

## The Life and Death of Corporate Social Responsibility

**By Simon Caulkin**

After the agricultural, industrial and computer revolutions, the world is on the brink of a fourth major upheaval – and just as enterprises that created the industrial era were eclipsed by thrusting IT firms, so the banks, computer firms and others that were enabled by the digital comms revolution will be swept away in the resource crises that are already looming over the horizon.

Corporate Social Responsibility is dead. Long live sustainable business. That was the direct and radical message emanating from The Foundation's forum on 26 October on 'CSR: the first step to replacing capitalism or yet more hot air?' one of a series of high-level debates held by the innovation consultancy on the most important subjects of the day.

Is capitalism up to the job? Opinions differ. But one thing seems clear. While old-style CSR is simply irrelevant, buried by the weight and magnitude of world events, among advanced companies it has morphed into something else which has slowly begun to alter the nature of business thinking from within.

Where there was no disagreement was on the need for fresh thinking and urgent action. Thus, green champion Jules Peck's stark picture of a despoiled planet and harried, stressed-out populations was neatly complemented by Richard Gillies' evocation of Marks and Spencer's famous 'Plan A' as a positive corporate reaction to it, while the third speaker, Ramona Liberoff, represented a social enterprise in the shape of Movirtu, an innovative mobile phone outfit that is aimed squarely at bettering the lives of those at the bottom of the pyramid. To that extent, you could argue that 'the interests of tree huggers and rampant capitalists are aligned' in facing up to the challenges, as one participant put it.

Exhibit A in what might be called 'post-CSR' is M&S. It's Plan A (so called because there is no Plan B), explains Gillies, director of sustainable business, was born five years ago out of the conviction that CSR, with its overtones of philanthropy and genteel good works by the chairman's wife, was utterly inadequate to confront the 'perfect storm' predicted by chief scientific adviser John Beddington: the need to increase supplies of food, energy and water by a whopping 30 to 50 per cent by 2030 just to stand still. For a company that makes a living selling food and clothing (cotton is its major raw material) that's a daunting prospect.

'We're seeing the signals from the future,' says Gillies. 'If you look at the biggest companies in the world by capital value now, many of them were born in the last revolution, they're banks and they're IT companies. The ones just behind that were those born in the industrial revolution – retailers and big engineering companies. So if we're about to go through another revolution, what kind of businesses are going to be in existence in 10 years' time' – businesses that can square the circle of providing goods and services for an aspiring population within responsible resource constraints?'

M&S aims to decouple its growth from its environmental footprint. Plan A is a lengthening step in that direction. So far the company has reduced its energy and packaging by 25 per cent, cut waste by 40 per cent, and eliminated recourse to landfill. All fish and nearly all wood, paper and packaging is sustainably sourced. It is introducing hydrogen-powered fork lift trucks. Way beyond CSR, this is 'a key part of fundamentally redeveloping and representing and recreating our business'.

Liberoff is also looking forward. Movirtu, which is using the cloud to put mobile telephony within reach of

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*Richard Gillies, M&S'  
Director of Plan A, CSR,  
Sustainable Business &  
M&S Energy*

the 2bn people in the world who can't afford a handset, has a dual purpose: proving to telcos that there is a market for mobile among the world's poorest, and in so doing putting an extra \$5-6 a month, equivalent to a couple of days' pay, in the pockets of subscribers through better information. It's a social

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*Ramona Liberoff, Head of Marketing, Strategy & Planning at Movirtu*

enterprise, but for profit, because it reckons that by attracting for example venture capital it can maximise social impact. This, says Liberoff, makes nonsense of traditional notions of CSR distinct from business. ‘My observation from working with [multinationals in Africa and India], whether they are mobile operators or other businesses, is they just don't see a distinction’, she says. ‘There is no boundary between corporate social responsibility and business, it is business.’ The Tata Group in India, PesiCo, where an Indian-born woman chief executive is shifting the group towards more sustaining and sustainable products, and even giant resources and mining group Rio Tinto, are examples of organisations that aspire to be do-gooders and profitable businesses at the same time. It may be that only companies can mobilise resources and energy fast enough to make a difference here.

