7g of PET removed since 2000, saving 350 tonnes of PET, 1,700 tonnes of CO₂ and £35,000;
- 95% of waste is recycled at manufacturing sites, saving on disposal, transport and landfill tax costs.

Mars – redesigning packaging

Working as part of the Food and Drink Federation's Five Fold Environmental Ambition and alongside WRAP, Mars has trialled a number of methods of lightweighting glass containers and redesigning the tins used to retail its brand of small, mixed, wrapped chocolates. As a result of this work, Mars has reduced the weight of its Uncle Ben's jars by 6% and produced an overall saving of 450 tonnes of glass per year.

The brand's 2009 Easter egg packaging reductions⁷ also saved 39 tonnes of plastic and 114 tonnes of cardboard in medium-sized eggs alone, and its Christmas 2009 range achieved packaging reductions of over 100 tonnes.

McDonald's – our lounge skills portal

McDonald's has been removing barriers to learning by providing it flexibly, online and anytime.

A survey of McDonald's 72,000 UK employees revealed a demand for externally recognised qualifications. With employees working different shifts, the company had to come up with an innovative way of delivering this training. As one of the largest employers of those under 21 years old in the UK, McDonald's was keen to target the skills gap in this age group. But with more than 500 employees over the age of 60, an e-learning solution also helped overcome the stigma attached to adult learning.

Some of the impacts have included:

- 2,500 McDonald's employees currently studying towards nationally recognised qualifications;
- Staff feedback has been universally positive;
- Since their recruitment website went live at the end of March 2009, they have received over 180,000 applications;
- To date they have hired over 16,500 people through their online recruitment system;
- Retention is increasing: currently 80% of restaurant managers started as hourly-paid crew members.



⁷ BITC, *FD & Mars: Minimising Packaging*, Business in the Community, Case Studies, retrieved January 2010 http://www.bitc.org.uk/resources/case_studies/dfd_mars.html

Nestlé – minimising packaging and reusing waste

Nestlé UK & Ireland has saved energy, packaging and landfill costs by redesigning and reducing packaging, encouraging recycling and developing innovative uses for by-products.

Some of the impacts have included:

- In the confectionery business, reductions in packaging have resulted in savings of around 320 tonnes of material and cost savings of over £410,000;
- Using spent coffee grounds as fuel saved around £1.4 million per annum in energy costs;
- 3,641 tonnes of sludge was recycled in 2007, saving landfill costs of £218,460;
- Disposed waste to landfill was reduced by 11% and water use was reduced by 19.9% per tonne of product in 2007;
- Working with FareShare 1st, Nestlé's surplus stock entering landfill decreased from 100% in 2005 to just 5% in 2007.

Benchmarking and assessing CSR

The above examples provide a clear indication that CSR activities are becoming a core part of brands' business activity. They also clearly illustrate some of the key areas of value which are being achieved by brands through their corporate responsibility programmes, and outline some of the methods which are currently used to capture value.

To date, this valuation and assessment process has primarily had a business focus, looking at areas including cost and efficiency savings, staff retention, consumer loyalty and the benefits to shareholders. As Professors Margolis and Walsh commented in their review of the 'business case' for CSR:

'Although the financial effects of corporate social performance have been extensively studied, little is known about any other consequences of corporate social initiatives. Most notably, as calls for corporate involvement

increase, there is a vital need to understand how corporate efforts to redress social misery actually affect their intended beneficiaries'

Business in the Community has worked to provide a number of tools to support the effective benchmarking of CSR activity. This work includes the Corporate Responsibility Index and the CommunityMark.

In 2006, over 800 organisations took part in Business in the Community benchmarking activities, providing a clear indication of the value our members place on the opportunity to compare their progress with that of their peers.

By 2007, 110 companies had publicly committed to report through the CR Index, and in the same year 134 companies took part in the Business in the Environment (BiE) Index, agreeing to benchmark and disclose their submissions to the public.⁸

Both analysis tools are effective measures of the efforts made by brands to incorporate responsible business practices into the core of their activities. Importantly, they also provide a model for comparison across industry and have become an effective method for businesses to assess their progress in integrating responsible business programmes.

However, the CR Index neither intends to, nor provides a full assessment of the wider social, economic and environmental impacts of CSR. It is primarily a management tool providing meaningful feedback to businesses and a focus for future action while allowing companies to assess their activity in relation to their peers.

The Global Reporting Initiative (GRI) has also gone some way to provide voluntary guidance on how social responsibility or sustainability reports should be produced, including a set of core and discretionary indicators that should be used.

The GRI guidelines are mapped into the CR Index. However one of the next key challenges will be to develop an effective, standardised tool which allows firms to assess the external economic, environmental, and, importantly, social benefits of

⁸ BITC, 2000s: *From CSR to responsible business*, Business in the Community, Case Studies, retrieved November 2009, http://www.bitc.org.uk/about_bitc/our_history/2000s_csr.html

their activities. As an example of the next stage of assessment tools required, the Centre for Social Impact has set out that:

*'These frameworks have certainly been and are valuable but they have largely been designed from the perspective of companies instead of recipients of corporate social initiatives. So it largely remains the case that many community initiatives reported by companies merely emphasise the money spent or the time of employees volunteering on particular projects rather than discuss the outcomes of a particular social initiative for the intended community... Social impact has been left for the 'too hard' basket.'*⁹

To date the focus of measurement has generally been on input and output rather than impact. Building broader, externally focused assessment tools for use by brands will allow them to capture the range of hidden value which is being seen by individuals, organisations, communities and the environments within which they operate. Once identified, this value will help organisations to understand the impact of their CSR activities, and how they can be improved to the greater benefit of the business and the communities they serve.

Not either/or, but both

Corporate responsibility is about developing responsible and inclusive business models throughout an organisation, integrating responsible business practice from strategy through to implementation using all channels. It would seem that the greater the commitment, the greater the integration and the greater the benefits and rewards reaped. Corporate responsibility is about developing and driving responsible business process from innovation, production, sales and marketing to end of life reuse and recycling. Cash, kind and time are just three of the tools in the armoury to address some of the challenges, but more fundamentally it is about responsibility integrated into core business processes, and being part of the DNA of the brand and the business.

The increasing focus on corporate responsibility is due to the seismic shift that has been seen in the business world over the past 18 months or more; it is about the rising tide of expectation across the board from consumers, Government, opinion formers and other stakeholders. Consumers are becoming increasingly sophisticated and demanding; they are also heavily impacted by the economic challenges and understand the impact of their purchases far beyond the service counter. It is not a question of either responsible business or value pricing; that was yesterday's debate. Today it is both. The bar has been raised; 'business as usual' has changed forever. Responsible business is core to the future success of business as demonstrated by consumer preference and action. Ignore corporate responsibility at your peril. Embrace it, do it well and reap the rewards.

⁹ The Centre for Social Impact (2009), *Why do companies ignore measuring the social impact of their Corporate Community Involvement Programs?*, CSI briefing paper No. 4, retrieved November 2009 <http://www.csi.edu.au/uploads/31642/ufiles/CSI%20Briefing%20Paper%20No%204%20-%20Why%20do%20companies%20ignore%20measuring%20social%20impact.pdf>



Accounting for Hidden Value in Corporate Responsibility

nef consulting (new economics foundation)

Overview

- Brands are contributing significant value to UK society, economy and environment;
- Brands are currently failing to capture and understand the full value and impacts of their CSR activity;
- Failure to capture the hidden value of this work leaves brands exposed to attack on their record (often labelled as 'greenwash');
- nef consulting's Social Return on Investment (SROI) model provides a possible solution to the challenge of capturing the hidden value of this activity effectively;
- Understanding the impacts and value of CSR programmes will in turn support brands as they continue to define and refine their activities.

Background

The past two decades of globalisation and information connectivity have seen heightened consumer awareness around brands, ethical codes for business and public services, and global concerns over corporate accountability. The majority of people understand there are good and bad brands, but only good branding practices lead to consistent success over time. This is true for government, public services, commerce, development, charity and even religion. The combination of the recent global economic downturn, comprehensive spending reviews and cuts in discretionary expenses, has fed a rising consciousness of the role that all brands play in social and environmental, as well as economic, terms. Through trade, employment, energy use, and the production of goods and services, brands – and even the philosophies that sit behind them – are now seen as potential partners (to government) in creating a sustainable high value economy, rooted in serving people and the planet.

The Rt. Hon. Stephen Timms MP, Minister for Corporate Social Responsibility and Digital Britain, and Financial Secretary to the Treasury, stated in January 2008 (in the context of the new Companies Act) that *'pursuing the interests of shareholders and recognising wider responsibilities are complementary to each other... The best and most successful companies have always been those that took seriously their wider responsibilities...*

it will be good for UK competitiveness... the classical reason is that it's about risk management and strengthening the brand...'

Many brands have responded to policy, social demands and their stakeholders, with Corporate Social Responsibility (CSR) programmes. These programmes aim, in varying degrees, either to minimise negative business impacts, or increase positive impacts on society, employees and the environment. The introduction of these programmes is recognition that brands in the 21st century will need to deliver more than simple returns to their shareholders or owners. In the future, a brand's value, competitiveness and profitability will be ever more closely tied to the relationship with the stakeholders it serves and its use of natural resources. British brands need to work harder in this space, in order to maintain their premium position (compared with cheaper and less responsible international competitors), in the eyes of British and global stakeholders.

It is important for brands' performance and competitiveness to maintain their CSR programmes, as an investment designed to create brand equity and ethical credentials. The business case and benefits to organisations of doing this are well researched and documented. However, the more innovative and progressive organisations of the 21st century will obtain their competitive and economic advantage by going further and taking a more holistic approach, continuously improving their processes, 'internalising' CSR in their day-to-day business models and operational activities. CSR activities can be weaved into governance structures, reviews and rewards, supply chain and procurement, energy efficiency and recycling, or general employment practices. By designing CSR into the core processes of business operation, further value and efficiency can be added to the business and to stakeholders.

Currently, CSR practices in the UK tend to fall either into the 'business case' model, or the 'stakeholder-led' model (Centre for the Study of Regulated Industries, 2003). In both examples, a significant amount of hidden value across a range of stakeholders is not captured by many brands across all sectors.

Through simply not reporting the full impact of their activities, brands are exposed to attack on their CSR record (often labelled as 'greenwash'). Valuing the real impact that stakeholders experience mitigates this risk to brand reputation whilst enhancing the best practice offering, and could also, for example, be a significant counterbalance to bad PR or negative corporate image, or indeed help rebuke inaccurate bad news stories.

Unless this hidden value is made transparent, evaluation measures and balance sheets will continue to value this 'goodwill' with little accuracy under 'intangible assets' and so reflect competitive performance less holistically. By taking steps to account for this hidden value, brands would be better able to stand up to public scrutiny.

Through use of a consistent replicable tool that measures triple bottom line value, brands could successfully demonstrate proper 'corporate accountability'. Furthermore, such an approach to measurement would enable regulators, policy makers and the media to better understand which companies, industries or sectors are actually benefiting (or damaging) society and the environment. Not only would this provide these stakeholders with a better understanding of where further, or different regulation, may or may not be required, it would also widen the range of tools currently available for understanding social and environmental problems. This in turn would provide for a more nuanced approach to solving them.

For example, when investing money in regeneration of deprived areas, tools that measure outcomes (as opposed to simply outputs) allow policy makers to make better choices about which organisations will not just provide a short-term economic impact, but which are likely to deliver a range of social and local environmental benefits that, combined with local economic impact, have the greatest chance of making a lasting difference for the local community.

Not only are brands not effectively demonstrating and optimising the value they create, but shareholders and investors are not fully able to evaluate the impact of brands' business

practices in order to make informed decisions. Likewise, policy makers and regulators are able to regulate for or against certain outputs (e.g. cigarette advertising, nutritional labelling on food), but they are less able to evaluate, encourage and reward the wider societal benefits that brands may, or may not, be creating.

Brands undertake a lot of effective CSR and corporate accountability activity. However, there is a poor understanding of the broader societal value of this work. As a result, brands risk poor returns on CSR investments and exposure to public scepticism if they do not know what the broader value of their activities are, not just on their bottom line – but the wider value created for community well-being, society and the environment. In the following section, we explore how brands can communicate to investors, consumers and stakeholders the type of impact, or overall value, they create.

Towards a ‘Social Return on Investment’ (SROI) for brands

Research that examines the wider value of brands and the brand industry to the economy suggests approximately £32.5 billion invested annually in creating and managing brands in the UK, equates to 2.3% of GDP (Westminster Business School, 2008). What is missing from this analysis, however, is the social and environmental value created.

‘Accounting for Sustainability’ (a Prince’s Charity) works with businesses, investors, the public sector, accounting bodies, NGOs and academics to develop practical guidance and tools for embedding sustainability into decision-making and reporting processes.

To underline the drive towards an approach that ‘values what matters’ (new economics foundation, 2008), they state that:

‘There was a time when we could say that there was either a complete lack of knowledge, or at least room for doubt, about the consequences for our planet of our actions.’

‘That time has gone. We now know all too clearly what we are actually doing and that we need to do something about it urgently. Better accounting must be part of that process.’

Many of the current tools for measuring value are limited – focusing solely on the business benefits of CSR (increased customer loyalty, staff retention, share price etc). These are almost all output based ‘bums on seats’ measures, and rarely focus on measuring or valuing real ‘outcomes’ such as the value of a positive change in governance or labour standards for key stakeholders, the value of increased satisfaction, the value of conserving eco-diversity or cleaner air, the value of higher confidence or increased engagement within communities.

In response to the growing calls for rigorous and consistent accounting measures that capture the social and environmental (as well as economic) impacts, and the value of organisations’ activities, a triple bottom line ‘*Social Return On Investment*’ evaluation framework has been developed.

SROI principles can be incorporated into standard accounting and cost–benefit practices or principles, and can also offer a powerful narrative of change. The framework is aligned to Treasury Green Book guidelines and has also been disseminated by the Cabinet Office, who recently released the SROI guide in 2009, co-authored by nef (new economics foundation).

SROI produces a return on investment ratio, much like traditional cost–benefit analysis. However, by considering all the stakeholders an organisation impacts, and measuring the social and environmental, as well as the economic, impact, a truer rate of return is calculated. This ratio will often be higher than the economic (financial) return on investment (ROI).

