Ethical CORPORATION

Briefing: reporting

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Impact assessment

Know thyself and reap the rewards

By Eric Marx

For companies to really get to grips with how their businesses work, they need to analyse and report on their impact

Impact assessment reports, data-packed documents typically running to several hundred pages, were instigated by US legislation in the 1960s affecting oil exploration and large construction projects.

They gradually migrated to the industrial and manufacturing sectors and became part of the green consumer boom of the early 1990s that was all about new product design, but then gradually morphed to take on socio-economic and governance issues.

Today, in their dual function assessing risk and opportunity in corporate strategic decision making, impact assessments are increasingly being turned into public-facing standalone documents. New demands on transparency and stakeholder engagement drive the trend.

There's also an implicit realisation that predefined external GRI-based reporting standards lack the granular specificity necessary for companies seeking to understand and manage, not merely report, impact.

"It's driven by business operational managers in parts of the world realising there are issues which are important to their ability to make their business work," says Peter Davis, Ethical Corporation's politics editor and author of a new report charting the impact assessment phenomenon.

"GRI is a useful framework because it allows comparability," Davis says. "However, there is a fundamental contradiction between that and the need to manage these issues on a day-to-day basis."

In the socio-economic realm, a relatively small number of extractive industries and consumer goods companies have formulated innovative reporting models, principally premised upon local community engagement strategies borrowed from development agencies and non-profit organisations. Socio-economic data can be fast-changing and harder to evaluate than environmental impacts. The latter are more regulated with a more classically oriented format of numerically driven downside risk and opportunity formulation.

The challenge in writing an impact assessment report lies in imparting the opportunity upside

Yet there is considerable blurring of the lines among categories. In developing countries the distinction between social, economic and environmental is less marked than in western societies, says Penny Fowler, a senior policy adviser at Oxfam. Water access cannot be separated out from human rights, for example, and increasing scarcity of natural resources has broader implications on societies beyond simple cost benefit analysis.

How, then, are companies to choose an area in which to perform an impact assessment? What data gets fed into reporting and accountability strategies? Are they to be conducted at the micro or macro scale? And how does one actually write such a report?

With regard to socio-economic impacts, methodologies have been constructed largely on an ad hoc basis. There is no one underlying baseline approach, and yet models devised by Unilever, working closely with Oxfam, and by Anglo American have garnered considerable attention. If there is an overriding principle, Davis says, it lies in companies' engagement at the local level – for reporting and, more importantly, taking action.

"Let's understand it, and let's take management action backwards," is the rationale, Davis says. "But at the moment," he adds, "it is still a small number of companies that are doing this well."

Leading companies

Companies with long investment horizons and large footprints are in the impact assessment forefront. Pioneered by global mining operations, the underlying logic nevertheless is the same regardless of sector: these are companies that are integral to the societies in which they operate, and better understanding their impact can arguably serve the companies' business case.

Impact size matters but equally important is the acknowledgement of the interdependent nature of economic, social and environmental impacts.

"Wal-Mart makes a big play at sustainability but is very much focusing on environment and energy efficiency, while ignoring the social and community agendas," says John Elkington, founder of

SustainAbility and Volans Ventures.

The information Wal-Mart publishes on water and carbon largely follows GRI-style reporting – a set of different narratives illustrated by statistics and projections. Coherent impact assessment reporting also follows a narrative arc, Elkington says, but it attempts a more coherent, overall view of the company footprint by moving down the supply chain to the local environment and by including macroeconomic sector analysis.

Analysts say supply chain companies that buy from sites in other countries tend to limit themselves to managing wage rates and labour conditions in the factories they buy from. Yet Vodafone, with its classic multi-tier supplier relationships, cuts against stereotype and has shown just how useful publicly facing impact assessments can be in driving verifiable action plans.

Key to the process is engagement at the local level, so payment systems in Kenya and Tanzania, for example, can connect small entrepreneurs to their markets. In India, Vodafone works with the department of telecommunications to distribute language and financial services information to women's self-help groups. Finding that opportunity – after assessing and managing downside risk – "is the leading edge of what we consider an impact assessment," says Joel Roxburgh, head of Vodafone's performance, reporting and engagement unit.

