SOCIALLY RESPONSIBLE BUSINESS 101: DEVELOPING YOUR CSR STRATEGY
Corporate Social Responsibility (CSR) sounds like something big business must grapple with—after all—“corporate” and “responsibility” are in the title. But, CSR is simple: It’s a reflection of what a company believes, expressed by how it impacts its stakeholders, internally and externally.

**THIS TOOLKIT OUTLINES A STRATEGY FOR YOUR COMPANY TO IMPROVE ITS BOTTOM LINE WHILE IMPROVING THE COMMUNITY.**

As a small or mid-sized business, corporate may not speak to you, but what about developing and maintaining good, mutually beneficial relationships? Let’s think of CSR as Company Stakeholder Relationships. After all, those relationships with your company’s unique combination of stakeholders is what CSR is all about.

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According to a new study\(^1\) by Cone Communications, consumers expect companies to do more than turn a profit, and their definition of what it means to be a responsible company is expanding. Eighty-six percent of U.S. consumers expect companies to act on social, environmental or other community issues and 76 percent refuse to purchase a company’s products or services upon learning it supported an issue contrary to their beliefs.\(^2\)

Workforce demographics matter. Consider this: millennials are currently the largest segment of the workforce and are projected to make up a whopping 75 percent of all workers by 2025. Nearly eight in 10 Millennials consider CSR when deciding where to work, according to SCORE.\(^3\) If you want to keep pace with employee expectations, it’s time to consider your CSR strategy.

Defining Strategic CSR

According to Project ROI,\(^4\) a well-designed CSR program can increase employee engagement (7.5 percent), increase employee productivity (13 percent), reduce employee turnover (50 percent) and increase revenue by as much as 20 percent. The theory behind strategic CSR is to balance the interests of all company stakeholders to ensure that one of them doesn’t upset the apple cart. All stakeholders should be treated in a way that encourages them to invest their time, energy, money and creativity in building better and deeper relationships with the company. It’s called stakeholder engagement.

Entrepreneurs and business owners who integrate a CSR strategy from the start demonstrate higher profits, less turnover and greater consumer satisfaction than companies that don’t. Put another way, without good relationships, firms cannot grow.

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\(^1\) http://www.conecomm.com/research-blog/2017-csr-study


\(^3\) https://www.score.org/resource/infographic-small-business-corporate-social-responsibility-csr

\(^4\) http://projectroi.com/
Benefits of Strategic CSR

A well-defined CSR strategy that is implemented, maintained and modified over time will produce benefits to nearly all company stakeholders, not the least of which is being able to successfully sustain your business over a long period of time.

- **EMPLOYEE MOTIVATION**: Involving your workforce in CSR produces some of the greatest benefits. Engaged employees are more productive, less absent, report higher job satisfaction, recommend their employer, find it easier to promote and endorse the business and have higher retention rates. CSR is also a powerful recruitment tool. Faced with similar job offers, **76 percent would choose the more socially responsible firm**.5

- **REPUTATION AND TRUST**: CSR builds goodwill in the community and reduces risk to your operations. It also improves product image, brand name and bolsters your company’s reputation as a thought leader in the community. Proactive and transparent communication about your CSR efforts increases trust and provides opportunities for positive recognition.

- **CUSTOMER SATISFACTION**: Customers are looking for companies that minimize environmental and social risks and contribute to their quality of life. CSR programs give companies competitive advantages such as increased customer loyalty, more favorable ratings and unsolicited public and private endorsements.

- **ATTRACTION CAPITAL**: CSR initiatives and transparent communications signal good management and a quality workplace, providing potential for new sources of investment capital. Investment firms report greater numbers of socially conscious investors asking for CSR reports and position statements from publicly traded companies. One out of every six dollars managed professionally in the U.S. today is invested using a sustainable and responsible investment (SRI) strategy.6

- **COMMUNITY ENGAGEMENT**: Being an active member of the community allows your company to stand out as a good corporate citizen, showing that you want to be part of the solution. Smart company managers foster relationships with key community leaders and are aware of local issues and sensitive to community concerns. In the eyes of the broader community, it’s important to stand for something more than company profits. Protecting your company’s social license to operate is easier to maintain than to lose and try to regain.