This strategic tool – SROI (Social Return on Investment) – has been used by various public sector organisations to measure the true impact, cost savings and value of their activities. It does this by combining elements of social accounting (stakeholder engagement) with elements of traditional cost–benefit analysis.

Whilst there is inevitably an element of subjectivity in the identification of social value, it should be remembered that apparently 'objective' indicators of economic value (e.g. share value) are in reality no less subjective. 'Value' in itself is subjective and relative by definition – the challenge is to demonstrate it both holistically and rigorously.

For brands, use of SROI means a better understanding of the impact and values their processes and activities have on stakeholders. It also allows investors to understand organisations' investment impacts more accurately. It can also show brands where CSR activities are producing sub-optimal returns. This approach has led to a wide range of changes in private and public sector investment activities, from alternatives to prison for women offenders (*Unlocking Value*, nef 2008) through to key areas of civic space and regeneration.

SROI will be more appropriate and powerful for certain brands, less so, at first, for others. Other tools such as ISO 9000 or AA1000 or GRI (*Tools for You*, 2009) provide a good first step to measuring CSR impact. However, SROI provides brands – that create real change and real outcomes through new and innovative ways of working – with an evaluation framework and governance tool to demonstrate the value they create.

What can SROI be used for?

If brands were to measure the value of their CSR activities via SROI, they would be building on '*a strong trust relationship between firm and consumer, which yields a number of returns to the wider economy*'. This quote comes from a recent study by the Westminster Business School (*Valuing Brands in the UK Economy*, 2009). The study goes on to suggest the following benefits from CSR activities:

- providing a surety that new products, services, ventures or markets are 'safe' for stakeholders;
- the quicker adoption of new technologies and ways of living and working;

- aligning business with society, allowing firms to offset side effects of consumption;
- a means of regulating large global firms with extensive influence;
- a spur to innovation as companies strive to maintain their reputational asset;
- enhancing the reputation of products and services abroad, supporting exports.

SROI measures the value of such wider benefits and compares them with the investment required to deliver them, therefore, producing a truer value-for-money picture. If, for example, one of the British Brands Group members were to carry out an SROI on their social investment programmes (for example in Humanitarian Relief), outcomes could be identified and a holistic value and impact captured, over and above the normal reporting form of, for example funds provided or time donated.

Nike has recently been investing its support towards a Sports Action Zone (SAZ) programme in a local school in Lambeth, helping over 200 hundred local children participate in sport activities. nef demonstrated that the activities of the SAZ have led to wider impacts and added value to community and family engagement, self-confidence and personal development (some children have even secured sports scholarships as a result of participating), and most importantly to long-term health benefits which reduce the impact on public health resources. It can be argued that the power of Nike branding and investment in these children has contributed in part to generating larger positive value that is not captured effectively in traditional measures.

Connaught Plc, a national social housing maintenance company, has demonstrated the value of its brand being able to bring around both behavioural change and added social value. In Scotland, one of their initiatives encouraged and trained young unemployed people to provide maintenance and decoration services to elderly tenants, who had been provided with refurbishment allowances that were not enough to pay for



labour, let alone paint and materials. This led to multiple outcomes, in better well-being through employment, upgrades of elderly tenants' property, improved social cohesion and a change in attitude towards younger people in the community. This too, does not get captured outside of bottom line profitability. 'Social profit' can be generated by brands who take the right decisions in co-delivering in cross-sector partnerships.

Better measurement of the value and impact of CSR and accountability activities will help brands to develop better activities and better products than their competitors. Brands, and their stakeholders, can realise the greatest value from the SROI approach by closely aligning real social, environmental and wider economic returns, with the business benefits listed below:

- Competitive advantage for demonstrating positive social value from business activities and investment, and identifying areas to reduce negative impacts;
- Increasing brand equity, marketing capital and customer loyalty;
- Getting members/customers to contribute to positive social impact by holding accounts or opening new accounts or using more services linked to creating social value;
- Impact measurement and evaluation of 'soft' and 'hard' outcomes and outputs;
- Triple bottom line benchmarking;
- Governance and transparency;
- Funding decisions and effective investment, especially useful for public sector commissioning;
- Stakeholder engagement fosters the organisation's relationship and sales opportunity with clients;
- Strategic planning;
- Risk management:
- Protection and conservation of economic diversity, community social capital, heritage or environment.

Examples of SROI and social value applications to date

Some brands in the public and third sectors, and a few in the private sector (including one or two FTSE 250 companies), are beginning to use SROI and its related principles. Their levels of adoption of the methodology do, however, vary. Some have adopted it as a business choice to demonstrate their ability to deliver 'value for money'; others have begun by 'skilling up' their corporate accountability teams and employing the support of expert practitioners to assist them to integrate it into their M&E systems.

One thing to recognise is that SROI is not designed to compare results across different sectors – to do so would be to compare apples with oranges. Rather SROI is better utilised as a benchmarking framework for a single organisation, or across different organisations within one sector (if similar outcomes are produced across that sector). For example, two widely recognised regeneration and construction consortia recently reported the SROI ratios their respective designs were projected to create for a £2 billion waterfront redevelopment project. Desirable outcomes identified for the project included contributing to the optimisation of community well-being, social cohesion, economic dynamism, water positive impact and carbon neutrality. Projections of the social value to be created ranged from £5 to £6 billion in socio-economic outcomes alone.

SROI and social value principles are currently in use in the UK Health service. Local authority services commissioners are also considering it in their decision-making processes. In these sectors, the type of impacts SROI is able to measure include experience of patient care, productivity and community engagement. These outcomes, in turn, impact the sector's brand.

How does SROI work?

SROI METHODOLOGY

The methodology of nef's SROI is rooted in the principles laid out by the Cabinet Office's guide to SROI.

SROI FEATURES

Triple bottom-line: A holistic measurement tool for comparing not only the economic costs and benefits of a brand, organisation or investment, but also its social and environmental costs and benefits.

Consistency: A tried and tested methodology, based on solid accounting principles, allows the comparison of different investments and quality of activity or service design.

Change management: Use of stakeholder engagement to help create a 'narrative of change' – a clear narrative that outlines the relationship between an organisation's activities, investment and its impact.

Ratio: The SROI ratio can be a powerful, simple and clear indicator of the full holistic return a brand makes, to the stakeholders it affects through its activities.

Forward and backward looking: The methodology employed by SROI permits it to be used both as an evaluative as well as a predictive measurement tool.

Rigour: By including assessments of net present value, deadweight, attribution and displacement, SROI ensures that organisations do not over-claim for the benefits they are achieving and that the relationship between investment and impact is well understood.

SROI PHASES

SROIs are conducted in four principal phases:

Phase 1: Stakeholder engagement, setting parameters and impact map

Boundaries

- Create the framework for the analysis – what part of the brand, or individual project is to be measured – and prepare background information.
- Describe how the brand or organisation works and decide the time period for measurement.

Stakeholders

- Identify the stakeholders whose costs and benefits – associated with the brand – are to be measured. Define sample sizes required.
- Prioritise key stakeholders and objectives. Materiality – the accountancy term for ensuring that all the areas of performance needed to judge an organisation's performance are captured – is used in the selection of stakeholders and objectives.
- Identify common or overriding objectives, alongside unintended impacts.

Impact map

- Conduct stakeholder engagement to assist in the creation of an impact map that describes how the organisation/ investment affects key stakeholders.
- An impact map demonstrates how an organisation's inputs, KPIs and activities are connected to its outputs and how in turn these may affect stakeholders' outcomes. Impacts can then be derived from the identified outcomes and linked back to KPIs.

Phase 2: Data collection (economic, social and environmental)

Indicators

- Identify appropriate indicators to capture outcomes and identify monetised equivalent values for those indicators. Where monetary values for indicators are not obvious, a selection of approaches is used to determine financial proxies for intangible impacts.

Data collection

- Use tried and tested sources to gather the data – required by the impacts laid out in the impact map – for accurate measurement of identified costs and benefits.

Phase 3: Model and calculate

Model and calculate

- Create a cost-benefit model using gathered data and projections:
 - Calculate the present value of benefits and investment, total value added, SROI ratio and payback period.
 - Use sensitivity analysis to identify the relative significance of data.
 - Account for the displacement, attribution and deadweight of the organisation/investment under review, to avoid risk of over-claiming.

Phase 4: Reporting and interim reporting

Report

- Consider and present the SROI produced by the organisation/investment.
- Identify how the benefits are divided between stakeholders.
- Identify the key factors that affect the SROI ratio.
- Assess impact and outcomes vs. KPIs.
- Draw upon case studies, provide appendices where required.

In summary

We have described how SROI is being used by brands in the 21st century and why creating and measuring hidden value matters as a competitive advantage in our future economy. We have described the risk to reputation of not measuring this hidden value robustly. Valuing the real impact that stakeholders experience, mitigates this risk to reputation. We have also suggested practical steps that brands can take to start building some of the SROI framework's principles into their business process and accountability practices.

The limitations of traditional ways of measuring brand value and brand equity means that what matters to stakeholders often gets omitted. Yet it is the relationship between the brand and the stakeholders' experience and 'human memory' of the brand that ensures future survival and should therefore be evaluated. Focusing solely on business benefits of CSR is now seen as outdated, considering that more people now recognise that the benefits of an organisation's activities should benefit society as much as a business. In other words the approach of using CSR as a vehicle for profit is limited. Using SROI or its related principles allows brands to maximise their full value and market potential.

CSR 2.0 – the Evolution and Revolution of CSR

Dr Wayne Visser, CSR International¹⁰



Overview

- CSR is not a new phenomenon; it has been evolving over decades, if not centuries;
- CSR is becoming more interactive and stakeholder driven;
- Brands must continue this development ensuring CSR is embedded as a core part of business best practice;
- Five principles make up the DNA of CSR 2.0: Connectedness (C), Scalability (S), Responsiveness (R), Duality (2) and Circularity (0);
- Making a positive contribution to society is the essence of CSR 2.0 – not just as a marginal afterthought, but as a way of doing business.

The Rise of CSR

Corporate social responsibility (CSR) has been debated and practised in one form or another for more than 4,000 years. For example, the ancient *Vedic* and *Sutra* texts of Hinduism and the *Jatakas* of Buddhism include ethical admonitions on usury (the charging of excessive interest) and Islam has long advocated *Zakat*, or a wealth tax.¹¹

The modern concept of CSR can be more clearly traced to the mid-to-late 1800s, with industrialists like John H. Patterson of National Cash Register seeding the industrial welfare movement and philanthropists like John D. Rockefeller setting a charitable precedent that we see echoed more than a hundred years later with the likes of Bill Gates.¹²

Despite these early variations, CSR only entered the popular lexicon in the 1950s with R. Bowen's landmark book, *Social Responsibilities of the Businessman*.¹³ The concept was challenged and strengthened in the 1960s with the birth of the environmental movement, following Rachel Carson's critique of the chemicals industry in *Silent Spring*,¹⁴ and the consumer movement off the back of Ralph Nader's social activism, most famously over General Motors's safety record.¹⁵

¹⁰ Article adapted from Visser, W. 'CSR 2.0: the evolution and revolution of corporate social responsibility' in Pohl, M. & Tothurst N. (eds.), *Responsible Business: How to Manage a CSR Strategy Successfully*, ICCA, Frankfurt, 2010

¹¹ Visser, W. and McIntosh, A., *Accounting, Business & Financial History* 8(2), A Short Review of the Historical Critique of Usury, pages 175–89, 1998

¹² Carroll, A.B., *The Oxford Handbook of Corporate Social Responsibility*, edited by Crane, McWilliams, Matten Moon & Siegel, Oxford, 2008

¹³ Bowen, H.R., *Social Responsibilities of the Businessman*, Harper & Row, New York, 1953

¹⁴ Carson, R., *Silent Spring*, Houghton Mifflin, New York, 1962 ¹⁵ Nader, R., *Unsafe At Any Speed: The Designed-In Dangers of the American Automobile*, Grossman Publishers, New York, 1965

The 1970s saw the first widely accepted definition of CSR emerge – Archie Carroll’s 4-part concept of economic, legal, ethical and philanthropic responsibilities, later depicted as a CSR pyramid¹⁶ – as well as the first CSR code, the Sullivan Principles. The 1980s brought the application of quality management to occupational health and safety and the introduction of CSR codes like Responsible Care.

In the 1990s, CSR was institutionalised with standards like ISO 14001 and SA 8000, guidelines like GRI and corporate governance codes like Cadbury and King. The 21st century has been mostly more of the same, spawning a plethora of CSR guidelines, codes and standards (there are more than 100 listed in *The A to Z of Corporate Social Responsibility*), with industry sector and climate change variations on the theme.

Why is all this potted history of CSR important in a discussion about the future? Well, first, it is to realise that CSR is a dynamic movement that has been evolving over decades, if not centuries.

CSR 1.0: Burying the past

We find ourselves on the cusp of a revolution, in much the same way as the internet transitioned from Web 1.0 to Web 2.0. The emergence of social media networks, user-generated content and open source approaches are a fitting metaphor for the changes CSR will have to undergo if it is to redefine its contribution and make a serious impact on the social, environmental and ethical challenges the world faces.

For example, in the same way that Web 1.0 moved from a one-way, advertising-push approach to a more collaborative Google–Facebook mode, CSR 1.0 is starting to move beyond the outmoded approach of CSR as philanthropy or public relations (which has been widely criticised as ‘greenwash’) to a more interactive, stakeholder-driven model. Similarly, while Web 1.0 was dominated by standardised hardware and software, but now encourages co-creation and diversity, so too in CSR, we are beginning to realise the limitations of the generic CSR codes and standards that have proliferated in the past ten years.

The similarities between Web 1.0 and CSR 1.0 are illustrated in the following table.

Web 1.0	CSR 1.0
A flat world just beginning to connect itself and finding a new medium to push out information and plug advertising.	A vehicle for companies to establish relationships with communities, channel philanthropic contributions and manage their image.
Saw the rise to prominence of innovators like Netscape, but these were quickly out-muscled by giants like Microsoft with its Internet Explorer.	Included many start-up pioneers like Traidcraft, but has ultimately turned into a product for large multinationals like Royal Dutch Shell.
Focused largely on the standardised hardware and software of the PC as its delivery platform, rather than multi-level applications.	Travelled down the road of ‘one size fits all’ standardisation, through codes, standards and guidelines to shape its offering.