Better understanding impact can arguably serve a company's business case

Roxburgh credits the company's future agenda programme with creating a macro target-setting perspective. The cross-disciplinary open source effort draws on global experts but then cascades down to the local level where action plans are co-developed with in-country management.

But because socio-economic impacts are dynamic, data collection and reporting must be conducted on an ongoing basis. That's particularly true of mining operations, where companies often directly employ thousands of people to work in isolated locations far from other support services.

Anglo American's socio-economic assessment toolbox (SEAT) is arguably the best-known and most-developed local assessment methodology. Described as a framework for more regular and structured engagement with local stakeholders, SEAT works by guiding operations managers through the process of developing an action plan in areas such as promoting local business development, assessing human capital, improving the quality of social investment, forming partnerships, and planning for the social dimension of mine closure.

VISMEDIA

Anglo American aims for social investment

"The difference on the environmental side is that generally it's very tightly regulated," says Jonathan Samuel, social and community development manager at Anglo American. Seven years after its inception, the SEAT tool is now mandatory across Anglo American and its second round focus has shifted from identifying issues to delivering benefits. "The second version has a lot more guidance around community development and partnerships affecting a wide range of projects ranging from sustainable energy to water, sanitation, microcredits and rural livelihoods," Samuel says.

The report

Much of the data collected for an impact assessment remains unpublished. There are as of yet few baseline principles laying out the structure and format of an impact assessment report. Nevertheless, the tendency is to get away from the multi-hundred-page volume model, a hallmark of early impact assessment reporting. "Generally, [keep it to] 30 to 40 pages, and have a simple and effective summary and a simple conclusion," Samuel advises.

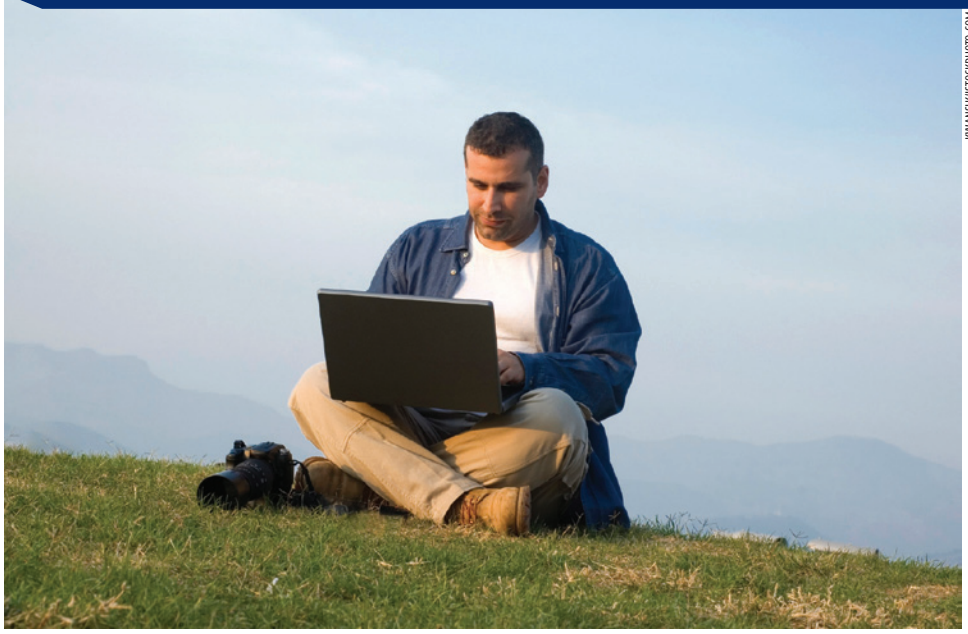
In an era of digital mass communication, impact assessment reports can be highly focused on a single area. At Newmont Mining Corporation, for example, the company issues standalone reports on topics ranging from HIV/Aids to respiratory disease and a combined report on malaria and dengue fever.

A great deal depends on audience. Vodafone's open source initiative swamps the reader with information, if he or she chooses to access it. The final report is a far slimmer document, Roxburgh says.