- **ENVIRONMENTAL IMPACTS**: A CSR plan can help you manage your company’s environmental footprint in order to reduce negative impacts to the planet. Companies can manage significant environmental risks by investigating relevant topics and monitoring environmental issues. Consider local, state and national laws; regulations; and written and spoken agreements as it relates to your CSR initiatives. At the very least, every office can establish sustainability practices.

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6 https://www.kiplinger.com/article/investing/T041-C009-5002-7-great-socially-responsible-mutual-funds.html

“We are taking our company values off the wall and getting it into people’s hearts.”

—Bob Chapman, CEO of Barry-Wehmiller and author of Everybody Matters

76% Faced with similar job offers **WOULD CHOOSE** the more **SOCIALLY RESPONSIBLE FIRM**.
CSR STRATEGY TOOLKIT

The guidelines and questions that follow will help your company establish, review or revise your CSR strategy to accomplish your goals. Use the following questions to develop a profile for each stakeholder group. Be candid in your responses so you can establish authentic company stakeholder relationships, the foundation of a strategic CSR plan.

PART 1: YOUR COMPANY

The most important aspect of building a CSR program is to ensure that it aligns with your company’s values. Before you begin brainstorming your ideas or strategy, consider your company’s vision, values and philosophies pertaining to CSR and how it will allow you to align policies and strategies for the company overall.

• DEFINE YOUR CORE COMPETENCY:
  + What do you do, sell, create or provide?
  + What are your strengths?
  + What are your weaknesses?
  + If you haven’t yet, conduct a SWOT analysis.⁷

• LIST YOUR COMPANY VALUES:
  Whether a policy has been written or certain behaviors are simply implied, your answers should indicate how we do things around here. Be real. Do not list aspirational goals from your website if they do not accurately represent how you work.

• COMPETITION:
  + Who are your competitors?
  + What do they have that your company doesn’t?
  + Are you aware of your competitors’ CSR strategies?
  + What sets your company apart (good or bad)?

• VISION STATEMENT FOR YOUR CSR STRATEGY:
  + What do you hope to accomplish?
  + What will the focus be—improving employee engagement, recruitment and retention, greater customer loyalty, strengthening company brand and marketing, improving your environmental footprint, managing risks that may impact your business or enhancing your reputation and building stronger community relationships?
  + Will it be focused on the founder’s story, highlighting your company’s entrepreneurial spirit or stories that set you apart from your competition?

• ARTICULATE YOUR CSR GOALS:
  + How do you define success?
  + How will you measure success?
  + What data needs to be collected to measure outcomes?

• LIST PAST COMPANY EFFORTS:
  + What have you done in the past?
  + What worked? What didn’t?
  + What needs to be changed to fit your new model of success going forward?

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ADVICE FROM A B:CIVIC MEMBER:

“Pick a cause you’re passionate about and just do it. Don’t overthink it—don’t over analyze it. If you need to start off small, great – do it small. Every dollar or bit of time helps—it goes a long way.”

—Adam Odoski, Good River Beer

⁷ https://en.wikipedia.org/wiki/SWOT_analysis
PART 2: YOUR STAKEHOLDERS

Stakeholders include all the people who are impacted by your business. The goal of effective CSR is to build strong mutually beneficial relationships with each stakeholder group. According to Conscious Capitalism, every organization has at least the following six core stakeholder groups:

- **CUSTOMERS**: The more value you can create for your customers, the more likely they are to be loyal and promote your company.

- **EMPLOYEES**: Employees want meaningful work. They respond to recognition and appreciation for performing the duties assigned to them. Engaged employees are more satisfied with their jobs, are more productive and perform higher quality work. Engaged employees take better care of other stakeholders too.

- **SUPPLIERS**: Rather than shrewdly negotiating lower prices, do what you can to help your suppliers achieve success in their own endeavors as it pays off in preferred treatment, faster service with increased collaboration and innovation.

- **COMMUNITY**: Creating value for the community or communities where you do business can pay off in word-of-mouth endorsements, high-profile thanks and acknowledgments and collaborative relationships with businesses, nonprofits and government leaders in your community.

- **ENVIRONMENT**: Nearly every business has some impact to the earth’s environment, and it is your basic responsibility to ensure your company contributes to maintaining clean air and water. The United Nations has identified 17 sustainable development goals, and seven of those are listed as critical global challenges. Creating value for the environment on a local level by ensuring the efficient use of resources provides value now and for future generations.

