**Interview: Professor David Grayson**  
**Corporate Social Opportunity!**

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<th>SM</th>
<th>David, I would like to ask you first of all, why Corporate Social Opportunity and why now?</th>
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<td>DG</td>
<td>Well, part of our belief has been for some time that too many businesses and too many business leaders think of corporate responsibility as a burden, something that they have to do and so they think of it only as about risk minimisation – how do we reduce the risk of reputational damage from a consumer boycott of our company, or how do we avoid or minimise the risks coming from an NGO campaign against something to do with our business around the world. Now that is part of the driver for increased interests in businesses around the world in corporate responsibility, but it’s only a part of it. And we believe passionately that if you are really going to get many more businesses to take this much more seriously, you have got to change the mindset away from just thinking about risk minimisation to emphasising opportunity maximisation. Most great businesses have been built because of entrepreneurial drive and creativity and ingenuity and if you could harness that I think you will get a lot more progress in terms of businesses really being able to make more effective their commitment to be a responsible business.</td>
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<td>So how does this change from – you know, we have always had in the UK and in the States and so on, very paternal employers like Cadburys and so on, what has changed from then?</td>
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<td>DG</td>
<td>Oh, I think a whole variety of factors, particularly since the fall of the Berlin Wall and the end of the Communist regimes we have seen a remarkable progress in terms of the liberalisation of markets, the privatisation that many businesses and many sectors in many parts of the world and the consequent globalisation, and so many more businesses are now running activities that were previously in the hands of the state or state enterprises. Business is undoubtedly much more centre stage around the world and that means that many more of us are legitimately interested in how does business conduct itself? How does the company treat its employees? Is it responsible in its marketing? What is happening in its supply chain? What kind of environmental footprint is it having as a company? Those are all legitimate questions and add to that… when I talk to many business leaders, probably the single biggest driver is that they say how employees want to work for a responsible company, and it is particularly many of the most talented younger employees who expect decent pay,</td>
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Professor David Grayson

SM Interesting. One of the very interesting things about your book is that you define very clearly, and I see that’s in the subheading – Seven Steps to Make Corporate Responsibility Work for Your Business. So can I take you through those seven steps – I mean, it would be helpful first to say, how did you arrive at the seven steps?

DG Well it wasn’t a huge long twenty year study of hundreds of companies – it was much more based on our experience. Adrian is the Managing Director of the International Business Leaders Forum, I had been working for many years with Business in the Community, both business led coalitions, championing the idea of responsible business and so our book was based very much on our experience working with many companies. What we were trying to do, was to get across the importance of corporate responsibility being something which is not just a bolt-on to business operations, but something which is built in to business purpose and strategy and getting that kind of embedding of the commitment to be a responsible business we think is absolutely fundamental to a business really being able to get traction with these commitments. The seven steps are what we think are the key things which a company needs to do. It starts typically with some kind of trigger, which may be a new CEO coming into post who says so what really is our commitment around sustainability? It may be the result of a new international stock exchange listing, or it might be that the trigger is coming from some institutional investors – for instance the Carbon Disclosure Project with some of the world’s biggest institutional investors asking questions about CO₂ emissions. Then the second step is to scope what are the most important priorities for action in terms of responsible business in my business, because if you are in the IT sector, some of the most compelling issues will be different to those facing an extractive business or a bank. The third step we believe is to make the business case. Very often people think – oh, we don’t want to do these things that you talk about David in terms of corporate responsibility and sustainability because it’s going to cost us too much – that is the wrong mindset again. It shouldn’t be seen as being a cost. You should be able to make a business case for many of the things that we are talking about. The fourth
step is then committing to action, having the right kind of leadership for responsible business – a leadership which is credible in talking about these issues, both internally and externally to the business. Having effective governance of the commitments around responsible business – that may be a board committee, it may be having a lead non exec director taking charge of these questions. Linking the responsible business commitments back to the values of the business and making sure that those values then are used in recruitment of new staff, in induction and training, increasingly also for compensation packages. The fifth step is then gathering the resources and integrating these commitments through each business function – so what are the implications for marketing? What are the implications for purchasing? How does the commitment to being a responsible business then feed through to human resources, to logistics and so on? The sixth step is about engaging stakeholders. In practice of course you had to engage with stakeholders to really understand the priorities for the business in terms of corporate responsibility, the business case relates back to engaging stakeholders and so on. But there are increasingly techniques that can be used to not just manage your relations with your employees or your customers or with external NGOs, but to engage them in ways that make sure that they start to make proposals to you for new sustainability opportunities. And then the seventh step is about measuring and reporting, and using the data that you are getting about the progress that you are making to be the trigger to renew, so that it becomes a circular process. Now that is not a neat kind of linear process in practice. What we try to do is to break out the key components in a way that a busy manager would be able to relate to and understand, but in practice of course you may be one step in a certain part of the business, you may be further back at another part of the business.