For a company such as Anglo American, the emphasis is on qualitative data of the sort that moves the underlying narrative. "Collecting the statistics is very much a means to an end," Samuel says, "and that end is proper understanding." The very act of consulting with these communities is what counts, he adds. "Whether or not they actually read the report is, in some ways, a secondary consideration."

For Roxburgh, the challenge in writing an impact assessment report lies in imparting the opportunity upside – where a mobile phone can be used to provide a developmental service and, potentially, a new consumer market. Identifying downside risk, by contrast, tends to be mechanical and more easily quantifiable. "It requires an element of longer term thinking that links back to strategic action and a measurement of the impact of that action."

Roxburgh adds: "It's about striking a balance, because if we just manage downside risk, we haven't capitalised on any new opportunities." ■



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Online reporting

Make it regular

By Rajesh Chhabara

Frequently updated web-based reporting can be more effective and efficient than a once-a-year snapshot

Technology is revolutionising the way companies report their sustainability performance. An increasing number of companies are moving beyond the conventional annually printed sustainability report. They are taking their reports and engagement online.

The process started with companies simply posting their annual sustainability report in PDF format on their corporate websites. But realising that few stakeholders take the pain to read their lengthy reports, companies have started experimenting with a variety of formats to deliver the message.

Segmenting the annual report into several themes targeted at different groups of stakeholders is a common approach many companies have adopted.

For example, the pharmaceuticals giant GlaxoSmithKline has created a comprehensive section on corporate responsibility on its company website. The GSK website offers highly segmented information on key sustainability areas that the stakeholders may be interested in. Information is available on access to medicines, research practices, ethical conduct, supply chain, environmental sustainability, human rights, public policy, patient advocacy and community work.

"We have those chapters or segments because we think those are the areas that appear to be more interesting to our external stakeholders," says Julia King, vice-president of corporate responsibility at GSK. "Interaction with external stakeholders helps us understand what external parties want to know about the company."

The GSK website already had bits of corporate responsibility information and the annual corporate responsibility report. King explains that over the years this report had increased in volume and it made sense to have a corporate responsibility section of the website. "It's more user-friendly. It's easy to use. And it enables us to present the sort of volume of information that is required by our external stakeholders."

Though GSK has produced once-a-year corporate responsibility since 2002, in 2010 the company for the first time decided to release an interim update mid-term. Published in September, it provides updates to information in the company's 2009 corporate responsibility report, which was published in March 2010.

Some companies have taken the sustainability conversation to the next level using social media and other web tools

Some companies have taken the sustainability conversation with their stakeholders to the next level, making use of social media and other web tools. For example, Guardian Media Group, which publishes the Guardian and the Observer newspapers in the UK, has created a very busy section on the company website devoted to sustainability initiatives and debates.

The sustainability section includes the Guardian's blog, which was launched in September 2009 to engage with stakeholders, provide regular updates on sustainability issues, host annual corporate responsibility reports that the group has published since 2003, and link to the company's Twitter page that it uses to communicate on sustainability issues.

Jo Confino is the Guardian's executive editor and head of sustainable development for Guardian News and Media. In a May 2010 blog posting he asked stakeholders what subjects they would like the company to cover in the next annual sustainability report.

In order to draw more stakeholders to read about its sustainability performance, the Guardian this year introduced "the 15-minute digested read" on the company website for those who it said "don't have the time or inclination to read all of the sustainability report". The 15-minute digested read promises to give stakeholders all the basics they need to know.

The trendsetter

Setting a new trend, Produce World group, one of the largest suppliers of fresh agricultural produce in the UK, has recently started monthly online reporting on the company website. The group's firms include Solanum, Isleham Fresh Produce, RB Organic, Rustler Produce, Marshalls, Las Lomas, Briess Produce and Agromark.

"We wanted to try and set a new standard in transparency because we believe that is a core aspect of genuine corporate social

responsibility," says Gordon Fairbrother, former corporate social responsibility director at Produce World who now works with the company as a consultant.