Progress? Up to a point, says Peck. ‘We're killing the planet, we're in overshoot,’ he declares. ‘You wouldn't run a company like we're running the planet. You wouldn't live off the capital and the interest, you'd be fired pretty soon’. He reels off the figures: for the world's population to achieve British standards of living would require the resources of three planets, US standards five. Here's another way of putting it. Every global dollar of economic production equates to 768 grams of CO<sub>2</sub>. To bring the world's population of 9bn up to acceptable living standards by 2050 without exceeding a 450 parts per million carbon target (far too high, according to many), the CO<sub>2</sub> count per dollar of production would have to plunge to 6 grams. This is a mighty ask, for which even decoupling may not be enough – more likely a halt to macro-growth, period, and even ‘a reverse gear in the rich world, because we've already used way beyond our fair share of planetary resources’.

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Paradoxically, however, there's the gleam of a silver lining (if that's the right expression) here. All the evidence is that beyond a certain point the pursuit of wealth (and particularly highly unequal wealth, as in the US and UK) does not bring greater wellbeing, in fact on some measures (levels of depression, stress, divorce, drug abuse) the reverse. Since material growth and happiness have already become decoupled, it should be possible to rein in the former without harming, and possibly even enhancing, the latter. Theoretically, too, a capitalist economy with zero growth is not impossible – ‘so it's all possible, we just need to radically engineer the economic paradigm we live in’.

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This sounds like a tall order – and it is. But it's not time to give up hope. After all this is exactly the challenge that companies like M&S know they have to meet if they are to survive the fourth revolution. ‘There is a perception today that value equals volume,’ Gillies says. ‘We sell value, so what we need to do is redefine value and create sustainable goods and services, not that people are going to be told to have or forced to have because the planet is falling round their ears: but that we inspire them to have.’ Both Gillies and Liberoff note the power of the vision to inspire people both in and outside the company: Movirtu, notes Liberoff, is ‘flooded with interns wanting to work with us, and I don't think it's because we offer a particularly delightful working

environment. It's much more the idea that you can do something good, you can profit and step lightly while doing so.' Adds Gillies: 'People are passionate about this stuff. If you can connect what they believe in their hearts with what they've got in their heads and their business training, you get some fantastic responses'.

Peck, meanwhile, is focused on a four-stage innovation process which aims to get companies, including some major multinationals, to rethink their products to 'maximise wellbeing per unit of planetary input' – a measure to put at the heart of an updated capitalism. Are we doing enough? No – and Peck for one argues forcefully that governments need to stop dithering and set ground rules incentivise innovation here. But you have to start somewhere. Says Gillies: 'It's a journey that goes step by step... If I just give people the Beddington picture and then they go back to the KPIs, the metrics, the targets, they won't do anything. But I remind them that five years on we have no waste going to landfill, our own plastic waste makes our carrier bags, we have no fish from uncertified sources, and then you start to move. How will it end up? I don't know, I'll tell you when we get there. But we've got to start now'.

### The Foundation's view

We saw three main points arise out of this discussion.

The first is that changing our approach to business, society and the environment is non-negotiable. The increasing pressure on resources and the planet requires us to not only look at how business impacts the environment but also to change the nature of business from the inside out.

This may feel like an uphill struggle, but the second point we heard, loudly and clearly, is that the pressure to change is an opportunity, and this opportunity dwarfs the threat of doing nothing. We shouldn't think that being a good corporate citizen means compromising the bottom line. As M&S has shown, CSR can be about value creation not corporate philanthropy. Applying sustainable principles can not only improve relationships with customers, stakeholders and suppliers but as Movirtu shows it can create new markets and uncover new ways of doing things.

Thirdly, each of our speakers showed how big goals can be achieved through small steps and that taking responsibility for the ways in which a company impacts on society needn't require a major organisational change. A shift in social conscience can have a positive impact on the daily activities of employees and customers – in the words of another famous retailer, every little helps.