If this is where we have come from, where do we need to go to? The similarities between Web 2.0 and CSR 2.0 are illustrated in the following table.

Web 2.0	CSR 2.0
Being defined by watchwords like ‘collective intelligence’, ‘collaborative networks’ and ‘user participation’.	Being defined by ‘global commons’, ‘innovative partnerships’ and ‘stakeholder involvement’.
Tools include social media, knowledge syndication and beta testing.	Mechanisms include diverse stakeholder panels, real-time transparent reporting and new-wave social entrepreneurship.
Is as much a state of being as a technical advance – it is a new philosophy or way of seeing the world differently.	Is recognising a shift in power from centralised to decentralised; a change in scale from few and big to many and small; and a change in application from single and exclusive to multiple and shared.

¹⁶ Carroll, A.B., *Academy of Management Review*, A Three-Dimensional Conceptual Model of Corporate Social Performance, 4: 497–505, 1979

CSR 2.0: Embracing the future

Let us explore in more detail this revolution that will, if successful, change the way we talk about and practise CSR and, ultimately, the way we do business. There are five principles that make up the DNA of CSR 2.0: Connectedness (C), Scalability (S), Responsiveness (R), Duality (2) and Circularity (0).

Principle 1: Connectedness (C)

In order to succeed in the CSR revolution, business has to break the hegemony of shareholders. It is as if companies are mere serfs in the kingdom of shareholder-value capitalism. They may appear to wield extraordinary power, but in reality they are subservient to invisible shareholders, bowed before the throne of financial markets and at the beck and call of City analysts. Most CEOs don't last more than three years and are slaves to stock price fluctuations during that time.

The only way to take the power back is to move from subservience to connectedness. Business has to start to institutionalise (and thereby legitimise) multi-stakeholder relationships. When the chemicals industry created their Responsible Care programme in 1985, in the wake of a spree of disasters like Seveso and Bhopal, it was a typical CSR 1.0 approach – unilateral, defensive and incremental. By contrast, the emergence of various multi-stakeholder initiatives in the 1990s, like the Forest Stewardship Council and AccountAbility 1000, begins to give a glimpse of how the connectedness principle of CSR 2.0 may increasingly manifest.

In 1994, when McDonald's took two activists to court for criticising the company, their bullying tactics backfired and 'McLibel' (as the case came to be known in the popular media) turned into the longest trial in British legal history (313 days), creating a public relations disaster for the company. By contrast, when Rio Tinto actively sought out a cross-sector partnership with the World Conservation Union to progressively tackle its biodiversity impacts, it showed sensitivity to multi-stakeholder connectedness that was so patently lacking in McDonald's approach.

Principle 2: Scalability (S)

CSR literature is liberally sprinkled with charming case studies of truly responsible and sustainable projects. The problem is that so few of them ever go to scale. It is almost as if, once the sound-bites and PR-plaudits have been achieved, no further action is required. They become shining pilot projects and best practice examples, tarnished only by the fact that they are endlessly repeated on the CSR conference circuits of the world, without any vision for how they might transform the core business of their progenitors.

The sustainability problems we face, be they climate change or poverty, are at such a massive scale, and are so urgent, that any CSR solutions that cannot match that scale and urgency are red herrings at best and evil diversions at worst. How long have we been tinkering away with ethical consumerism (organic, fairtrade and the like), with hardly any impact on the world's major corporations or supply chains? And yet, when Wal-Mart's former CEO, Lee Scott, had his post-Katrina Damascus experience and decided that all cotton will be organic and all fish MSC-certified, then we started seeing CSR 2.0-type scalability.

There have always been charitable loans for the world's poor and destitute. But when Muhammad Yunus, in the aftermath of a devastating famine in Bangladesh, set up the Grameen Bank and it went from one \$74 loan in 1974 to a \$2.5 billion enterprise, spawning more than 3,000 similar microcredit institutions in 50 countries reaching over 133 million clients, that is a lesson in scalability. Or contrast Toyota's laudable but premium-priced hybrid Prius for the rich and eco-conscious with Tata's \$2,500 Nano, a cheap and eco-friendly car for the masses. The one is an incremental solution with long-term potential; the other is scalable solution with immediate impact.

Principle 3: Responsiveness (R)

Business has a long track-record of responsiveness to community needs – witness generations of philanthropy and heart-warming generosity following disasters like 9/11 or the Sichuan Earthquake.

But this is responsiveness on their own terms, responsiveness when giving is easy and cheque-writing does nothing to upset their commercial appletart. However, the severity of the global problems we face demands that companies go much further. CSR 2.0 requires uncomfortable, transformative responsiveness, which questions whether the industry, or the business model itself, is part of the solution or part of the problem.

When it became clear that climate change posed a serious challenge to the sustainability of the fossil fuel industry, all the major oil companies formed the Global Climate Coalition, a lobby group explicitly designed to discredit and deny the science of climate change and the main international policy response, the Kyoto Protocol. In typical CSR 1.0 style, these same companies were simultaneously making hollow claims about their CSR credentials. By contrast, the Prince of Wales's Corporate Leaders Group on Climate Change has, since 2005, been lobbying for bolder UK, EU and international legislation on climate change, accepting that carbon emission reductions of between 50–85% will be needed by 2050.

CSR 2.0 responsiveness also means greater transparency, not only through reporting mechanisms like the Global Reporting Initiative and Carbon Disclosure Project, but also by sharing critical intellectual resources. The Eco-Patent Commons, set up by WBCSD to make technology patents available, without royalty, to help reduce waste, pollution, global warming and energy demands, is one such step in the right direction. Another is the donor exchange platforms that have begun to proliferate, allowing individual and corporate donors to connect directly with beneficiaries via the web, thereby tapping 'the long tail of CSR'.¹⁷

Principle 4: Duality (2)

Much of the debate on CSR in the past has dwelt in a polarised world of 'either/or'. Either your company is responsible or it is not. Either you support GMOs or you don't. Either you make

life-saving drugs available for free or you don't. This fails to recognise that most CSR issues manifest as dilemmas, rather than easy choices. In a complex, interconnected CSR 2.0 world, companies (and their critics) will have to become far more sophisticated in understanding local contexts and the appropriate local solutions they demand, without forsaking universal principles.

For example, a few years ago, BHP Billiton was vexed by their relatively poor performance on the (then) Business in the Environment (BiE) Index, run by UK charity Business in the Community. Further analysis showed that the company had been marked down for their high energy use and relative energy inefficiency. Fair enough. Or was it? Most of BHP Billiton's operations were, at that time, based in southern Africa, home to some of the world's cheapest electricity. No wonder this was not a high priority. What was a priority, however, was controlling malaria in the community, where they had made a huge positive impact. But the BiE Index didn't have any rating questions on malaria, so this was ignored. Instead, it demonstrated a typical, Western-driven, one-size-fits-all CSR 1.0 approach.¹⁸

Carroll's CSR pyramid has already been mentioned. But in a sugar farming co-operative in Guatemala, they have their own CSR pyramid – economic responsibility is still the platform, but rather than legal, ethical and philanthropic dimensions, their pyramid includes responsibility to the family (of employees), the community and policy engagement. Clearly, both Carroll's pyramid and the Guatemala pyramid are helpful in their own appropriate context. Hence, CSR 2.0 replaces 'either/or' with 'both/and' thinking. Both SA 8000 and the Chinese national labour standard have their role to play. Both premium branded and cheap generic drugs have a place in the solution to global health issues. CSR 2.0 is a search for the Chinese concept of a harmonious society, which implies a dynamic yet productive tension of opposites – a Tai Chi of CSR, balancing yin and yang.

¹⁷ This is a reference to *The Long Tail*, by Chris Anderson, as it might apply to CSR. I have written about this elsewhere.

¹⁸ The index has subsequently been reformed and now runs as a more integrated Corporate Responsibility Index. See www.bitc.org.uk

Principle 5: Circularity (0)

For all the miraculous energy unleashed by Adam Smith’s ‘invisible hand’ of the free market, our modern capitalist system is faulty at its very core. Simply put, it is conceived as an abstract system without limits. As far back as the 1960s, pioneering economist Kenneth Boulding called this a ‘cowboy economy’, where endless frontiers imply no limits on resource consumption or waste disposal. By contrast, he argued, we need to design a ‘spaceship economy’, where there is no ‘away’; everything is engineered to constantly recycle.

In the 1990s, in *The Ecology of Commerce*, Paul Hawken translated these ideas into three basic rules for sustainability: waste equals food; nature runs off current solar income; and nature depends on diversity. He also proposed replacing our product–sales economy with a service–lease model, famously using the example of Interface ‘Evergreen’ carpets that are leased and constantly replaced and recycled. William McDonough and Michael Braungart have extended this thinking in their *Cradle to Cradle* industrial model. Cradle to cradle is not only about closing the loop on production, but about designing for ‘good’, rather than the CSR 1.0 modus operandi of ‘less bad’.

Hence, CSR 2.0 circularity would create buildings that, like trees, produce more energy than they consume and purify their own waste water; or factories that produce drinking water as effluent; or products that decompose and become food and nutrients; or materials that can feed into industrial cycles as high-quality raw materials for new products. Circularity needn’t only apply to the environment. Business should be constantly feeding and replenishing its social and human capital, not only through education and training, but also by nourishing community and employee wellbeing. CSR 2.0 raises the importance of meaning in work and life to equal status alongside ecological integrity and financial viability.

Shapeshifting: from CSR 1.0 to CSR 2.0

Even revolutions involve a transition, so what might we expect to see as markers along the transformational road? The table below summarises some of the shifts in principles between CSR 1.0 and CSR 2.0.

CSR 1.0	CSR 2.0
Paternalistic	Collaborative
Risk-based	Reward-based
Image-driven	Performance-driven
Specialised	Integrated
Standardised	Diversified
Marginal	Scalable
Western	Global

Table 1: Shifting CSR Principles

Hence, paternalistic relationships between companies and the community based on philanthropy give way to more equal partnerships. Defensive, minimalist responses to social and environmental issues are replaced with proactive strategies and investment in growing responsibility markets, such as clean technology. Reputation-conscious public-relations approaches to CSR are no longer credible and so companies are judged on actual social, environmental and ethical performance (are things getting better on the ground in absolute, cumulative terms?).

Although CSR specialists still have a role to play, each dimension of CSR 2.0 performance is embedded and integrated into the core operations of companies. Standardised approaches remain useful as guides to consensus, but CSR finds diversified expression and implementation at very local levels. CSR solutions, including responsible products and services, go from niche ‘nice-to-haves’ to mass-market ‘must-haves’. And the whole concept of CSR loses its Western conceptual and operational dominance, giving way to a more culturally diverse and internationally applied concept.

How might these shifting principles manifest as CSR practices? The table below summarises some key changes to the way in which CSR will be visibly operationalised.

CSR 1.0	CSR 2.0
Premium markets	Base of the pyramid markets
Charity projects	Social enterprise
CSR indexes	CSR ratings
CSR departments	CSR incentives
Ethical consumerism	Choice editing
Product liability	Service agreements
CSR reporting cycles	CSR data streams
Stakeholder groups	Social networks
Process standards	Performance standards

Table 2: Shifting CSR Practices

CSR will no longer manifest as luxury products and services (as with current green and fairtrade options), but as affordable solutions for those who most need quality of life improvements. Investment in self-sustaining social enterprises will be favoured over cheque-book charity. CSR indexes, which rank the same large companies over and over (often revealing contradictions between indexes) will make way for CSR rating systems, which turn social, environmental, ethical and economic performance into corporate scores (A+, B-, etc., not dissimilar to credit ratings), which analysts and others can usefully employ to compare and integrate into their decision making.

Reliance on CSR departments will disappear or disperse, as performance across responsibility and sustainability dimensions are increasingly built into corporate performance appraisal and market incentive systems. Self-selecting ethical consumers will become irrelevant, as CSR 2.0 companies begin to choice-edit, i.e. cease offering implicitly 'less ethical' product ranges, thus allowing guilt-free shopping. Post-use liability for products will become obsolete, as the service-lease and take-back economy

goes mainstream. Annual CSR reporting will be replaced by online, real-time CSR performance data flows. Feeding into these live communications will be Web 2.0 connected social networks, instead of periodic meetings of rather cumbersome stakeholder panels. And typical CSR 1.0 management systems standards like ISO 14001 will be less credible than new performance standards, such as those emerging in climate change that set absolute limits and thresholds.

CSR 2.0: the new DNA of business

All of these visions of the future imply such a radical shift from the current model of CSR that they beg the question: do we need a new model of CSR? Certainly, Carroll's enduring CSR pyramid, with its Western cultural assumptions, static design and wholesale omission of environmental issues, must be regarded as no longer fit for purpose. Even the emphasis on 'social' in corporate social responsibility implies a rather limited view of the agenda. So what might a new model look like?

The CSR 2.0 model proposes that we keep the acronym, but rebalance the scales, so to speak. Hence, CSR comes to stand for 'Corporate Sustainability and Responsibility'. This change acknowledges that 'sustainability' (with roots in the environmental movement) and 'responsibility' (with roots in the social activist movement) are really the two main games in town. A cursory look at companies' non-financial reports will rapidly confirm this – they are mostly either corporate sustainability or corporate responsibility reports.

However, CSR 2.0 also proposes a new interpretation of these terms. Like two intertwined strands of DNA, sustainability and responsibility can be thought of as different, yet complementary elements of CSR. Hence, as illustrated in Figure 1, sustainability can be conceived as the destination – the challenges, vision, strategy and goals, i.e. what we are aiming for – while responsibility is more about the journey – solutions, responses, management, actions, i.e. how we get there.



Figure 1: Corporate Sustainability & Responsibility (The New CSR)

The DNA of CSR 2.0 (Figure 2) can be conceived as spiralling, interconnected, non-hierarchical levels, representing economic, human, social and environmental systems, each with a twinned sustainability/responsibility manifestation: economic sustainability and financial responsibility; human sustainability and labour responsibility; social sustainability and community responsibility; and environmental sustainability and moral responsibility.