Fairbrother explains that Produce World operates in a fast-paced business environment supplying to major supermarkets in the UK. "It seemed a bit strange from our point of view that we work in such a fast-paced environment and we were only reporting our sustainability performance once a year, six months after the end of that year," Fairbrother says. "We felt we could do better."

The company's online reporting covers monthly progress on the seven key performance indicators of health and safety, workplace, carbon, energy, water, packaging and waste for each of the company in the group. The report includes monthly targets and actual performance for each of the indicators.

Fairbrother says that feedback, particularly from food retailer customers, has been very positive. "The fact that data is not in any way edited or manipulated inspires confidence among our stakeholders."

Produce World uses Credit 360, a popular web-based sustainability data management and communication system that helps it measure, target and report on more than 100 social and environmental key performance indicators in real time. While a number of blue chip companies use the Credit 360 system for gathering sustainability data to produce their annual sustainability reports, Produce World decided to publish the data on the company website.

BALAMURUGAN VANGUMONEY/DREAMSTIME.COM

Keep information fresh

Clothing brand Timberland has a large section on its company website devoted to corporate responsibility communication. The company has started organising its sustainability reports online on the company website along what it calls the four strategic pillars of energy, products, workplaces and service.

Timberland has even set up a dedicated website, earthkeepers.com, to have an ongoing dialogue with stakeholders. The site uses popular social media tools such as blogs, Twitter, Facebook and YouTube to deliver sustainability communication and for engaging stakeholders in a variety of formats. The company plans to include podcasts to the site in the near future.

Another trend-setting initiative from Timberland includes quarterly sustainability reports on the earthkeepers.com website since 2008.

Still relevant

Observers say that even though more companies are likely to start seeing value in more frequently reporting on their sustainability performance, annual reports are not likely to go away in the foreseeable future.

Jem Bendell, director, Lifeworth Consulting and associate professor, Griffith Business School says that although annual social and environmental reports serve certain purposes such as establishing a baseline, such reports are flawed for external communications. "Hardly anyone other than corporate responsibility consultants and analysts actually read these reports," he says.

Bendell says companies can therefore benefit from releasing data and inviting advice on various issues on a regular non-scheduled basis through various online networks. "They can even develop their own micro sites and smart phone apps for such initiatives, but it makes more sense to reach out to existing communities, such as JustMeans, TwoDegrees and NetImpact."

But online stakeholder engagement has backfired for some companies. For example, the energy giant Shell set up a blog called Tellshell as far back as 1998 to seek feedback from stakeholders and the public and engage in a dialogue with them. The blog attracted criticism from activists who alleged that the company was censoring the comments posted by stakeholders on the blog. Activists even came up with their own versions of Tellshell blogs such as tellshell.org and tellshell.net to attack Shell's social and environmental practices.

In 2005, Shell suspended the blog amid rumours that criticism forced Shell to discontinue the online forum. In 2007, Shell launched Shell Dialogues, an alternative to Tellshell, to engage with stakeholders that mostly relies on web-chats but lacks the vibrancy and robustness that many stakeholders would like to see.

Natural and organic beauty firm Neal's Yard Remedies found itself at the centre of a public relations disaster in 2009 when it refused to participate in an online conversation with stakeholders.

> ***Be aware of the demand on resources from activities such as online engagement***

The company had earlier agreed to participate in an online dialogue with stakeholders in a regular series called "You ask, They answer" hosted by the Guardian where the paper's readers pose questions to companies with ethical and green claims. But when readers started posting questions mostly asking the company's stance on alternative medicines and a recent controversy involving the company's homeopathic malaria remedy, the company executives backtracked and refused to respond.

The Swiss food giant Nestlé had a bitter experience in March 2010 when environmental activists deluged the company's Facebook page with protests over its purchase of palm oil linked to forest destruction in south-east Asia. Nestlé made the crisis worse by deleting protesters' comments inciting more protesters to visit the page.

GSK's King cautions that even though there is value in online engagement, companies have to be very aware of the demand on resources from activities such as online engagement. "You stand quite a big chance of disappointing people if you say you are going to engage in a conversation online and then find out that you simply don't have the resources to do that."

