

[youtube:[http://www.youtube.com/watch?v=Yv\\_Z8l0fpGc](http://www.youtube.com/watch?v=Yv_Z8l0fpGc)]

You can have the greatest strategy in the world but if your vision of the future is wrong you just land up travelling even faster in the wrong direction. A prime example of this is the current revolution in corporate ethics and social responsibility, which is changing major board policies of many multinationals – why, and where is it all going? (Notes on presentation at a business school on Corporate and Social Responsibility - see slides).

See new book - Building a Better Business by Patrick Dixon - on business ethics, corporate and social responsibility, profits and growth.

## **1) CSR as insurance policy against bad news**

[youtube:<http://www.youtube.com/v=XbXpEvsxg8s>]Bad news can hit any corporation like a tornado, ripping the guts out of the business, shattering market confidence, scandalising customers and causing outrage in the general public. The media are obsessed not so much with success or failure as exposing wrongdoing – and as we have seen, any corporation discovered to be acting in an immoral way is likely to be hounded out of business, sometimes even if it tries hard to change its ways. And as if that was not enough, it is far harder to get a good news story reported than a scandal, and so most general news about corporations is negative.

This is the sensitive climate in which corporations are now feeling their way over the issue of corporate and social responsibility. In the last century, corporations could relegate this area to a couple of paragraphs in an annual report, paying little more than lip service to matters many board members considered peripheral to the business. The view was that corporate values and community projects don't sell products and don't increase profits, so are unimportant. However, that is to miss the point: corporate ethics and social responsibility are the insurance policies every corporation needs to have to protect against the mushroom cloud of fallout when (as inevitably happens) someone or something goes badly adrift.

**Conclusion: Whether you “believe” in it or not, CSR is a corporate survival issue**

## **2) Goalposts are changing**

[youtube:<http://www.youtube.com/watch?v=VTE5zd-qk-s>]Future consumers are already demanding a far wider sense of corporate purpose than making shareholders wealthy. Values are changing faster than corporations can respond. Actions which would have been praised as

smart a couple of years ago will put people into prison in future. Corporate and social responsibility is more than compliance with current regulations, which are always based on past history. 100% compliance is no protection against future attack. You can meet every requirement today and still land up in trouble tomorrow. That's because the lesson of history is that people tomorrow will judge you by tomorrow's standards when they examine your past.

We need to take a broader "future" view, leading the way, anticipating new legislation, moving ahead of the rest, making history not only with our products but also with our values. We also need to adopt common values that work across cultures and nationalities.

**Conclusion: CSR means going further than compliance with current regulations or best practice – need for powerful vision and highest values**

### **3) How to motivate, encourage and inspire**

[youtube:<http://www.youtube.com/watch?v=8vwob3x1cC0>]Ask what your colleagues about the work they do for nothing – you will learn more about them in 3 minutes than in 3 years in the same team.

There is a huge, almost universal desire to make a difference, do something worthwhile, put something back...

This same passion invades the workplace and the marketplace: a desire to build a better world, in some small way. 60% in US each year give average 200 hours a year to great causes, 43% in UK and similar percentages in most other nations. And most of the rest have done so in the past or will in future. Why? Corporate and social responsibility connects the passion people feel for causes outside of work with what they do at work.

### **The big challenge is this: where do you get your ethics from?**

[youtube:<http://www.youtube.com/watch?v=1W46VboitC0>]What is the ultimate ethical test for any business? How to apply the Better World test: see video on right.

Connect with all the passions people have and they will follow you to the ends of the earth, buy your products and services with pride and may even be willing to work with you for next to nothing.

It is all part of the same revolution that is also focussed on work-life balance, now a major career objective, different from 10 years ago. Example: Non-profits and corporations adopting

“causes” at work.

**Conclusion: CSR not only protects us from media attack, but also makes us feel good about ourselves, about the things we buy and who we work for. This force is powerful enough to overturn international laws as well as all corporate strategies.**

The fundamental requirement for future corporations will be to demonstrate how you build a better world: not just for shareholders, but also for customers, consumers, colleagues and communities as well as for yourself and those you care for. To be convincing to a cynical world, CSR must be something that “comes from the heart”, a core value that the corporation truly “believes in” and is totally committed to, “part of the air we breathe”.