Figure 2: The DNA of CSR 2.0 (Double-Helix Model)

Conclusion: the purpose of business

When all is said and done, CSR 2.0 comes down to one thing: clarification and reorientation of the purpose of business. It is a complete misnomer to believe that the purpose of business is to be profitable, or to serve shareholders. These are simply means to an end. Ultimately, the purpose of business is to serve society, through the provision of safe, high-quality products and services that enhance our well-being, without eroding our ecological and community life-support systems. As David Packard, co-founder of Hewlett-Packard, wisely put it:

‘Why are we here? Many people assume, wrongly, that a company exists solely to make money. People get together and exist as a company so that they are able to accomplish something collectively that they could not accomplish separately – they make a contribution to society.’

Making a positive contribution to society is the essence of CSR 2.0 – not just as a marginal afterthought, but as a way of doing business. This is not about bailing out the Titanic with a teaspoon – which is the current effect of CSR 1.0 – but turning the whole ship around. CSR 2.0 is about designing and adopting an inherently sustainable and responsible business model, supported by a reformed financial and economic system that makes creating a better world the easiest, most natural and rewarding thing to do.

CSR is dead! Long live CSR!



Policy in Partnership

Fleishman-Hillard UK

Overview

- Sectors which develop robust self-regulatory systems can deliver effective consumer redress while saving Government time and taxpayer money;
- Effective self-regulation provided an early indication of the benefits which can be realised by Government and industry through partnership working;
- The partnership approach has now developed to support the broader delivery of public policy goals;
- The 'public policy partnership' approach has been particularly effective at driving social and behavioural change in areas including healthy living and responsible drinking;
- Established partnerships have illustrated the significant impacts this approach can have to delivering public policy;
- Initiatives including Change4Life and the Campaign for Smarter Drinking are the next stage in public policy partnerships – early analysis shows significant societal impacts.

One area of CSR that has received relatively little attention is that which supports the delivery of public policy.

Traditionally this strand of CSR has been practised through self-regulation and in this article we examine a number of effective examples and assess their benefits.

The self-regulation model can also be viewed as a precursor to recent partnerships between industry and Government which have developed to support the delivery of public policy goals. At its most sophisticated and effective, this approach mirrors the trend in wider CSR activity of using the core skills resources of brands to meet social policy objectives.

This approach has largely been developed in response to the challenge faced by Government in addressing many key policy issues that depend mainly on individual behaviour and choice, for example healthy eating.

These developments have taken place against a background of deregulation and an increasing focus on behavioural change in the public policy arena. The Government has maintained support for self-regulation in the press and advertising industries, as well as the new online industries. As a progression from this desire to allow certain industries to regulate themselves, a consensus has emerged that recognises the marketing power of brands can be harnessed in order to better communicate with consumers to support the delivery of public policy goals.

¹⁹ Thaler, T.H. and Sunstein, C.R., *Nudge – Improving Decisions about Health, Wealth, and Happiness*, Penguin, 2008, retrieved November 2009 <http://www.nudges.org/index.cfm>

²⁰ OFT, *Policy statement: The role of self-regulation in the OFT's consumer protection work*, Office of Fair Trading, retrieved November 2009 http://www.offt.gov.uk/shared_offt/reports/consumer-policy/oft1115.pdf September 2009

A significant example of this approach is the recent Change4Life initiative which has brought together a number of brands and Government in order to promote healthier lifestyles.

This 'policy in partnership' approach is evolving at a time when interaction between the private and public sectors is a fashionable subject amongst policymakers. There has been a rise in ideas such as 'nudge theory',¹⁹ where behaviour can be influenced with social psychology and through positive choice architecture rather than aggressive state intervention.

This approach also recognises the current economic climate, supporting the delivery of public policy in the face of tightening public finances. Public policy partnerships allow Government to save taxpayers' money while finding new and innovative ways of implementing public policy goals and initiatives. Brands' engagement with these projects has clear benefits, and this article aims to highlight those benefits while discussing areas for future improvement.

To better understand this developing area of activity, we undertook qualitative interviews with over 20 organisations in the private and third sectors, as well as interviewing public sector stakeholders; these interviews provide the evidence base for this essay.

Partnership and self-regulation

The benefits of self-regulation are clear. If an industry proves itself capable of robust self-regulation, its reputation can be enhanced and the additional burdens of statutory regulation can be avoided. For Government, huge savings can be made if an industry can fund and regulate its own activities.

Self-regulation in the media:

The media industries provide strong examples of how effective self-regulation can be through the establishment of the Advertising Standards Authority (ASA) and the Press Complaints Commission (PCC). First established in the 1960s, this model's continued evolution has allowed it to endure despite periodic

reviews and controversies, and to continue to enjoy Government support. This is underscored by a study recently undertaken by the Office of Fair Trading (OFT) into self-regulation which concluded that a key benefit of the approach is the 'flexibility and adaptability of self regulatory mechanisms'.²⁰

Since 1991 the PCC has demonstrated resilience and adaptability by reacting to different crises in the press industry and to pressures from Government. In 2007, Culture Minister Margaret Hodge commented:

*'The Government supports self-regulation of the press and believes that there is no case for Government intervention. Accordingly, the Press Complaints Commission already is a body which is independent of Government.'*²¹

More recently in July 2009, Lord Davies of Oldham, the Government's Deputy Chief Whip in the House of Lords stated:

*'...we have no locus to interfere with the status of the PCC.'*²²

The PCC argues that the benefits of self-regulation are lower costs, flexibility and rapidity in responding to consumer concerns:

*'Legal controls would be useless to those members of the public who could not afford legal action – and would mean protracted delays before complainants received redress. In our system of self regulation, effective redress is free and quick.'*²³

The ASA supports this:

*'Self-regulation is flexible and can adapt speedily to new situations or products. Advertising can be aggressive in highly competitive markets. The ASA can move swiftly to address issues as they arise. Over its first 40 years the ASA has built up a reputation for considered judgements and prompt action to secure compliance.'*²⁴

The PCC's funding through a small industry levy also means that as well as providing a free service to consumers, there is no cost to Government for what would otherwise be a substantial public investment in a statutory regulatory authority.



²¹ <http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm071119/text/71119w0021.htm#0711207001870> Commons Hansard, November 2007

²² Hansard, House of Commons Hansard Written Answers, July 2009, Column 1268, retrieved November 2009 <http://www.publications.parliament.uk/pa/ld200809/dhansrd/text/90716-0002.htm#09071655000048>

²³ PCC, What is the PCC?, Press Complaints Commission, retrieved November 2009 <http://www.pcc.org.uk/about/whatispcc.html>

²⁴ ASA, History, Advertising Standards Association, retrieved November 2009 <http://www.asab.org.uk/asa/about/history/>

In terms of cost, the ASA's funding requirements for 2008 were £7,846,000.²⁵ The Authority is funded by a levy on industry members of 0.1% of display advertising expenditure and airtime and 0.2% of the value of Royal Mail sort contracts. The levies are collected by the Advertising Standards Board of Finance (Asbof), and Broadcasting Advertising Standards Board of Finance (Basbof), third party bodies set up for this purpose.²⁶

The PCC's funds amounted to £1,837,814²⁷ in 2008, with funds being collected (through levies on press organisations) and distributed by the Press Standards Board of Finance (Pressbof), a third party body.²⁸

The Press Complaints Commission:²⁹

- Set up in 1991 following the publication of the Calcutt Report in 1990, which was commissioned to look into solutions to problems of privacy and redress against the press
- Independent, and deals with complaints that can be brought by anybody
- Complaints can be made about the editorial content of magazines and newspapers
- Complainants are not charged for making complaints
- The Editors' Code of Practice binds all complaints, and all complaints are investigated under its terms
- The Chairman of the PCC is appointed by industry
- The current chair is Baroness Buscombe
- The PCC's Appointments Commission draws up short lists for any vacancies for membership
- There are 17 members of the PCC, the majority of which are not from the industry
- The PCC has retained support for self-regulation for the press from Government and Opposition

²⁵ ASA, *Effective self-regulation, keeping advertising standards high*, Advertising Standards Association Annual report 2008, retrieved November 2009 http://www.asa.org.uk/NR/rdonlyres/00BD4E90-5A7E-4E33-BC14-9B0A843C4C69/0/ASA_CAP_annual_report_08.pdf

²⁶ ASA, *Short guide*, Advertising Standards Association, retrieved November 2009 http://www.asab.org.uk/asa/about/short_guide/

²⁷ PCC, *The Review 08*, Press Complaints Commission, retrieved November 2009 http://www.pcc.org.uk/assets/111/PCC_Ann_Rep_08.pdf

²⁸ *ibid.*

²⁹ PCC, *History*, Press Complaints Commission, retrieved November 2009 <http://www.pcc.org.uk/about/history.html>

Advertising Standards Authority:

- Regulates the content of advertisements, sales promotions and direct marketing in the UK
- Can stop misleading, harmful or offensive advertising.
- Endeavours to ensure sales promotions are run fairly
- Conducts research into attitudes towards advertising and compliance with the advertising standards codes within specific sectors and media
- Anyone can make a complaint
- The main principles of the advertising standards codes are that adverts should not mislead, cause harm, or offend
- When rules are persistently ignored, the ASA is able to rely on the backing of the OFT and Ofcom

Self-regulation in the pharmaceutical industry:

As with the ASA and PCC, the pharmaceutical industry has also established an effective self-regulatory system in the Prescription Medicine Codes of Practice Authority (PMCPA). Established in 1993, the PMCPA regulates the Association of the British Pharmaceutical Industry's (ABPI) Code of Practice (est. 1958) at arm's length from the ABPI.³⁰

The funding for the PMCPA amounted to just over £1 million³¹ in 2008, funded by the ABPI, which exists independently of and in parallel to the PMCPA.

According to the PMCPA, *'The industry continues to be fully supportive of robust self-regulation.'*³²

The pharmaceutical industry requires extremely strict compliance due to the nature of its product. Drugs and pharmaceuticals require confidence from consumers, patients and the medical profession. Therefore, absolute trust and confidence is needed

in the regulatory system. This has been achieved by the PMCPA, and over time the Authority has shown flexibility and robustness; it has been allowed by Government to maintain its powers. This highlights a further benefit of self-regulation as outlined by the OFT's study:

*'For consumers, key benefits flow from the degree of commitment that industry control engenders. This helps to increase compliance with the law, and may in some cases encourage business to 'raise the bar' and reach higher standards.'*³³

Prescription Medicine Codes of Practice Authority (PMCPA)³⁴

- Responsible for administering The Association of the British Pharmaceutical Industry's (ABPI) Code of Practice for the Pharmaceutical Industry at a distance from the ABPI
- The ABPI Code covers the promotion of medicines for prescribing to health professionals and the provision of information to the public about prescription-only medicines
- Established by the ABPI on 1st January 1993
- Operates the complaints procedure under which complaints about the materials and activities of pharmaceutical companies are considered in relation to the requirements of the Code
- Provides advice, guidance and training on the Code
- Arranges reconciliation between pharmaceutical companies when requested
- Scrutinises samples of advertising and meeting to check their compliance with the Code
- Heather Simmonds has been the director of the PMCPA since 1997 and chairs the Code of Practice Panel

³⁰ PMCPA, *The Association of the British Pharmaceutical Industry Code of Practice for the Pharmaceutical Industry*, Prescriptions Medications Code of Practice Authority, retrieved November 2009 <http://www.pmcpc.org.uk/files/The%20First%20Fifty%20Years%20--20A%20history%20of%20the%20ABPI%20Code.pdf>

³¹ PMCPA, *Annual Report 2008*, Prescriptions Medications Code of Practice Authority, retrieved November 2009, page 29 http://www.pmcpc.org.uk/files/sitecontent/annualreports/Annual_report_2008.pdf

³² ABPI, *Media briefing, information about the pharmaceutical industry supplied by the ABPI*, Association of British Pharmaceutical Industry, retrieved November 2009 <http://www.pmcpc.org.uk/files/Media%20briefing%20on%20self-regulation.pdf>

³³ OFT, *Policy statement: The role of self-regulation in the OFT's consumer protection work*, Office of Fair Trading, retrieved November 2009 http://www.of.gov.uk/shared_of/reports/consumer-policy/of1115.pdf

³⁴ PMCPA, *What we do*, Prescription Medicines Code of Practice Authority, retrieved November 2009 <http://www.pmcpc.org.uk?q=whatwedo>

Self-regulation online:

The media and pharmaceutical sectors demonstrate the ability of traditional industries to adapt in order to maintain their regulatory independence and continue to provide benefits and cost savings to both consumers and the Government. Meanwhile, the flexibility and responsiveness provided by self-regulation is perhaps most evident in the more recent and fast-moving development of the internet.

The Internet Watch Foundation (IWF) was set up in 1996 in order to allow the public and IT professionals to report potentially illegal online content, in particular the sexual abuse of children. The IWF is independent, and is funded by industry bodies, individuals, the EU, and any other companies eager to support the initiative.

When the then Minister of State for Trade, Alun Michael MP hailed the success of the IWF as a prime example of industry achieving more by regulating itself, in place of imposed legislation, he commented:

*'The Internet Watch Foundation, law enforcement authorities and internet content service sectors have achieved more in a year without legislation than we could have achieved in five years through legislation alone. This very successful model of partnership and self-regulation has achieved outstanding and continuing results.'*³⁵

This point highlights another of the benefits given by the OFT in its report, that self-regulation *'reduce[s] regulatory burdens and obviate[s] the need for more heavy-handed and formal controls.'*³⁶

The IWF say:

*'Self-regulation is the principle on which our operations and structures are founded; it is also the preferred method of regulating internet content amongst the government and internet industry in the UK. Self-regulation and multi-stakeholder partnership is at the core of the IWF's model, operations and success.'*³⁷

The success of the IWF clearly demonstrates the benefits of allowing industry the freedom to regulate itself effectively. This is particularly the case where the technical challenges of statutory regulation might provide weaker protection to individuals than industry and stakeholders working together in a voluntary partnership.

The key strength of the IWF is that it brings together stakeholders from across industry who provide differing sets of expertise, which together form an effective force minimising the availability of illegal online content. In particular, the partnerships formed by the IWF have created an effective response to content which relates to child sexual abuse or incites racial hatred.