Some companies may remain cautious of establishing online engagement due to resource constraints and fear of conversations getting out of control. But more mainstream companies are likely to use their websites to segment sustainability information that is aimed at targeted stakeholders, and with more frequent updates than just a single annual report. ■

SEBASTIAN CZAPNIKO/DREAMSTIME.COM

New media

Net impact

By Rajesh Chhabara

New media techniques mean that companies have many more options for engaging with their stakeholders

Companies have come a long way from the days when stakeholder dialogue was avoided. Now some are setting examples by using innovative ways to engage with stakeholders.

They are taking their stakeholder engagement online and using digital technology to reach out to a wider audience than before.

Creating detailed corporate responsibility sections on their company websites, use of Facebook, Twitter, blogs, YouTube, games, and e-newsletters are some of the ways savvy companies are delivering sustainability communication.

"We are seeing a wide range of interaction online about sustainability issues in various directions," says Elaine Cohen, director of Beyond Business, a corporate responsibility consultancy in Israel (and a regular contributor to Ethical Corporation).

Ease of managing information on company websites, and the availability of a variety of communication platforms are also making it possible for companies to deliver targeted communication to groups of stakeholders.

"When we created the sustainability section on our website back in 2007, we asked: 'Who are our stakeholders? Who are the people that we want to talk to about our business? What kind of things do they want to hear from us? How do they want to read it on the website, and what will help them understand the message better?'" says Nicki Lyons, head of media relations in the UK at the food and drinks company PepsiCo.

Asking the right questions has helped Pepsi understand who to target with its online communication.

Lyons says the company has a clear idea of who the people are that are interested in Pepsi's business. "Some of them have no knowledge about the business at all. Some of them have a misguided view."

She says the company has understood that there are a number of different stakeholders who for different reasons "want to know what we are up to".

"So the strategy has always been about talking to people in a way they are interested in hearing from us, in a way that is convenient and accessible to them, and also about things they want to hear about," Lyons explains.

> *As technology has developed, people are much more savvy about how and when they want to receive company information*

Pepsi has long used a monthly e-newsletter to target stakeholders. People can receive it after they register online. But now the company is taking a bold step in targeted communication and online stakeholder engagement.

The company has just published its farming report, an example of highly targeted communication. "We pulled it out as a separate narrative because it's such a compelling story," Lyons says.

The farming report sets out an ambitious target of reducing carbon emission and water use by 50% across the company's agricultural activity in the UK. The report then talks about how the company intends to work in partnership with farmers to deliver on those commitments.

Farmers' blog

The company's sustainability website has undergone refurbishment to include a blog that will be written by farmers and will be open for comments. These will be reviewed weekly and points will be answered on a company blog written by the agricultural team. Other features include a YouTube channel and Twitter feed.

"We work with 350 farms in the UK and we will be bringing them on a sustainability journey with us and asking them to work with us to deliver on those commitments," says Lyons. "It is a much broader engagement than the traditional engagement we have done before."

Lyons says that as technology has developed, people and stakeholders are much more savvy about how and when they want to receive information from companies.

Pepsi last year experimented with a roundtable model of stakeholder engagement when it launched its water report. The roundtable was hosted by PepsiCo vice-president of operations Walter Todd in London and chaired by Ethical Corporation's Toby Webb. Webb also did a podcast on the water report, and Pepsi of course posted the full water report on the website.

The online engagement, Lyons says, will

enable the company to broaden the delivery of the message. She cautions, though, saying: "We want to do this slowly and in incremental steps. We want to make sure that we are giving stakeholders what they really want."

While some companies hope to find value in targeted communication aimed at segmented stakeholders, observers caution against simplistic segmentation.

"It's not easy to segment today's stakeholders. You can have an employee who is also a shareholder, who is also an environmental activist and who is also a member of the local community," says Cohen. She says stakeholders don't have to have boundaries.

She suggests that the focus of responsible business communication should be based on issues, not stakeholders. Companies should be doing a materiality analysis to identify issues important to their business and then addressing these issues from the broadest stakeholder perspective possible.

