

## Beyond CSR Compliance– Becoming Values Led

There is scarcely a major business that doesn't purport to be socially responsible. CSR reports and vision statements abound, but how much difference do they really make to corporate life? Not a lot according to many consumers. Eight people in ten *disagree* that "Directors of large companies can be trusted to tell the truth"<sup>1</sup>, and as trust goes hand in hand with standards in both public and corporate life, they ask for government regulation to protect them from being ripped off. Furthermore, over two thirds of people are disengaged from their work, with half of these being so disaffected that it has a significant effect on their productivity.<sup>2</sup>

Clearly CSR doesn't always make fundamental changes to the way that a company is viewed, so what makes a company trustworthy, and what makes it a good place to work? In short, what makes a successful organisation?

### A Wider Definition of Success

Before answering this question, we need to ask ourselves what is 'success'? Is it measured in pure financial terms – return on capital, shareholder returns or profit before tax – or is financial success just part of being a successful company? I suggest that financial success is just a pre-requisite for true success, that is success in creating meaningful employment, in providing useful services or products, in distributing wealth, alleviating poverty and enhancing the quality of life for all. That economic growth does not automatically lead to a corresponding increase in quality of life was highlighted by a study carried out by the New Economics Foundation. This concluded that whilst GDP had increased by over 80% over the last 30 years, an index of well-being has never re-gained the peak reached in 1976.<sup>3</sup>

Similarly, corporate success will include financial profitability, but it doesn't end there. After all, it is pretty difficult to motivate employees with the principal aim of making money for someone else.

### Shared Purpose

An organisation that really engages people will have a clear sense of purpose, which is understood and shared by its employees, customers and other stakeholders.

This purpose will be expressed in the organisation's vision, and unlike mission statements on the wall, will be at the very heart of the organisation. Bolt on ethics just doesn't work – values need to be seen to be wholeheartedly embraced by the organisation. With such a degree of mistrust in corporate activity, organisations that add ethics as an optional extra will have any inconsistencies exposed. In contrast, organisations that take the time to develop and share a corporate ethic can not but help be distinguished by their distinctive approach.

### Finding Inspiration and Vision

So how do organisations find 'vision'? For many businesses it translates to operating in an 'ethical manner' whilst retaining the primary objective of making money for shareholders and the company. This is the essence of most CSR policies. Yet, to really achieve something of lasting value, the organisation needs to be inspired by a vision which transcends financial profitability. This is probably best explored by way of example.



Sometimes, businesses are prodded in to action by negative campaigning. B&Q is a case in point. The company was initially targeted by Friends of the Earth for its sale of wood products which were unsustainably sourced. In response, the company not only implemented a ground-breaking policy on ensuring that

all wood products came from sources which had been verified as being sustainable, but it took a radical look at its whole reason for being. Kingfisher, the company which owns B&Q asked fundamental questions of itself

such as whether it actually added value to local



communities, encouraged unsustainable consumption, or in an unequal world, whether their global business was making the situation better or worse. The company continues to ask these questions and the answers inform everything the company does and has led the company to address twelve key issues and to examine the 'story' or life cycle of its products. In turn, this has resulted in a shift in values of other companies that have felt compelled to respond, and it has also given the company a *raison d'être* beyond profit alone.



Other companies change through inspiration from the top. The following chronicles the personal story of how Ray Anderson, Chairman of the largest carpet company in the world, became one of the leading proponents of achieving sustainability: "For the first twenty-one years of Interface's existence, I never gave one thought to what we took from or did to the Earth, except to be sure we obeyed all laws and regulations. Frankly, I didn't have a vision, except "comply, comply, comply." I had heard statesmen advocate "sustainable development," but I had no idea what it meant. Then, through what seemed like pure serendipity, somebody sent me a book: Paul Hawken's *The Ecology of Commerce*. I read it, and it changed my life. It was an epiphany. I wasn't halfway through it before the vision I sought became clear, along with a powerful sense of urgency to do something. In 1994, I offered the task force a vision: to make Interface the first name in industrial ecology worldwide through actions, not words. I gave them a mission: to convert Interface to a restorative enterprise; first by reaching sustainability in our practices, and then becoming truly

restorative—a company returning more than we take—by helping others reach sustainability. At Interface, we seek to become the first sustainable corporation in the world, and, following that, the first restorative company."

### Creating Space for Vision

If that's not inspiration, I don't know what is, but most of us get swept along, doing what we do without making the time to assess whether we're going in the right direction. If we're not going the right way it doesn't matter *how* we get there. Creating the space to shape and share the vision of the organisation is vital to ensure that the organisation knows where it is going, how it is going to get there and that this vision is understood and embraced throughout the organisation.

Team values are much talked about, but just how strong are the values which bind employees in an organisation? Are people really the firm's biggest asset or does the company actually put shareholders first? Having a clear vision which is shared throughout the company is key to its successful implementation. Employees then move from being paid workers to being evangelists for the company. Similarly, customers and the wider public can also become company evangelists, such is the power of a company which is led by its values.

Naturally this leads to increasing profits, but profit instead of being the sole driving force, becomes part of a much wider vision. In the words of Ray Anderson, "We'll be doing well by doing good. That's the vision. Is it a dream? Certainly, but it is a dream we share with our 7,500 associates, our vendors, and our customers. Everyone will have to dream this dream to make it a reality, but until then, we are committed to leading the way."

<sup>1</sup> Mori survey for the Financial Times, June 2003

<sup>2</sup> Development Dimensions International, Spring 2004 research report

<sup>3</sup> New Economics Foundation - 'Chasing Progress', March 2004

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