Again, these benefits have been recognised by the OFT which has highlighted the ability of self-regulation to harness specialist industry knowledge to ensure a good 'fit' with the problems they need to address.³⁸

2008 funding for the IWF amounted to £1,076,966.³⁹

Internet Watch Foundation⁴⁰

- Established in 1996 by the UK internet industry
- Remit is to provide the UK internet Hotline for the public and IT professionals to report potentially illegal online content and to be the 'notice and take down' body for this content
- Works in partnership with the online industry, law enforcement, Government, the education sector, charities, international partners and the public to minimise the availability of illegal content
- Specifically targets child sexual abuse content and criminally obscene and incitement to racial hatred content
- Independent self-regulatory body, funded by the EU and the wider online industry including internet service providers, mobile operators and manufacturers, content service providers, trade associations and the financial sector

³⁵ IWF, *Self-Regulation*, Internet Watch Foundation, retrieved November 2009 <http://www.iwf.org.uk/public/page.103.552.htm>

³⁶ OFT, *Policy statement: The role of self-regulation in the OFT's consumer protection work*, Office of Fair Trading, retrieved November 2009 http://www.of.gov.uk/shared_of/reports/consumer-policy/oft1115.pdf

³⁷ IWF, *Self-Regulation*, Internet Watch Foundation, retrieved November 2009 <http://www.iwf.org.uk/public/page.103.552.htm>

³⁸ OFT, *Policy statement: The role of self-regulation in the OFT's consumer protection work*, Office of Fair Trading, retrieved November 2009 http://www.of.gov.uk/shared_of/reports/consumer-policy/oft1115.pdf

³⁹ *ibid.*

Conclusions on self-regulation:

The above examples suggest several clear benefits to industry, the Government and consumers from self-regulation:

- Removes the need for costly and burdensome legislation;
- Allows industries to build trust and confidence in their sectors;
- Allows Government to avoid significant costs for the taxpayer;
- Creates effective networks of stakeholders across industry, together able to tackle consumer concerns;
- Provides a more flexible and timely approach to tackling consumer concerns than statutory regulation.

Self-regulatory body	Funding (2008)
Press Complaints Commission	£1,837,814
Advertising Standards Authority	£7,846,000
Prescription Medicine Codes of Practice Authority	£1,000,000
Banking Code Standards Board (now the Lending Standards Board)	£1,500,000
Internet Watch Foundation	£1,076,966
Total	£13,260,780

Overview of costs of self-regulation in models identified above

Further to this, the above examples demonstrate the support industry can provide to Government in delivering public policy goals. The IWF provides a clear indication of how effective partnerships between industry and Government can be; not simply by delivering cost savings but by providing the expertise necessary to tackle a given problem – in this case illegal content online.

Developing policy in partnership approaches

The success of self-regulation demonstrates the ability of partnerships between industry and Government to support the delivery of public policy.

Over recent years, this partnership approach has evolved and been formalised through Memorandums of Understanding (MoU) between Government and industry. Government has used these MoUs to focus in particular on those areas of public policy which concern behavioural change. The Change4Life and Campaign for Smarter Drinking initiatives are two key examples where Government has used the MoU model to create a partnership approach between the public and private sectors.

Change4Life

The Change4Life campaign was launched in January 2009 by the Department of Health, in partnership with some of the biggest companies in the UK including Tesco, Asda, PepsiCo and Kellogg's.

The Business4Life coalition is the umbrella organisation for companies supporting the partnership. They lend this support by providing marketing services and funding projects under the banner of Change4Life, such as Swim4Life, Breakfast4Life and Community Champions. The campaign was instigated by the Government following research which found that many people were unaware of how an unhealthy lifestyle could impact their health, and that of their children. To highlight examples of the challenge at hand, the Government gave the following statistics as justification for launching this campaign:

'...without any intervention by 2050 90 per cent of today's children will be overweight or obese and at risk from serious diseases'

*'Obesity and overweight people are forecast to cost the nation £50 billion – half the entire NHS budget for a year – by 2050 if the trend continues unchecked.'*⁴¹

⁴⁰ IWF, *About the IWF*, Internet Watch Foundation, retrieved November 2009 <http://www.iwf.org.uk/public/page.103.htm>

⁴¹ Change4Life, *Media Centre*, NHS, retrieved November 2009 <http://www.nhs.uk/change4life/Pages/NewsHealthyLiving.aspx>

Announcing the campaign, the Health Secretary Alan Johnson said:

*'This is the first coalition of its kind to be brought together by Government to tackle the growing problem of obesity. Change4Life is a lifestyle revolution which will help families eat well, move more and live longer. Under the banner Change4Life, the Government are aiming to galvanise support from everyone in the country from grass-roots organisations to leading supermarkets and charities.'*⁴²

This approach clearly demonstrates the recognition by Government that to effectively promote behavioural change it requires the marketing and communications expertise of major UK brands.

Further to this, Government has looked to the companies engaged with Change4Life to support the campaign with funding. To date, Government has pledged to invest £75 million into the campaign over the next three years, with industry pledging £200 million of programme funding in cash and kind.

Although Change4Life is a young movement, the stakeholders we spoke to were eager stress how effective the campaign has been to date, and how it can be advanced in future.

There is a general consensus amongst those interviewed that Change4Life, and similar initiatives, are most effective when conducted in partnership with Government. Furthermore, brands welcomed the opportunity to be part of national movement, and work with their peers to deliver worthy public policy goals and enhance their brand reputation. Figure 1 shows how brands rated the importance of different incentives for entering into public policy partnerships:

How would you rate the following priorities for private sector engagement with public policy partnerships?

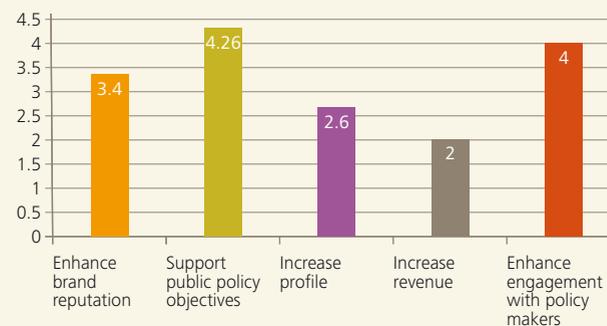


Figure 1: Breakdown of answers given by respondents (asked to rate five topics in order of priority (1 low, 5 high) – the table averages out the total score for each question)

A member of the Government affairs team at a supermarket involved in Change4Life commented:

'We wanted to be part of a national movement. I believe companies need to work together with Government to gain support in terms of publicity.'

When asked whether more was achieved by working with Government, the same stakeholder replied:

'Yes, a more efficient and effective campaign was produced.'

Andrew Smith, head of corporate responsibility at PepsiCo (involved in Change4Life) goes further in extolling the 'moral power' that can be exerted through governmental partnership:

'There was an advantage in having the influence and moral power of Government on side. (...) In order to achieve societal change, such as decreasing obesity, the help of Government is needed.'

⁴² Hansard, *House of Commons Hansard Written Answers*, November 2008, Column 44WS, retrieved November 2009
<http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm081111/wmstext/81111m0001.htm#08111153000178>

Bruce Learner, the head of CSR at Kellogg's (involved in Change4Life) agreed that more was achieved by working with Government. Mr Learner was clear that the initiative should continue:

'Change4Life should continue – there is a great need for it too.'

Figure II provides further evidence of the desire for Government to continue with the current public policy partnerships:

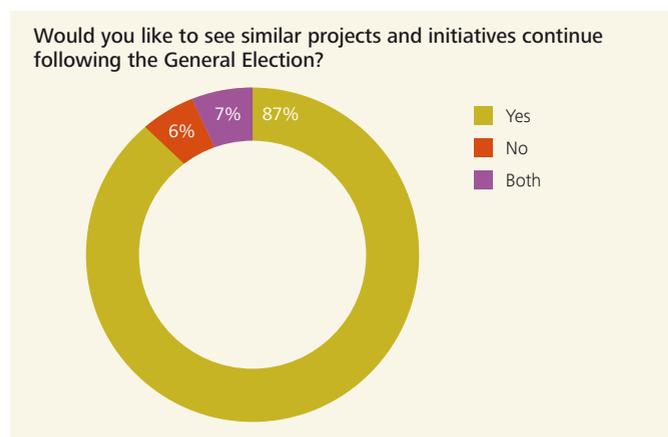


Figure II: Breakdown of answers given by respondents

Stakeholders have stressed that it is difficult to assess the full impact of Change4Life as the programme was only launched in 2009. However, several comments indicate that the early results are positive, and that the campaign is increasing awareness of healthy living amongst the general public:

Mr Smith (PepsiCo):

'...it is a bit early to tell, but there are positive results. The programme is encouraging awareness...'

Anonymous (Business4Life):

'It will take time to assess the impact of Change4Life on consumer behaviour, but it has been successful in that it has enabled industry and Government to work together towards a common aim.'

'Undoubtedly the Change4Life campaign has connected well with the consumer and it has recorded very high levels of awareness amongst the target audience.'

One supermarket commented that Change4Life has had a 'large impact' on public awareness.

The Public Health Commission was set up following a request from Andrew Lansley, the Conservative Shadow Health Secretary, in 2008. Headed by Dave Lewis, Chairman of Unilever UK & Ireland, its aim is to implement a 'Responsibility Deal' to improve public health in the UK.⁴³ Their report, released in summer 2009, entitled *We're all in this together: Improving the Long Term Health of the Nation* reviews this Responsibility Deal, looking at specific marketing campaigns. The report comments on the progress of Change4Life. Although the report recommends bringing Change4Life and the Campaign for Smarter Drinking together into a single campaign, it argues for the continuation of Change4Life:

'...the Change4Life campaign should continue as the key brand in promoting healthy living,'⁴⁴

However, praise amongst stakeholders is not universal. Some interviewees acknowledged that the relationship between Government and industry could work better and therefore that the project has not been as effective as it could have been. The shortcomings in the relationship appear to stem from the differing working practices of the public and private sectors.

Anonymous (Business4Life) said:

'...progress has been slower than would have been ideal.'

⁴³ PHC, *About the PHC*, Public Health Commission, retrieved January 2010 <http://www.publichealthcommission.co.uk/about.html>

⁴⁴ PHC, *We're all in this together: Improving the Long Term Health of the Nation*, Public Health Commission, retrieved January 2010 <http://www.publichealthcommission.co.uk/pdfs/AboutPHC/PHCReport+Summary.pdf>

One respondent was particularly critical about the dynamics of the partnership with Government. This interviewee commented:

'Government would say there was a lot of industry input, but the honest answer is that Government wants to do it their way; therefore it's not a true partnership.'

'I believe we would have done it better alone (...). The Government gets more out of it than the industry does.'

Some interviewees also commented that the Government is 'inward looking' and 'doesn't listen to industry'.

However, this view is certainly in the minority as illustrated in Figure III, by the majority of respondents who believe the Government is doing enough to work with industry to achieve public policy goals:

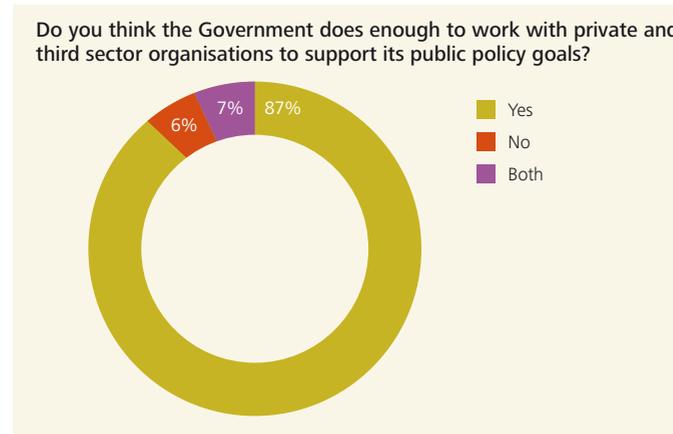


Figure III: Breakdown of answers given by respondents

Change4Life – conclusion:

Business investment: £200 million

Positive outcomes:

Interviewees state that following the launch of the campaign there has been increased public awareness of the importance of healthy lifestyles, and that a more efficient and effective campaign was achieved by working in partnership with Government. One view was that Government adds 'moral power' to the campaign. Industry stakeholders felt they were part of a national campaign, and believe the approach provides an opportunity to enhance brand reputation.

Lessons learned:

There is a view that progress could have been faster. One major stakeholder claimed that they could have done better without Government involvement, and that it is not a true partnership; it is a one-sided affair with the Government taking more than it is contributing.

MINI CASE STUDY 1: VOLUNTARY SALT REDUCTION TARGETS

Voluntary Salt Reduction Targets provide a different model of partnership, where the regulator draws up a code for industry members to be consulted on, and comply with voluntarily.

The code for voluntary salt reduction is set by the Food Standards Agency (FSA), and industry members can sign up to it. Industry members are consulted, but the final code is decided by the FSA. The FSA has published a code outlining reductions in the amount of salt in over 80 different food products to be achieved by 2012, following the previous 2010 targets.

The FSA has outlined the successes in salt reduction achieved to date:

- The average amount of salt found in branded pre-packed, sliced bread has been reduced by around one-third
- Reductions of about 44% have been achieved in branded breakfast cereals
- Reductions of between 16% and 50% have been achieved in some top-selling cakes and biscuits between 2006 and 2007
- The snack sector has been particularly active and in 2007 alone there was a 13% reduction in standard crisps, 32% in 'extruded snacks' and 27% in 'pelleted snacks'. In some standard crisp ranges, average reductions in the sodium content of up to 55% have been reported
- There have also been reductions in processed cheese products, including a range of soft white cheeses with 50% less salt for the UK market, a 32% reduction in some retail standard cheese slices, and 21% in the equivalent reduced-fat cheese slices

- Earlier work led by the Food and Drink Federation (Project Neptune) produced reductions of about 30% in cooking and pasta sauces and 25% in soups by a range of the largest manufacturers⁴⁵

The FSA has stated its appreciation for the work industry puts into reducing salt levels, commenting:

'The Agency is aware that the revised targets pose a challenge for the industry. In view of this, we appreciate and are encouraged by the continued commitment to salt reduction expressed by the industry, which cannot currently predict that the targets will be met within the proposed timescales.'

This model is more aligned with co-regulation than with the MoU approach outlined above, with codes set by the FSA. However, the success of this model is based on a collaborative approach with industry, ensuring that partners are effectively consulted before codes are set. Further to this, the codes remain voluntary. While this means that some organisations will avoid the codes, the majority have engaged with the scheme in order to support the initiative and demonstrate their willingness to reduce salt levels in products.