"Whether it is on a website or in a printed corporate responsibility report, the most interesting information is usually about the issues, not necessarily about employees, community or the marketplace," Cohen says. These are the standard basic building blocks of communication, but the real interesting, attractive, dynamic, relevant information to most stakeholders is about the issues the company is trying to address.

Active engagement with the media can dramatically broaden the delivery of companies' sustainability communication

And a lot of the online conversation is not necessarily happening on company websites. The conversation is taking place on platforms that are designed for communication such as Facebook.

Starbucks, for example, has 40 million friends on its Facebook page, Coca-Cola has 12 million followers and Ben & Jerry's has 1.5 million. And non-governmental organisations are not getting left behind in online engagement: Greenpeace has over a million Facebook fans.

A key question then is about a company's risks of losing control of debate if the conversation is happening on third party sites.

"There is always a risk that the conversation will go out of control, whether it's on your website or not, whether you are driving it or not," Cohen says.

KATHERINE WELLES/DREAMSTIME.COM

Game changing technology can give communications bite

Cohen says it's not about how the company generates or initiates the communication. It's about how the company becomes a player in that conversation. "It can't be a controller if it can't be a player. The better a company participates the more the communication will be to their advantage."

Engaging with media

While companies are making progress on engaging with diverse stakeholders, engaging with mainstream media on sustainability remains a key challenge for most of them. An active engagement with the media can dramatically broaden the delivery of companies' sustainability communication.

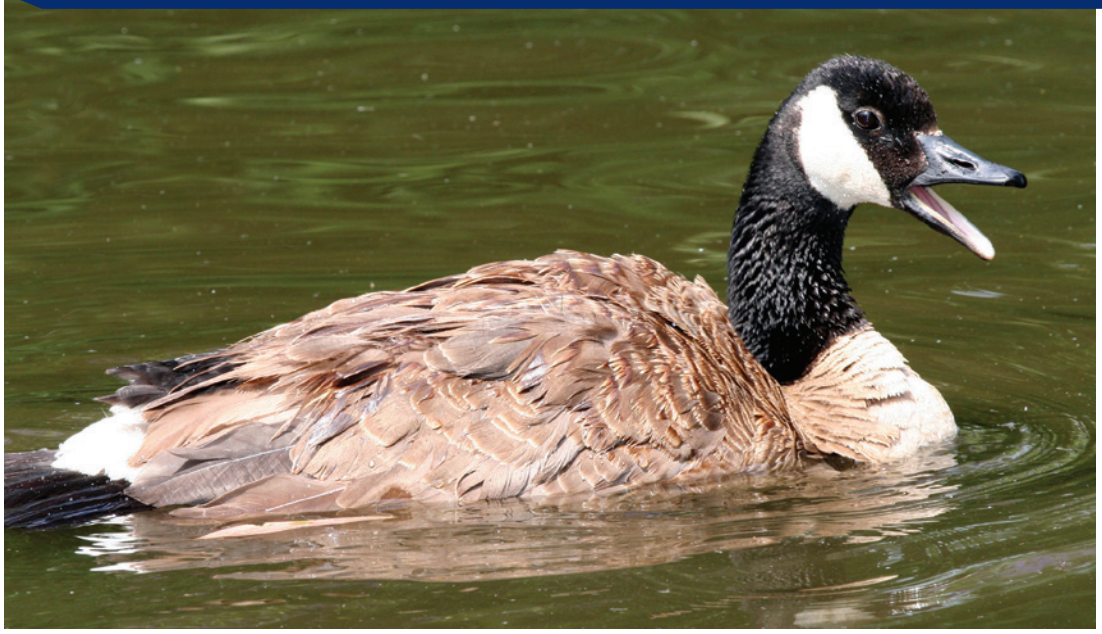
"The media is increasingly open to covering and engaging companies on corporate responsibility issues, something lots of newspapers have been sceptical about for years," says Peter Stiff, business reporter for the Times.

Stiff explains that the scepticism has been because companies say they are doing a lot but they don't really illustrate why it matters. "However, the more savvy companies are really doing the things they say they'll do and they are able to communicate why that is important for them," Stiff says.

He points to a recent example when Kraft-Cadbury took journalists on a trip to Ghana to communicate what they were doing there for the local community and why they were doing it.