- **OWNERS**: They expect to make money and should be held accountable for ensuring there is no separation between personal and business ethics.

*Other stakeholder groups may include the government, trade associations, the media, local elected officials, trade unions, regulatory agencies, property owners, nonprofit groups, activists, etc.*

**Stakeholder Questions**

Ideally, business owners and managers will take time to meet with key representatives from each stakeholder group on a regular basis. Remember, stakeholder engagement is about building trust and establishing quality relationships. Here are some sample questions for how to get the conversation going:

**Describe your interactions with our company.**

- How do we compare to others?
- How do we treat you?
- Are we helping you advance your goals?
- What can we do to improve our relationship?
- In your opinion, how are we perceived in the community?
- How would you describe our reputation?
- What is the one thing we should start or stop doing?

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8 Conscious Capitalism: Liberating the Heroic Spirit of Business by John Mackey (Author), Rajendra Sisodia (Author), Bill George (Foreword) 2012
PART 3: YOUR EMPLOYEES

Employees are a key part of your business success. How you treat them and the quality of your relationships have a direct impact on your day-to-day operations.

Recognize that the culture that exists in your workplace has a far greater effect on overall quality of life than we perhaps realize—people spend one-third of their adult waking lives at work. For better or for worse, the sheer volume of time spent at the office impacts us deeply. It’s impossible to leave our personal lives and passions at home when we come to work day in and day out. Ultimately, how our lives overlap and intersect carries great influence.

Questions that should be part of your dialogue with employees include:

- What brought you here?
- What personal goals are you working on?
- What are your career aspirations?
- What are the business challenges you face here at work?
- Is there anything the company can do to assist with those challenges?
- Do you feel we appreciate you for the value you provide?
- What more can we do?

Diversity & Inclusion (D&I):

High-functioning companies have fully engaged employees and a company-wide culture that people are proud of. Creating a culture of inclusion is also smart business, fostering more innovation, employee retention and increasing the bottom line. In fact, companies with more culturally and ethnically diverse executive teams are 33 percent more likely to see better-than-average profits.

- Does your company already have D&I efforts?
- What does your strategy look like currently?
- Do you need to build one?
- How does this effort support your CSR goals?

You should also know what charitable causes your employees care about or are involved in, whether they serve on any boards, are members of a nonprofit or professional association and whether they would be comfortable sharing this information with others in the office.

As you move into developing your CSR strategy, ask employees the following:

- Are you aware of past CSR initiatives?
- If yes, what did you like or not like?
- What areas of interest do you think the company should be engaged in or addressing? Why?
- How much time do you have to participate in CSR efforts each month?
- What do you think would be the most impactful for our business—participating in events, hosting events, fundraising for charitable causes, matching gifts, in-kind giving, dollars for doers, cause marketing, individual volunteering, or group volunteer activities?
- What other ideas do you have?

PART 4: YOUR COMMUNITY

Each community faces unique challenges. For a business to establish an effective CSR program, it must be aware of both the impact the business has on the community and the community’s needs. Consider meeting with local nonprofit executives, elected officials and chambers of commerce to understand your community’s needs.

PART 5: YOUR STRATEGY

Now that you have identified your stakeholder needs and company objectives for CSR, it’s time to bring them together to create your long-term strategy.

STRATEGIES FOR IMPACT—THERE ARE MYRIAD WAYS YOUR COMPANY CAN ENGAGE WITH THE COMMUNITY:

DONATE PRO BONO OR IN-KIND SERVICES — Donate your products or services to help a charity. Nonprofits often need legal, technological, marketing, construction and other services to help them do their work.

CAUSE MARKETING — Your company can generate both sales and goodwill by publicizing the fact that you donate a portion of your sales or products to a cause. This can drive sales and provide valuable funds to an organization or need.

DONATE BENEFITS TO NONPROFITS — If your company has season tickets to a professional sports team, or if you receive gifts as part of your sponsorship of corporate events, consider donating these items to nonprofits. They can often use gifts and event tickets for fundraising auctions.

COMPANY VOLUNTEER PROGRAM — Many companies organize a group volunteer effort. They have found that these build employee morale and teamwork.

EMPLOYEE VOLUNTEER PROGRAM — Encourage your employees to volunteer with a nonprofit organization. Many companies allow employees to use work time (limited to four or eight hours per quarter) to volunteer with a nonprofit organization.