Significantly the OFT has noted the benefits of the programme to the UK economy:

*'The programme of work has been successful in reducing average daily intakes. There has been a decrease of 0.9g per day compared to levels measured in 2000/01 (when intakes were at 9.5g), and this reduction equates to the prevention of around 6,000 premature deaths every year and a saving of £1.5 billion to the economy.'*⁴⁶

⁴⁵ Food Standards Agency, Salt Reduction Targets, retrieved November 2009 <http://www.food.gov.uk/healthierating/salt/saltreduction>

⁴⁶ OFT, *Government in Markets: Why competition matters – a guide for policy makers*, Office of Fair Trading, business leaflet, September 2009, retrieved November 2009 http://www.offt.gov.uk/shared_offt/business_leaflets/general/OFT1113.pdf

Campaign for Smarter Drinking

In September 2009, the Drinkaware Trust launched the Campaign for Smarter Drinking.⁴⁷ The Drinkaware Trust was formed as the educational and research arm of the Portman Group, an industry group that has promoted responsible drinking since 1989.⁴⁸

The Campaign for Smarter Drinking took an innovative approach to tackling dangerous drinking, by placing advertising and messaging in bars and on drink packaging with the strap line 'Why let the good times go bad?' The campaign has been supported by £100 million of funding from the drinks industry in partnership with the Government.

The campaign was launched with the aim of reducing the social and economic consequences of binge-drinking amongst young people by raising awareness of the danger of irresponsible drinking. The campaign launch press release states that alcohol abuse costs the NHS £2.7 billion per annum, and that the wider cost to society through social issues and family breakdown costs the taxpayer close to £25.1 billion per annum.⁴⁹

Secretary of State for Health Andy Burnham set out the aims and logic of the campaign:

*'The alcohol industry has a big responsibility to tackle excessive drinking and there are many things we can do, by working together, to promote a healthy attitude to alcohol. This campaign is a good step forward – I hope it will help to change attitudes.'*⁵⁰

Also commenting on the launch of the campaign, Chris Sorek, the chief executive of Drinkaware said:

*'The financial and social impact of alcohol misuse affects everyone. Parents, teachers, health professionals, charities, the drinks industry and central and local governments all have a part to play in reducing the harm caused to young people by alcohol misuse.'*⁵¹

Interviewees view this campaign as an essential partnership which evolved from stakeholder meetings with Government. Paul Hegarty, the former head of corporate affairs at Molson Coors UK said that the project is industry-led, but that:

'...it started with a chance remark at an industry meeting at No. 10 when someone from Diageo suggested that a campaign could be funded using a proportion of advertising costs.'

On the importance of the partnership with Government, Mr Hegarty commented:

'The partnership between Government and industry is crucial. Industry is able to communicate, but cannot enforce anything, which Government can do. Having the two sides working together will hopefully lead to a mutual understanding of the other's point of view and therefore being able to implement campaigns more effectively.'

Diageo, alongside other drinks producers, trade companies and retailers, funds the Drinkaware trust. Benet Slay from Diageo is a trustee on the board (as an individual). Vicki Nobles, corporate relations director at Diageo Great Britain, agrees with Mr Hegarty's viewpoint on the effects of working with Government she said:

'Working in partnership is very constructive and positive for both sides.'

From these comments it is clear that industry values the support of Government to promote the Campaign for Smarter Drinking. However, concerns were expressed by some interviewees about the dynamics of working with Government. As referenced in discussions around the Change4Life initiative, there were particular comments relating to the cultural differences between the public and private sectors.

Mr Hegarty commented:

'It is a cultural issue. There is often industry frustration at the different ways of working in the public sector.'

⁴⁷ It should be noted that the Campaign for Smarter Drinking is an example of the work of the Drinkaware Trust, and that there are a number of other safer drinking campaigns with which the drinks industry is engaged. For the purposes of this study we have focused specifically on the Campaign for Smarter Drinking.

⁴⁸ Portman Group, History, The Portman Group, retrieved November 2009 <http://www.portmangroup.org.uk/?pid=14&level=2>

⁴⁹⁻⁵¹ ACS, Campaign for Smarter Drinking Launched, Association of Convenience Stores, The Voice of Local Shops, retrieved November 2009 http://www.acs.org.uk/en/Press_Office/e-bulletin/details/index.cfm/obj_id/097BDD81-86CB-40AB-AA0175B9757D6390

We would like to see less bureaucracy and more action. The public sector needs to realise that money needs to be invested effectively. It is not just a box to be ticked. The value of the project needs to be considered, not just the act of making an announcement.

There needs to be dialogue and industry needs to be involved in order to get the best out of both sides, and the Government should trust industry to work quickly and effectively.'

In contrast Ms Nobles noted an improvement in Government attitudes:

'I have recognised in the last two years a greater willingness by Government to engage more and Diageo would encourage Government to continue.'

Together, these views indicate that although the dynamics of the partnership have had some difficulties, overall the collaboration has been positive.

As with Change4Life, this is a relatively new campaign, having been launched in 2009. Mr Hegarty of Molson Coors noted that programmes, including the Campaign for Smarter Drinking, have increased industry awareness, and he is confident that public awareness will be affected as the project goes on:

'It's too early to say. Awareness has certainly grown amongst opinion-formers, but over the coming months we should see more awareness amongst the general public.'

Ms Nobles says that the work Drinkaware has carried out through the Drinkaware Trust has raised awareness:

'There has been a considerable impact on public awareness of the dangers associated with not drinking responsibly, e.g. greater education on unit information and hints and tips on how to enjoy a great night out.'

The industry is therefore confident that the Campaign for Smarter Drinking is beginning to achieve its aims of raising awareness amongst the general public of the dangers of irresponsible drinking. Furthermore, interviewees considered that investment of this type is integral to the sustainability of the drinks industry. Ms Nobles said:

'Responsible drinking is a key pillar of the Diageo's business strategy; it is good for our brands, our consumers and our business. It's fundamental for sustainability in the industry.'

Supporting these comments, Mr Hegarty said:

'The proportion of profits invested in CSR is essential to guarantee long term investment and profits.'

Campaign for Smarter Drinking – conclusion:

Business Investment: £100 million

Positive outcomes:

Government and industry have recognised that a partnership approach is the only way to drive significant behavioural change in relation to responsible drinking. Both the industry and Government are incentivised to influence public attitudes to alcohol consumption, and campaigns work better when they are built around a collaborative approach.

Lessons learned:

Although the partnership has been generally positive, familiar concerns arise from industry around the cultural differences between the public and private sectors. There is a consensus amongst industry that Government should do more to understand industry and provide the support and flexibility to achieve the maximum effects.

MINI-CASE STUDY 2: THE GREaT FOUNDATION

In 2002 the Responsibility in Gambling Trust (now the GREaT Foundation) became a registered charity with responsibility for coordinating voluntary donations from gaming firms to tackle problem gambling through education, research and treatment programmes. In June 2009, Sports Minister Gerry Sutcliffe announced that the voluntary system could remain in place, under the proviso that industry donated £5 million every year for the next three years.

The Responsible Gambling Fund was set up to commission and monitor donors, working with the GREaT Foundation which provides the funds. This decision was taken against the backdrop of a possible mandatory industry levy, which the industry managed to avoid by promising a robust voluntary partnership. Announcing the continuation of the voluntary scheme, Mr Sutcliffe said:

'This is not a decision that we have come to lightly. However, on the basis of the assurances provided by the industry and on the funding agreement that has been reached between RIGT and RGF, I have decided to announce that we will not need to introduce a statutory levy.'

This case study provides a further example of how a partnership approach can help the Government achieve funding and support for the vulnerable while allowing industry to avoid the burden of greater regulation.

Chewing Gum Action Group

A more established example of public policy partnerships in action is the Chewing Gum Action Group. The Group was set up in 2003 in order to combat irresponsible disposal of chewing gum; to encourage people to simply put their chewing gum in the bin.

The Group is a partnership organisation consisting of the Department for Environment, Food and Rural Affairs, the Local Government Association, the Food and Drink Federation, the Chartered Institution of Waste Management, Wrigley and Cadbury. Keep Britain Tidy acts as the secretariat and management of the Group. The Group states that it aims to change behaviour through:

*'...integrated initiatives including education, raising awareness and implementing measures to ensure the greater visibility of penalties for littering.'*⁵²

The Group supports local authorities by helping them to 'plan, launch, implement and monitor local campaigns.'⁵³ Industry funding for the Chewing Gum Action Group amounts to £700,000 per year. Wrigley alone provides £600,000 per year; not including the money invested hiring agencies for research and artwork, in addition to its own schools' programme.

The establishment of the Chewing Gum Action Group is a good example of the role that Government can play in bringing partners together to tackle public policy issues. Following work between Wrigley and the Keep Britain Tidy campaign, the then Minister of State for the Environment Michael Meacher MP brought various partners together into a formal Chewing Gum Action Group.

Following its establishment over six years ago, the Group has achieved some notable successes by partnering with various local authorities. According to the Group, in 2008 the campaign increased awareness of the responsible disposal of gum from 37% to 42% and reduced gum counts by an average of 59%.⁵⁴

⁵² CGAG, *Who we are*, Chewing Gum Action Group, retrieved November 2009 <http://www.chewinggumactiongroup.org.uk/whoarewe.ashx>

⁵³ *ibid.*

⁵⁴ CGAG, *Success Stories 2008*, Chewing Gum Action Group, retrieved November 2009 <http://www.chewinggumactiongroup.org.uk/successstories/2008campaign.ashx>

Commenting on the work of the Group, Wrigley Corporate Affairs Manager, Alex MacHutchon said she was 'very happy' with the outcomes of the partnership. The work of the Group had achieved significant reductions in gum litter and built strong relationships with local authorities. This has enabled the sharing of best practice on how to tackle the issue through awareness and education.

When asked if more was achieved by working with Government, Ms MacHutchon said:

'The partnership approach adopted to tackle the issue of gum litter works well as each stakeholder brings their own expertise and knowledge to the Group. For example, the gum industry's marketing experience marries with the litter enforcement policy and environmental campaigning knowledge of Defra and Keep Britain Tidy.'

The Chewing Gum Action Group is another example of how public policy partnerships are valued by industry. This partnership has been running for six years, so it is possible to evaluate to a greater level the successes of this project than the previous two partnerships described. Wrigley is certainly delighted with the results which have been achieved to date in partnership with Local Authorities:

'We have seen over 80% reductions in gum litter at street level following campaign activity and are committed to continuing to educate our consumers about responsible disposal behaviour.'

Chewing Gum Action Group – conclusion:

Business investment: £700,000 plus

Positive outcomes:

The Chewing Gum Action Group is an established and functioning partnership body that has achieved real progress in raising public awareness about, and reducing the irresponsible disposal of, chewing gum. The stability of the group is evidence of its ongoing success; stakeholders have fewer complaints about Government involvement than in other projects described. The establishment of the Group is testament to the power of Government to act as a catalyst to building effective partnerships.

Lessons to be learned:

This partnership is a success story and clearly demonstrates the ability of central Government and private sector to work effectively with local authorities to deliver change 'on the ground'. This partnership could be used as a model for further working groups, due to its longevity and success.

MINI CASE STUDY 3: PLASTIC BAG USE

In December 2008, seven major supermarkets signed an agreement with the Government to reduce the number of plastic bags distributed by 50% by the end of 2009 (against levels in 2006). The retailers achieved a 48% reduction. Defra has estimated that this equates to a saving of 130,000 tonnes of CO₂.⁵⁵

The Waste and Resources Action Programme (WRAP) continues to monitor the progress of the scheme and will report to Government in summer 2010. By then, Government expects to see reduction in use reach 70% and has threatened mandatory action if enough progress is not achieved. To date, Defra has indicated that it does not believe a mandatory scheme would have delivered better results than the current programme, commenting on the 48% reduction:

*'These results, whilst just below the target, are a testament to what can be achieved by working together, and are similar to what we estimate could be achieved by charging for bags.'*⁵⁶

The scheme has been recognised in Parliament as an example of leadership in behavioural change. Baroness Sharp of Guildford has commented:

*'People are prepared to change habits surprisingly fast when leadership is there. Just look at what has happened with smoking; it is a quite amazing change over the past few years. Look at what has happened to plastic bags over a very short period of time.'*⁵⁷

A third sector organisation interviewed for this study praised the campaign as an example of how effective public policy partnerships aimed towards behavioural change can be:

'The carrier bags initiative has been a big success. It is a great example of Government and private sector working together well. It is really impressive. All it took was for a couple of the top brands to take the lead with support from the Government, and people's behaviour has really changed.'

The agreement includes a publicity campaign entitled 'Get a Bag Habit', run by the industry and Government. On this campaign and the success of the agreement in general, Dan Norris MP, parliamentary under-secretary at Defra has commented:

*'These are significant results achieved solely on a voluntary basis, and the Government, BRC [British Retail Consortium] and the retailers it represents are working to continue reducing the number of bags distributed with a shared goal for a long-term reduction of 70 per cent. As part of the agreement, the Government, the BRC and WRAP launched a publicity campaign earlier this year encouraging consumers to 'Get A Bag Habit' – and remember to reuse their carrier bags when shopping.'*⁵⁸

This campaign clearly demonstrates that public policy partnerships can deliver significant behavioural change amongst consumers without recourse to mandatory action from Government. One of the key drivers to success is the establishment of clearly defined goals from the outset. Figure IV indicates that in the main public policy partnerships have been successful at setting clearly defined goals.

In conclusion, all partners have entered into a long-term agreement which has delivered a culture change amongst both the public and the supermarkets, with plastic bag use markedly down and a tangible rise in the use of reusable bags. Moreover, this change has been delivered over relatively short timescales.