| SM | I mean, there must be many people that would say well, this is all very well – it sounds fine, but how actually do you get started on this. This isn’t as easy as you are saying David? |
| DG | Well, I am not suggesting it is easy anyway, but equally it is not as hard as a lot of people fear it is going to be and so first off I would say to any manager listening to this podcast, in practice in your business or in your organisation, you will already be doing lots of things which many of us call responsible business and being more concerned with sustainability, but you may not be labelling them as such – and that is fine, much better to be doing them than what you call it. But in practice you already will have some experience in the organisation, somewhere. You will certainly have some people in the organisation who will be passionate about the environment, who will be deeply concerned about climate change – they be involved already in an NGO working on environmental |

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issues, campaigning on those themes, so tap into their knowledge and their passion and enthusiasm – get their suggestions for how the organisation can improve on that issue. You will already be doing all kinds of stakeholder surveys, you will be doing employee surveys, you will certainly constantly be doing market research with new and existing customers. So they often find a lot of information just by looking at some of the results of those surveys in a different way, interrogating the survey raw material in a different way, or you may want to add a few extra questions on, to some focus group discussions for instance to start to get some ideas and some suggestions. You do what you do in any other part of the business in terms of looking to see what are our competitors doing? What are the businesses that we most admire and want to emulate – how would we benchmark our performance as a responsible business against some of those other companies? So there are some tangible things to get started to give you confidence that we can indeed do this in ways that make sound business sense because I am not asking a busy manager to do anything which is not in the long term interests of a more sustainably profitable business.

SM

I would be interested to hear about some examples where the kind of practices that you have suggested have actually been put into practice and you can say well I can see progress – what are the fears that some managers would have of saying well, this is all very well preaching these kinds of things, but in practice it doesn't always work out like that?

DG

The theory may be great, but what about the practice? Well, I think the exciting thing Steve is that you are now seeing many more seriously successful businesses who are embedding commitments to responsible business and sustainability in the way they do business. Just look at plan A with Marks and Spencer – absolutely integral to the Marks and Spencer growth strategy are their commitments in Plan A around climate change, around healthy eating, around work-life balance for their employees, around sustainable products – things like only buying sustainably fished stock and so on. And that has been the product of understanding marketplace shifts, of doing the kind of things I am talking about in terms of going into the marketplace, looking at what the opportunities are in the business and then having a five year commitment in that case, through Plan A, with a series of measurable targets with intermediate steps, to be able to report on progress to different stakeholders, but all the time linked right back into the business strategy. So in the case of Marks and Spencer for instance, when I talk about having good governance of your commitments to corporate responsibility, they have a board level committee to oversee their commitments around corporate
responsibility, but they call it now The Way We Do Business Committee, because it is so totally integrated.

SM

Interesting. You probably won’t want to talk about this, but are there any examples that you have spotted where people really haven’t gone about it the right way or people have started off with good intentions and somehow it hasn’t worked out?

DG

Well, I think that you can see businesses that are the subject of some of the NGO boycott campaigns around the world who have not really understood these heightened expectations from employees and from consumers, who then as a result see campaigns being run against them by different stakeholders. So, I think the cost of getting it wrong is now increasing as well as the opportunities of getting it right is increasing.

SM

So, I mean, certainly one of the things that I can see, is that things are stepping up in terms of progress. I mean, if you were to write edition two of this book what sort of things would you put in now that you didn’t put in the first time?

DG

Well, first off and I was only having this conversation a few hours ago with my co-author, we agreed that the basic framework, we think, has stood already the test of time. So the basic structure we would still keep. The good news is that if we were to be doing a second edition, we could put a lot more practical examples of more different companies, in more different sectors, in more different markets around the world who are embedding a commitment to responsible business – so moving it from the bolt-on to business operations, to being built into business purpose and strategy. In retrospect we would give more emphasis to the link back to values, we would give more emphasis to the need for constant communication by leaders, both to their own people inside their organisation, but externally – explaining what is the purpose of business, why to be a responsible business and how that commitment to corporate responsibility leads to the company doing things in different ways and what that means for each individual employee’s tasks. So, we would give more emphasis, I think, in that area. I think, also we would certainly be giving more emphasis now to the opportunities that the commitment to sustainability gives you as being a new source of marketplace insight, leading to new innovation and to new products and services, which of course was the original thrust of the book, but we are now seeing more hard evidence of companies that are in fact now developing new products and services – whether it is Jeffrey Immelt in GE with Eco Imagination or whether it is with a lot of the banks now offering all kinds of green financial services and
Professor David Grayson

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<th>I very much look forward to coming back in a few years time and seeing where we make progress in the future. So David Grayson, thank you very much, it’s been very fascinating.</th>
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<td>DG</td>
<td>Thank you.</td>
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Transcript prepared by Learning Services for the Knowledge Interchange

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