PROMOTE BOARD OR PRO BONO SERVICE — Encourage employees to contribute their skills through board service or skills-based volunteering. Employees can advance and learn new skills by engaging in the community, which benefits both the company and the community.

DONATE MONEY — For many corporations this is the easiest way to contribute to local nonprofit organizations with tax-deductible donations, either through the company, matching employee giving or matching employee volunteer hours with dollars.

SPONSOR NONPROFIT EVENTS — Give money to a nonprofit for sponsoring a program, service or event.

DEVELOP EMPLOYEE LEADERSHIP — Allow employees to take advantage of local leadership training programs to foster civic leadership, build community relations and deepen their understanding of community issues.
Shared Value

Shared value is created when both the company and society benefit through a community partnership forged by your strategies for impact.

+ It enhances your company brand to be aligned with a cause that has a direct correlation to your core business.
+ Alignment with your core product or service allows for clear associations between the company and your outreach efforts, creating greater buy-in from stakeholders.
+ Engaging with an aligned partner or social cause allows for authentic storytelling about your CSR efforts.

Community Involvement

Ongoing stakeholder engagement is a multi-faceted and complex process that’s based on building and maintaining strong relationships with each of your company’s stakeholder groups. Establishing a community involvement program is only one tool in the CSR practitioner’s toolbelt, but it is often the highest profile and can touch multiple stakeholder groups. If you decide to move forward with a community investment program, consider the following questions.

+ What cause or causes will you focus on?
+ How many employees do you have and how will they be involved?
+ Who is going to manage the CSR program? If you have more than one office location, will you need program ambassadors in each location?
+ What resources will the company provide? How can the company provide a benefit to your community partnership?

Metrics

Once you have identified your strategy and goals, it’s time to develop a framework for the metrics you will use to determine the programs’ impacts, accomplishments and outcomes.

+ What data do you need to collect to demonstrate your success?
+ Will the data be internal or external?
+ Are you planning to share this information publicly?

To evaluate the process, how will you determine if your program is successful?

+ Did it impact the intended audience?
+ Is your shared value program effective?
+ Are there positive outcomes?

And finally, what difference does your shared value program make?
PART 6: BUDGET AND RESOURCES

Establishing a budget and program coordination is essential for staff to understand the scope of what you are trying to accomplish, and it helps manage expectations in the community.

How will your CSR budget be determined?

Some companies set aside a percentage of net profits, or build it into their budget, while other companies base it off number of employees participating or partnerships.

A cash grant or charitable giving budget may be based on a percentage of pre-tax profits, production goals or an annual dollar amount determined by leadership. The company may invite employees to contribute to a fund and match the money raised. Employees may set aside a dollar amount from each paycheck to create a charitable fund and elect employee representatives to oversee its allocation.

It’s time to put your written goals and plans into action. Identify one or two initiatives that are the highest priority for your company to focus on for the next six to 12 months and put your energy there. Review all of your stakeholder relationships at least once a year, and that includes every community partnership and charitable grant made.

It takes time to earn the trust and buy-in from your employees and other stakeholders. Remember that truly successful programs build win-win partnerships over time.

Communication

Communicating about your CSR programs is essential to building your reputation as an employer, partner and provider of choice. How will the community, potential customers or employees know about your CSR efforts if you don’t document and communicate them? Effective communication is what unlocks the value.

Pace yourself and the program. Set your company up for success by starting out small and keeping it simple. It’s better to implement one change and do it well, rather than launch ten new initiatives and delivery poorly on all of them.
THIS TOOLKIT IS PROVIDED BY B:CIVIC AND CSR SOLUTIONS OF COLORADO, A PARTNERSHIP OF COMMUNITY SHARES AND SPARK THE CHANGE COLORADO.

B:CIVIC: A partner of the Denver Metro Chamber Leadership Foundation, B:CIVIC is a membership organization for companies who believe doing good is good for business. Whether developing a strategy from the start or taking an existing program to the next level, we accelerate business for good by building connections, sharing expertise and inspiring action that makes Colorado stronger. Learn more at bcivic.org.

CSR SOLUTIONS OF COLORADO: A partnership of Community Shares and Spark the Change, CSR Solutions provides a suite of cost-effective products and services to make it easy for workplaces large and small to build and grow their CSR strategies through volunteer engagement, philanthropic impact and community reputation. Learn more at csrsolutionsco.org.

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