⁵⁵ DEFRA, *Local Environmental Quality: Carrier Bags*, Department for Environment, Food and Rural Affairs, retrieved November 2009 <http://www.defra.gov.uk/environment/quality/local/litter/bags/index.htm#government>

⁵⁶ *ibid.*

⁵⁷ Hansard, *House of Commons Hansard Written Answers*, November 2009, Column 323–324, retrieved November 2009 <http://www.publications.parliament.uk/pa/ld200910/dhansrd/text/91124-0011.htm#09112455000014>

⁵⁸ Hansard, *House of Commons Hansard Written Answers*, October 2009, Column 302W, retrieved November 2009 <http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm091012/text/91012w0068.htm#09101346005621>

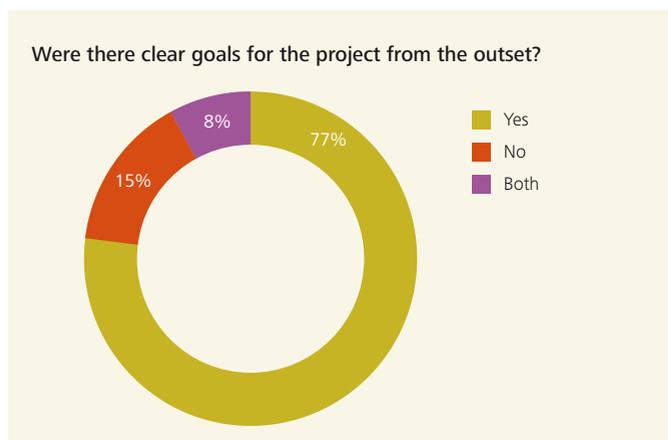


Figure IV: Breakdown of answers given by respondents

Zoneparcs

Zoneparcs is a programme initiated by Nike and rolled-out across the country in partnership with the Department for Children, Schools and Families, the Department for Culture, Media and Sport and the Youth Sports Trust.

'Zoneparcs' are play areas in school playgrounds designed to address the problems of social exclusion and bullying 'by introducing innovative break time activities and playground management systems to make break times safer and more fun for everyone in school.'⁵⁹ Over £8 million was invested in the programme between 2004 and 2007, creating 425 Zoneparcs. Although Government has provided a significant amount of funding for the project, it has been implemented by Nike, the Youth Sports Trust and Local Education Authorities.

While this public policy partnership is designed to drive behavioural change, its focus is on developing the physical landscape as opposed to promoting behavioural change through marketing and communications techniques.

Rory Macmillan, government and public affairs director at Nike, commented on the establishment of the project:

'The Government came to Nike. Nike then developed a programme and the Government partnered the project.'

Mr Macmillan clearly values the impact of partnering with the public sector. When asked if more was achieved by working with Government, he said:

'Undoubtedly, Nike is working on such industry–Government partnerships more now than it has ever done in the past. We also feel that through this specific partnership Government has achieved more and influenced more change than perhaps would have been possible only through regulation, as regulation isn't always the only key to policy success and positive outcomes.'

Mr Macmillan also noted that the partnership has had a positive impact on Nike as a business:

'It has enabled Nike to learn from the other side and develop better understanding of the issues. The longer and the more you engage in public policy partnerships, the more you learn and the better you get at them.'

The programme has now been in place for a number of years. As such it is possible to gauge the impact of the scheme. Nike believes the project has had a 'strong impact' on industry awareness of social exclusion issues, and that the Zoneparcs have:

'... significantly increased awareness of the importance of sport within school and the community.'

Benefits of the programme to Nike's partners are also clear. The Youth Sports Trust website includes testimonials from participants of the scheme which include:

*'Zoneparc provides an exhilarating, uplifting and structured playtime experience for the children. We have really seen the behaviour improve – how did we ever manage without it?'*⁶⁰

*'Zoneparc has not only had an impact on the whole attitude to informal activity and play, from pupils, teachers, AOTTs and parents, but it has also had an impact across the whole partnership.'*⁶¹

⁵⁹ YTS, *Zoneparc*, Youth Sport Trust, retrieved November 2009 <http://www.youthsporttrust.org/page/zp/index.html>

⁶⁰ *ibid.*

⁶¹ *ibid.*

Zoneparcs – conclusion:

Business investment: £550,000

Positive outcomes:

Several Zoneparcs are fully operational and have strong support from the local stakeholders and schools engaged. Nike appreciates the partnerships and has learned from the experience. Nike has been particularly impressed by the Government's input to this programme.

Lessons learned:

Close working between Government departments and private industry has delivered this programme effectively. Future projects should use this example to inform how the dynamics of partnership working can be positively managed.

MINI CASE STUDY 4: ILLEGAL FILE-SHARING

A MoU designed to address the issue of illegal file-sharing was agreed in July 2008 by the ISP industry, internet content developers, Ofcom and Government. This MoU's objective was to:

*'...achieve within 2 to 3 years a significant reduction in the incidence of copyright infringement as a result of peer to peer file-sharing and a change in popular attitude towards infringement.'*⁶²

The internet industry agreed to invest £30–£50 million per year into the project, with a view to laying the foundations for a self-regulatory regime. However, the Government concluded in late 2008 that:

*'This approach has garnered a good deal of support from industry but it has not been possible to arrive quickly at an agreement that covers the whole industry. As such we need to consider what regulatory action might be appropriate.'*⁶³

This decision has led the Government to take legislative action through the Digital Economy Bill, currently before Parliament, to make it easier for content providers to take legal action against those found to be downloading and sharing material illegally.⁶⁴ These measures have led to significant controversy and criticism. The music industry is eager to tackle illegal file-sharing, with the BPI claiming that £200 million was lost during 2009 due to peer-to-peer file-sharing.⁶⁵ However, the ISP TalkTalk has launched a petition⁶⁶ on the Downing Street website calling for the Government's proposals to be dropped. The petition has over 31,000 signatures.

In conclusion, this is an area where the industry and Government have been unable to develop an effective partnership approach, leading the Government to develop a legislative solution.

⁶² BERR, *Consultation on Legislative Options to Address Illicit Peer-to-Peer (P2P) File-Sharing*, Department for Business Enterprise and Regulatory Reform, July 2008, Annex D, retrieved November 2009 http://www.broadbanduk.org/component/option,com_docman/task,doc_view/gid,1031/

⁶³ *ibid.*

⁶⁴ BERR, *Digital Economy Bill*, Department for Business Enterprise and Regulatory Reform, retrieved November 2009 <http://www.publications.parliament.uk/pa/ld200910/ldbills/001/2010001.pdf>

The value of public policy partnerships

The table below provides an overview of the funding provided by industry in the partnerships studied in this essay; showing a combined saving to the taxpayer of over £350 million. However, it is important to note that this is an indication of cash invested and does not include an estimate of the wider economic, societal and environmental impacts that public policy partnerships are delivering. One example of the wider benefits delivered through public policy partnerships is the OFT's estimate that the voluntary salt reduction programme has saved £1.5 billion to the economy. The 80% reduction in gum counts following the work of the Chewing Gum Action Group, and Defra's estimate that the reduction in plastic bag use has led to a saving of 130,000 tonnes of CO₂ are also clear indications of the positive impacts partnership working is having.

Public Policy Partnerships	Total Business Investment
Change4Life	£200,000,000
Campaign for Smarter Drinking	£100,000,000
Chewing Gum Action Group	£3,600,000 – £4,200,000
Zoneparcs	£550,000
Illegal file-sharing	£30,000,000 – £50,000,000
The GREaT Foundation	£15,000,000
Total	£349,150,000 – £369,750,000

Breakdown of known investment in partnerships investigated

Further to this, despite the economic downturn, investment in CSR programmes and public policy partnerships has not decreased. Respondents to this study reflected this, commenting that the economic downturn has not affected their activities in this area (see Figure V).

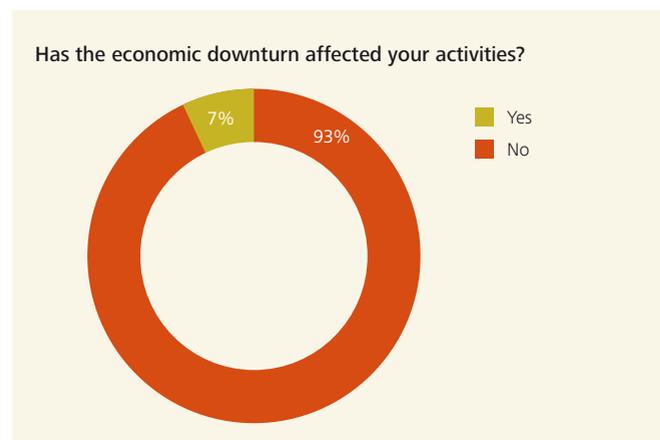


Figure V: Breakdown of answers given by respondents

⁶⁵ BPI, *File Sharing FAQs*, The British Recorded Music Industry, retrieved November 2009 <http://www.bpi.co.uk/digital-music/article/online-faqs.aspx>

⁶⁶ Number 10, *Don't Disconnect us*, Number 10, retrieved January 2010 <http://petitions.number10.gov.uk/dontdisconnectus/>



Key Findings and Conclusions

John Noble, British Brands Group

Overview

- Public policy partnerships are a new and exciting approach to CSR;
- Public policy partnerships are mutually beneficial, delivering savings for the public sector and the opportunity for brands to develop links with Government and the public sector, while supporting the positive promotion of brands' reputation;
- Several examples show that these partnerships are delivering significant social, economic and environmental impacts (e.g. saving of £1.5 billion to the economy following successful salt reduction partnerships);
- Brands and Government can enhance public policy partnerships in future by engaging in an open dialogue, setting clear objectives at the outset and allowing all partners the flexibility to focus on individual areas of expertise;
- Future partnerships should be embraced as an opportunity to make a positive contribution to society, enhance brand reputation, and support the Government in the delivery of public policy goals.

This study looked at various models of self-regulation and how effective these activities have been at supporting the Government's policy priorities. It is clear that for certain industries, including the media and pharmaceutical sectors, there have been significant successes over an extended period of time. Furthermore, self-regulation has been shown to deliver positive outcomes for business and Government; most notably by maintaining the independence of industry and the effective protection of consumers, while saving both time and money for the public purse.

The proven ability of industry to work in partnership with Government to deliver effective self-regulation is an important precursor to the developing trend of public policy partnerships.

The development of the public policy partnership model has mirrored the evolution of CSR. As brands have recognised the value of sustainable business practices, so Government has captured an opportunity to use this environment as a catalyst to influence public behaviour in key policy areas including health and crime.

At their very core, these partnerships are mutually beneficial, providing both Government and brands with a number of benefits. These include:

Benefits to Government	Benefits to brands
Access to knowledge and experience of effective branding and marketing campaigns	Support the positive promotion of brand reputation
Access to funding and a range of support in kind for campaigns	Build links into Government and public sector
Build links into, and gain a stronger understanding of, industry	Support the delivery of CSR objectives
Drive behavioural change – leading to wider economic, societal and environmental benefits	Build strong links with local communities

Specifically relating to funding, these socially responsible campaigns save money in three ways:

- 1 Cash saving as funds are directly provided by brands;
- 2 Saving on expenditure as brands often provide significant sectoral and marketing/communications expertise;
- 3 Savings through the social impact of these programmes, for example improved public health or safety.

This final point needs to be emphasised. Although it is difficult to quantify, the value that is added by private investment in public policy goals is greater than the mere investment of capital and kind in public policy partnerships. Projects such as Change4Life are a long-term strategy with the aim of making people healthier, thereby saving money for the NHS and other public services.

The specific successes of many partnerships to date are outlined in more detail in Fleishman-Hillard's essay. However, it is clear that there a number of areas where improvement can be made to support the continued delivery of effective public policy partnerships.

A key issue which was raised in interviews was 'trust'. In particular, it appears that industry can often feel constricted and constrained within partnerships with Government:

- *'We would like to see less bureaucracy and more action. The public sector needs to realise that money needs to be invested effectively; it is not just a box to be ticked. The value of the project needs to be considered, not just the act of making an announcement.'*
- *'...government should mandate less, and allow industry to work within more wide reaching guidelines.'*
- *'A reduction in the number of hoops companies have to jump through would definitely encourage more companies to participate.'*

On the issue of trust, the Public Health Commission's report sets out that it is vital to a partnership's success, along with setting long term goals:

- *'They [partnerships] require courage from all sides, honesty and integrity, a willingness to work for the long term and a fundamental respect for the expertise and ability that all partners bring. We simply must succeed in the building of genuine partnerships against the public health agenda; it is vital if meaningful progress is to be made.'*⁶⁷

These comments indicate that Government is seen sometimes to take too strong a lead, failing to recognise the need for industry to realise benefits from a partnership. There is also evidence that Government should be more flexible in its approach to partnerships, allowing brands the freedom to deliver the best possible engagement with consumers to drive public policy. In particular, reducing levels of bureaucracy is seen by brands as a crucial mechanism to create greater flexibility. This will also incentivise the future participation of brands in public policy partnerships.

This study has also shown a level of frustration amongst brands with respect to the perceived failure of Government to understand industry:

- *'Government departments need to have engagement with the private sector in order to understand the industry before announcing initiatives.'*

⁶⁷ PHC, *We're all in this together: Improving the Long Term Health of the Nation*, Public Health Commission, retrieved January 2010 <http://www.publichealthcommission.co.uk/pdfs/AboutPHC/PHCReport+Summary.pdf>



- *'...some parts of government do not seem ready to work with the private sector.'*

This lack of understanding has the potential to significantly inhibit the effectiveness of private sector engagement with initiatives and manifests itself in the forms of:

- Bureaucracy that creates resistance within industry to join partnerships;
- A feeling that Government puts less in, and gets more out of partnerships;
- Too great an importance given to the effects of the announcement rather than the dynamics of how the project will actually work;
- Uncertainty about the goals and intentions for a project.

Daphne De Souza, the head of sponsorship in the Channel Integration Management Department at the Central Office of Information (COI), wrote a comment piece for the COI's *The Mix* magazine of Government communications in autumn 2009. This article echoes the issues for Government highlighted above:

- Make campaigns simple and low cost for the partner to implement;
- Ensure that the activity amplifies or complements the partner's core CSR agenda;
- Obtain buy-in and commitment from senior level at the partner organisations;
- Be clear and realistic about potential gains for partners;
- Sell the long-term vision and demonstrate long-term support and commitment from government;
- Define what 'return on relationships' means for both parties, thereby creating a better understanding of what the partners can offer to the campaign and the audience.⁶⁸

This study has also shown that there can be a lack of trust from Government and the Third Sector about industry's motives for

engaging with public policy partnerships. One Third Sector body referenced a feeling of frustration working with industry, commenting that campaigns would be a lot more hard-hitting if companies were *'less concerned with stamping their brand over everything'*.