Hugh Williamson, Europe news editor at the Financial Times, says email alerts and weekly and monthly round-ups are useful for journalists as they don't have time to check out all the websites.

And the media is more likely to be engaged if the sustainability story of the company is credible and impactful. Williamson says: "We would also look at how different the new CSR initiative is, how substantial the initiative is, how long term it is, what sort of alleged benefits it offers to stakeholders and how independently the programme is monitored." ■



MICHAEL ELLIOTT/DREAMSTIME.COM

Consumer engagement

Daring to talk the talk

By Oliver Balch

Modern media can help companies talk directly and honestly with customers about their sustainability credentials. It can prove a high-wire act

It all began with an "ah-ha!" moment, sparked by a short video about a sustainable cotton collective in Europe.

What grabbed Rick Ridgeway's attention wasn't the slick production or clever graphics. The film had neither. It was the voices. They weren't corporate. Nor were they entirely positive. Instead, they heralded from cotton growers themselves.

The experience triggered a question in the mind of Ridgeway, vice-president for communications and environmental initiatives at the US outdoor clothing company Patagonia.

He says: "What if we created a website for our customers that allowed them to tour our supply chain themselves through videos, slideshows and other multimedia?"

Finding a way to engage its wide customer base in issues related to sustainability wasn't new for Patagonia. Previously it had invested heavily in putting together a corporate responsibility report along traditional lines.

But the report got shelved. Why? Ridgeway felt uncomfortable with it. One-way communication, he states, carries the implication of being "less than completely transparent".

"Companies are explaining everything that they do well. There's an element of posing," he says.

Instead, Patagonia followed up on Ridgeway's hunch. The result is the Footprint Chronicles, an interactive website that traces the impacts of the company's products throughout the company's value chain.

Web users can immediately access text and video footage from suppliers and other interested parties. The site has been a runaway success with consumers and the general public – two constituencies who would never go near an orthodox corporate responsibility report.

Go where the audience is

The benefits of going beyond the "usual suspects" on sustainability issues and engaging a wider set of stakeholders are manifold. Get it right and a brand's profile and sales can skyrocket. From a sustainability perspective, it means more people out there are beginning to "get it". Yet genuine engagement is tricky. Recent years have seen a flood of experiments by corporations, and few seem to nail it.

> ***"Our job is to make something like deforestation accessible to non-specialists"***
> Graham McWilliam, BSkyB

Start with the basics. Where are people already talking and what are they discussing? How are they engaging and why? Is it entertainment, social interaction, filling time, averting boredom?

The answers to some of those questions led US footwear company Timberland to launch its Earthkeepers Network a couple of years ago. The initiative has multiple strands to it. A blog forms the anchor. The company posts its own environmental activities as well as what "really jazzes" its employees.

However, when it comes to sparking genuine interaction with the public, the Earthkeepers campaign has found more success with social media formats such as YouTube, Twitter and Facebook. The latter saw membership jump to 175,000 users in six months, five times what Timberland predicted.

"We were doing wonderful things around environmental activism but we found ourselves talking to the proverbial choir," explains Margaret Morey-Reuner, senior manager for values marketing.

"In order for us to break out of this mindset and reach a broader base … we realised we had to go where the dialogue was," she adds. In this particular case, that meant social media.

A word of warning, however. Neither sustainability as a theme, nor social media as a communications format, mean the old rules of communication can be ignored. Customers and the public won't be interested just because a company establishes a fancy Facebook account. They need to be won over.

"We try to take the same approach to these sorts of issues as we would engaging people on TV programmes, broadband services and so on," says Graham McWilliam, group director of corporate affairs at media group BSkyB.

In practice, that means being engaging, entertaining and always keeping the intended audience in mind, he says.

Little catches the general audience more than celebrities. And so it was that BSkyB packed off actor Ross Kemp to Brazil to film a documentary about illegal logging. In a similar vein, it sent pop singer Lily Allen to the Amazon to be filmed learning about deforestation.

Neither is an expert, McWilliam admits. But both "cut through" with a non-specialist audience. The stars are learning as they go and the public buys that.