This body also commented that Government participation is essential to the success of public policy partnerships in order to prevent brands hi-jacking an initiative to simply deliver on in-house marketing objectives:

'Brands need to work more openly and differently with charities and the public sector. Brands shouldn't have too much control over the message; they should focus on what the best way is to tackle the problem at hand.'

While brands naturally crave operational independence, they must remain mindful of the overall goal of policy partnerships and seek to maintain a balance between their own needs and those of the campaign. All partners must invest a certain level of trust in one another. Government must be prepared to take advice from industry, and industry must be prepared to follow a lead from government on the direction and purpose of the partnership.

However, the majority of stakeholders from both Government and industry engaged in public policy partnerships commented positively on their development to date. These comments must be noted and used as the basis for successful partnerships in future:

- *'We have recognised in the last two years a greater willingness by government to engage more.'*
- *'There was an advantage in having the influence and moral power of Government on side. (...) In order to achieve societal change, such as decreasing obesity, the help of Government is needed.'*
- *'The partnership between Government and industry is crucial. Industry is able to communicate, but cannot enforce anything, which Government can do. Having the*

⁶⁸ COI, *The Mix*, Central Office of Information, Autumn 2009

two sides working together will hopefully lead to a mutual understanding of the other's point of view and therefore being able to implement campaigns more effectively.'

- *'It has enabled Nike to learn from the other side and develop understanding of the issues. The longer and the more you engage in public policy partnerships the more you learn and the better you get at them.'*
- *'We wanted to be part of a national movement. I believe companies need to work together with Government to gain support in terms of publicity.'*

The COI was clear that working with brands is necessary to reach target audiences. A COI interviewee commented:

'Working with trusted brands gives campaigns a bigger reach to get messages across to the public. The main aim of what the COI does is behaviour change and working with brands, targeting audiences in innovative ways.'

The same interviewee also expressed the COI's desire to make all Government departments aware of the value that brands bring to campaigns, and how Government should approach brands in a strategic way to maximise the potential benefits that are achieved by working with industry:

'We need to educate Government departments that working with brands is strategic; by finding out their objectives we know who to work with and what they will be looking to achieve.'

This comment indicates that despite some dissatisfaction with public policy partnerships, there is awareness within Government that understanding brand motivations is a key component in setting up partnerships with brands. The COI representative sums up the desire for engagement: *'Brands need to be involved.'*

This view is supported by officials at the Department for the Environment, Food and Rural Affairs (Defra) who commented on their experiences of public policy partnerships:

- *'The work wouldn't have been possible without industry engagement.'*
- *'Real experiences [of industry] are very helpful in developing policy.'*
- *'[Working with industry] has been critical.'*

The message to take from these comments from Government and brands is clear: industry and Government are dependent on one another to deliver effective public policy.

The COI article mentioned above⁶⁹ outlined the benefits for brands and Government; the following were given as the benefits for Government:

- Brands enhance the chance of reaching the correct target audiences;
- Recent examples of long-term partnerships give more chance to connect more deeply with consumers to deliver messages;
- Partnering with brands gives more opportunity to deliver messages through innovative and effective channels.

For brands, the following benefit is highlighted:

- Association with tackling key issues important to their consumers helps brands underpin their own CSR credentials.

These findings from inside Government underline the findings of this report; that public policy partnerships have clear benefits for both sides. In particular:

- Government adds weight to programmes that would not be possible for industry acting unilaterally;
- Both Government and brands can learn from each other to add their own skills to the project;
- Cultural differences do not have to lead to conflict. 'Partnerships' should be a combination of ideas and approaches;

⁶⁹ COI, *The Mix*, Central Office of Information, Autumn 2009

- A truly national awareness campaign (such as Change4Life) needs the involvement of Government in order to be effective as a social marketing exercise, adding ‘moral power’;
- Government reaches target audiences more effectively by working with brands;
- Brands enhance their CSR credentials by entering into long-term partnerships that directly engage their customers.

The importance of Government involvement with public policy partnerships has been shown by our research to be crucial. In the case of the Chewing Gum Action Group, the project has led to an effective and successful long-term working group of organisations from the private and public sectors which has delivered tangible results.

Change4Life and the Campaign for Smarter Drinking are younger initiatives, but early results show they are already effective. Initiatives to reduce the use of plastic bags in supermarkets have also drawn praise, and have again delivered tangible results.

Considering the future of public policy partnerships, it is important to provide an indication of some of the lessons which can be learned from projects to date – for both Government and brands.

In particular, with the General Election due by June 2010, it will be important to assess how these partnerships should continue in future, and how Government should continue its involvement regardless of political colour.

All the participants in our survey were asked what advice they would give to the next Government:

- *Current projects underway should be approached with an open mind by any new Government administration and given an opportunity to demonstrate their success.’*
- *‘To try and create more cohesion with the private sector over these partnerships, and to perhaps move at a faster pace e.g. with Change4Life.’*

- *‘It is important to be realistic about what can be achieved and not to go too far. Britain should look to be an example for other countries, and export some of the more successful programmes abroad.’*
- *‘Government should look at the choke points of any project. There are limitations to public policy partnerships; government should be doing more to bring a number of parties to the table. There should be bigger, more ambitious goals. Government should define public policy outcomes with: 5 to 10 year goals; a clearly defined contribution from business/industry; greater understanding of the mechanics of each sector. They do not all operate in the same way and understanding individual sectors will help projects run more efficiently and achieve more.’*
- *‘There needs to be dialogue and industry needs to be involved in order to get the best out of both sides, and the Government should trust industry to work quickly and effectively.’*
- *‘Strongly urge government to identify where public policy partnerships are relevant and may be a better alternative to regulation. There is merit in asking departments and sectors for advice. There is a need to commit to change.’*
- *‘They [Government] need a better understanding of commercial realities and social marketing. They also need to listen more to their commercial realities.’*
- *‘It is important to stay focused on priorities that are clearly defined at the beginning of a project and then to ensure that they are carried out and seen through.’*
- *‘Dialogue between the relevant parties is key, as is understanding the motivating factors. It is also important to make entry points in public policy partnerships simpler. They can sometimes be quite obscure. A reduction in the number of hoops companies have to jump through would definitely encourage more companies to participate.’*

- *This is the time for collaboration and the government could do more to help bring more companies to the table.'*

These comments clearly indicate that public policy partnerships are effective, have the support of the majority of stakeholders and must continue.

Lessons for Government

- **Government needs to show understanding of industry and engender an atmosphere of trust.** Brands feel most comfortable working with a Government they believe is listening to them and engaging in a true partnership. Lack of understanding and empathy leads to disillusionment amongst private sector partners.
- **Government needs to ensure clear goals are set at the beginning of a project.** Private sector partners are frustrated when they feel Government is not taking the issue seriously enough to set out clear goals and long-term plans. The results of a campaign should be the focus, not the 'box-ticking' culture of the public sector as some private sector stakeholders see it. Outcomes, not the announcement, are the priority.
- **Government must keep bureaucracy to a minimum.** Too much 'red tape' deters brands from engaging in public policy partnerships and can restrict the innovation and flexibility which is vital to delivering results.
- **Partnership is dialogue.** Private sector partners want to be listened to and feel like an equal partner; frustration sets in when Government is deemed to be too 'dictatorial' and strict. Partnership means working together, as equals, towards a common goal.

Lessons for brands

- **Brands must fully engage with a partnership's goals.** Brands that use public sector partnerships solely to advance their own position damage trust amongst public and third sector partners.
- **Acting together is better than acting alone.** While there can be differences between the working practices in the public and private sectors, partnerships should be approached as an exchange of ideas rather than a clash of cultures.
- **Partnership working should be a natural progression for brands as they expand their corporate responsibility activities.** Despite some initial concerns about partnership approaches to public policy, these initiatives are constantly improving. Both sides are learning from the other and are becoming effective partners. Future partnership opportunities should be approached with enthusiasm and a focus on what can be achieved.

In conclusion, this study argues for an optimistic outlook for the future of CSR and public policy partnerships. Both Government and brands should be aware of the huge benefits that can be brought by working together to achieve public policy goals.

Future partnerships should be embraced as an opportunity to make a positive contribution to society, enhance brand reputation, and support the Government in the delivery of public policy goals.



Appendix 1 – Author Biographies

Business in the Community

Sue Adkins is the International Director and Founding Director of Cause Related Marketing at Business in the Community. She joined in 1995 to set up the Cause Related Marketing campaign which was chaired by Sir Dominic Cadbury of Cadbury Schweppes, supported by the chairmen, CEOs or board directors of marketing of over 10 FTSE 100/leading companies.

Sue has been responsible for defining Cause Related Marketing (CRM). She is acknowledged as having been fundamental in raising the awareness, understanding and development of Cause Related Marketing leading to its growth in the UK and internationally. Sue is recognised as an international expert in the area and has worked with companies and NGOs around the world helping them develop their understanding and create and implement strategies.

She has also spoken all over the world on CRM and corporate social responsibility at events ranging from national and international conferences including G8, to sharing platforms with Government ministers and lecturing at numerous universities and business schools. She has authored several reports and articles. She wrote the first ever Cause Related Marketing guidelines and has contributed to a number of books and has written a book, *Cause Related Marketing – Who Cares Wins*, published by Butterworth-Heinemann.

Leading Business in the Community's work internationally on this agenda, Sue has worked with blue-chip companies and NGOs throughout Europe, North and South America, Africa and Australasia. Sue has worked with many organisations to help them develop their corporate social responsibility, their community investment strategies and their partnerships, bringing them alive in the marketplace, taking them to scale by engaging customers and consumers.

Before joining Business in the Community, Sue worked for part of the WPP Group as a consultant. Prior to this she was in marketing and buying for leading organisations in the retail, manufacture, service and agency sectors.

Sue is a trustee of a number of UK and international charities, she is also a member of a board championing responsible advertising, is on the editorial board of an international publication, a fellow of The Marketing Society and is the proud mother of Mia. In her spare time she is an obsessive milliner.

Website: www.bitc.org.uk

nef consulting

Andy Warby and Oliver Kempton authored nef consulting's contribution to this study:

- **Andy Warby** – Andy is a business development manager with experience in private investment, financing and marketing. His background is in development economics, property development and sustainable land investment
- **Oliver Kempton** – Oliver is an evaluation and social impact consultant, with experience in the private and public sectors and across the third sector. He has a background in politics and in qualitative and quantitative communications research.

nef consulting is an independent consultancy operating separately from nef (new economics foundation), and is a strategic advisor to the public, private and third sectors, on impact evaluation and organisation development.

nef consulting delivers tangible outcomes-led solutions and evaluations in environmental and social governance, corporate accountability, investment impact, sustainable development, commissioning, urban planning and well-being measurement.

nef consulting draws on a unique lineage to nef's tested experience, proven research, influential personnel, and established tools that offer innovative and proven solutions to economic, environmental, and social development.

Website: www.nef-consulting.co.uk

Dr Wayne Visser Founder and CEO of CSR International

Wayne Visser is Founder and Director of the think-tank CSR International (www.csrinternational.org) and the author/editor of nine books, including seven on the role of business in society, the most recent of which are *The Top 50 Sustainability Books*, *Landmarks for Sustainability* and *The A to Z of Corporate Social Responsibility*. Forthcoming books in 2010 include *The World Guide to Corporate Social Responsibility* and *The Age of Responsibility*.

In addition, Wayne is Senior Associate at the University of Cambridge Programme for Sustainability Leadership, where he is contributing to various research and teaching programmes and where he previously held the position of Research Director.

Before getting his PhD in Corporate Social Responsibility (Nottingham University, UK), Wayne was Director of Sustainability Services for KPMG and Strategy Analyst for Cap Gemini in South Africa.

His other qualifications include an MSc in Human Ecology (Edinburgh University, UK) and a Bachelor of Business Science with Honours in Marketing (Cape Town University, South Africa).

Wayne lives in Cambridge, UK, and enjoys art, writing poetry, spending time outdoors and travelling in his home continent of Africa.

In 2010, Wayne will embark on a 30 country 'CSR Quest' World Tour, to share best practices in corporate sustainability and responsibility.

Website: www.waynevisser.com.

Fleishman-Hillard UK

Fleishman-Hillard UK is based in London and Edinburgh. Our offices bring together several practice areas: consumer, corporate, digital, healthcare, public affairs and technology. Fleishman-Hillard teams work across all these practices, providing depth of experience and breadth of expertise. They are led by some of the most experienced and talented communicators in the industry.

Fleishman-Hillard Inc is one of the world's leading public relations firms. Based in St. Louis, the firm operates throughout North America, Europe, Asia Pacific, the Middle East, South Africa, and Latin America through its 80 owned offices.

Our sustainability communications experts cover the globe, with specialists located in Europe, North America, Africa and Asia. We represent national government organizations (NGOs), charities, academic institutions and individuals. Our counsel includes climate response and energy efficiency, recycling, and green-product marketing. Regardless of your size or locale, our experts operate on the belief that sustainability is the world's most important issue.

Website: www.fleishmanhillard.co.uk

John Noble, Director, British Brands Group

John is Director of the British Brands Group. He is a Chartered Marketer whose marketing career started with British Airways before moving into marketing consultancy with Marketing Solutions. He then became Head of Marketing for Hamptons, the firm of estate agents, and held a senior marketing role with Bristol & West International.

The British Brands Group was founded in 1994 as a non-profit-making organisation. Its primary role is to speak out authoritatively on behalf of brands and represent them collectively when commercial and regulatory issues threaten both their value and their ability to be a positive force in society.

While the Group's work focuses primarily on UK policy makers, it also works hard at deepening public understanding of how brands benefit consumers, society and the economy through the provision of choice, value for money and innovation. The Group also provides the prime forum for its members on brand-related issues.

The British Brands Group is part of a global network of similar brand associations, and is the UK representative of AIM, the European Brands Association, based in Brussels.

Website: www.britishbrandsgroup.org.uk

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Appendix 3 – Contributing Organisations

British Brands Group would like to thank the following organisations for their significant contributions:



www.bitc.org.uk



www.nef-consulting.co.uk



www.csrinternational.org



www.fleishmanhillard.co.uk

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