"No one is that interested in listening to a suit," he states. Environmental experts and established campaigners might balk at the fact, but it doesn't make it any less true.

McWilliam is trenchant in his belief that entertainment is as valid an education tool as the next. He says: "Our job is to make something like deforestation accessible to non-specialists. If that means simplifying it, then so be it. We're not embarrassed about doing it in an entertaining way."

Rowland Hill, corporate social responsibility manager at UK retailer Marks & Spencer, backs the call for simple language, saying: "The mainstream audience is very different and inevitably complex concepts have to be simplified."

But he adds an important caveat: "Just because the language is simplified, it still has to be robust."

And there's the rub. Simple language should not translate to simplistic messaging. Get the balance wrong and charges of greenwashing will quickly jump up to bite you.

Credible messaging

To avoid accusations of false advertising, companies obviously need to do what they claim. And McWilliam is not blind to the point. "Clearly what you don't want to happen is when you probe beneath it, you find that it's all hype and no real substance."

Underlying BSkyB's Rainforest Rescue campaign, therefore, is a grassroots programme led by environmental charity WWF. The media giant also produces a detailed annual corporate responsibility review for those who really want the numbers.

"Any good marketer will know that a successful marketing campaign has to both leverage and reinforce the reputational capital of the company," says John Swannick, executive director of the European Academy of Business.

He cites the example of power company EDF. Recent months have seen an ambitious TV advertising campaign around its attempts to green the London Olympics in 2012. As a leading generator of nuclear electricity, the strategy isn't without its risks.

"EDF knew if its own house wasn't in order then attempts to engage the public on the green agenda could easily backfire," Swannick observes. So far, the approach has worked.

The involvement of opinion formers, accreditation providers and credible partners in engagement activities also helps avoid charges of greenwashing.

Again, BSkyB provides a good example. The media group recently organised a series of debates on business's role in sustainability. To do so, it teamed up with the highly respected Royal Society of Arts. Representatives from sources as diverse as international bank HSBC to regional UK brewer Adnams were invited to share their thinking.

Of course, one sure-fire way exists of getting consumers to believe in a company's engagement efforts: be honest.

In an age in which consumers can "ferret out" information about companies, transparency doesn't require bravery, Patagonia's Ridgeway argues. It simply needs common sense.

There are, then, some simple rules for developing an effective and credible strategy.

First, be open: in today's age of transparency, companies need to be upfront with customers and the public about who they are and where they are coming from.

Timberland learned that lesson through its Earthkeepers initiative. Not wanting to be seen as "too preachy", it chose to launch the programme under a sub-brand. Two years on and the company is now integrating Earthkeepers into its global corporate website.

> *Companies need to be upfront with customers and the public about who they are and where they are coming from*

"We learned that you can't hide. You have to say who you are … My advice is to go with your own brand all the time because it cycles back to your brand eventually," Morey-Reuner says.

Second, be ready: again, Timberland's experience is instructive. Get your consumer engagement right and people will come. Possibly in floods.

Timberland had to temporarily backtrack on a tree-planting project initiated through Facebook because of the massive public response. The company only clawed back the confidence of its consumers when its chief executive went online to speak directly to them.

MARKS&SPENCER

Keep the message simple, but credible

The web-chats brought the reforestation work of WWF Nepal to the company's attention. The two are now partners. It's a case of a company using consumer interaction to save its overall consumer engagement strategy – a neat circle.

Lastly, put the onus back on consumers: if companies really want to effect change, they themselves must become more sustainable. But so too must the public at large. Companies should spell out as much.

Sharing platitudes or received wisdom will not spark consumers and the public into action, argues Giles Gibbons, chief executive of consultancy firm Good Business.

"Instead, companies must provide a new piece of information that makes consumers sit up and change," he says.

Take Ariel's "Turn to 30" campaign. Brand owner Procter & Gamble let it be known that using Ariel at 30C would wash clothes just as effectively as at 40C. The response in consumer behaviour was immediate and widespread.

Encouraging two-way dialogue with consumers and the public will get people talking. Genuine engagement needs to achieve more than that. It should promote action too. ■

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