Table of Contents
Introduction: From Margins to Mainstream
Chapter 1. Next Generation Corporate Citizenship

PART I: A MOVEMENT AFOOT
Chapter 2. Business and Society: A View from the Top
Chapter 3. From Good to “Best of the Good”
Chapter 4. New Rules for Business Success
Chapter 5. Stages of Corporate Citizenship

PART II: REPURPOSING THE ENTERPRISE
Chapter 6. Defining What Matters
Chapter 7. Taking an Integrated, Strategic Approach
Chapter 8. Leading Next-Generation Companies
Chapter 9. Engaging Employees as Citizens

PART III: PUTTING CITIZENSHIP TO WORK
Chapter 10. Integrating Citizenship into the Business
Chapter 11. Taking Citizenship to Market
Chapter 12. Co-Creating Value for Business and Society

Conclusion: Can Business Step Up?
Social Contract: Late 20th Century

- **Public Sector**
  - Set laws
  - Supply social services
  - Redistribute wealth

- **Competitive Context**
  - Social Welfare
  - Public Policy

- **Private Sector**
  - Pay taxes
  - Obey Laws
  - Provide employment & benefits
  - Philanthropy

- **NGO’s Civil Society**
  - Fill in cracks in social services
New Social Contract
Business and NGOs as Central Players

Pay taxes, Obey laws
Employ people help solve social challenges act responsibly

Deregulation, downsizing. Contract social services redistribute wealth

Be a partner in social service delivery Be accountable

Public Sector
Competitive Context
Social Welfare
Public Policy

Private Sector

NGO's
Civil Society
Stages of Corporate Citizenship

Philip Mirvis & Brad Googins
## Stages of Corporate Citizenship

<table>
<thead>
<tr>
<th>Citizenship Concept</th>
<th>Stage 1: Compliant</th>
<th>Stage 2: Engaged</th>
<th>Stage 3: Innovative</th>
<th>Stage 4: Integrated</th>
<th>Stage 5: Transforming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs, Profits &amp; Taxes</td>
<td>Philanthropy, Environmental Protection</td>
<td>Stakeholder Management</td>
<td>Sustainability or Triple Bottom Line</td>
<td>Change the Game: Business in Society</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Intent</th>
<th>Legal Compliance</th>
<th>Reputation</th>
<th>Business case</th>
<th>Value Proposition</th>
<th>Market Creation or Social Change</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Lip Service, Out of Touch</th>
<th>Supporter, In the Loop</th>
<th>Steward, On Top of It</th>
<th>Champion, In Front of It</th>
<th>Visionary, Ahead of the Pack</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Structure</th>
<th>Marginal: Staff driven</th>
<th>Functional Ownership</th>
<th>Cross-Functional Coordination</th>
<th>Organizational Alignment</th>
<th>Mainstream: Business Driven</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Issues Management</th>
<th>Defensive</th>
<th>Reactive, Policies</th>
<th>Responsive, Programs</th>
<th>Pro-Active, Systems</th>
<th>Defining</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Stakeholder Relationships</th>
<th>Unilateral</th>
<th>Interactive</th>
<th>Mutual Influence</th>
<th>Partnership Alliance</th>
<th>Multi-Organizations</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Transparency</th>
<th>Flank Protection</th>
<th>Public Relations</th>
<th>Public Reporting</th>
<th>Assurance</th>
<th>Full Exposure</th>
</tr>
</thead>
</table>
"A CEO’s primary social responsibility is to assure the financial success of the company. Only a healthy, winning company has the resources and capability to do the right thing."

Jack Welch  
Former CEO,  
General Electric
<table>
<thead>
<tr>
<th>Stage 2</th>
<th>Engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concept</strong></td>
<td>Philanthropy</td>
</tr>
<tr>
<td></td>
<td>Protect Environment</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>License to Operate</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Supporter</td>
</tr>
<tr>
<td></td>
<td>In the Loop</td>
</tr>
<tr>
<td><strong>Organization Structure</strong></td>
<td>Functional Ownership</td>
</tr>
<tr>
<td><strong>Issues Mgmt</strong></td>
<td>Reactive, Policies</td>
</tr>
<tr>
<td><strong>Stakeholder Relationships</strong></td>
<td>Interactive</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Public Relations</td>
</tr>
</tbody>
</table>

Shell Oil: Mid-1990’s Brent Spar Incident:

Fell short of society’s changed expectations, and as a result:

- Defined a New set of Business Principles (Concept and Leadership)
- New level of engagement with NGOs (Stakeholder Relations)
- Defined new environmental policies (Issues management)
- Began process of internal assessment and reporting (Transparency)
How Responsibility Can Shift

“The Only Lifeline Was The Wal-Mart”
Oct. 3, 2005 - “An operation that could teach FEMA a thing or two”

Wal-Mart Aid Outpaced Some Federal Efforts
Sept. 9, 2005 - “Wal-Mart was able to get essential supplies to rural parishes in Louisiana before FEMA or the Red Cross arrived.

What Can Wal-Mart Teach FEMA About Disaster Response? Many
Major Companies Provided Disaster Relief Faster Than Government Agencies
Sept. 29, 2005 – “But the effort was not organized by any government agency. It was happening at Wal-Mart's company headquarters…”
## Stage 3 Innovative

<table>
<thead>
<tr>
<th></th>
<th>Innovative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept</td>
<td>Stakeholder Management</td>
</tr>
<tr>
<td>Strategy</td>
<td>Business Case</td>
</tr>
<tr>
<td>Leadership</td>
<td>Steward</td>
</tr>
<tr>
<td></td>
<td>On Top if it</td>
</tr>
<tr>
<td>Organization Structure</td>
<td>Cross Functional</td>
</tr>
<tr>
<td>Issues Mgmt</td>
<td>Responsive Programs</td>
</tr>
<tr>
<td>Stakeholder Relationships</td>
<td>Mutual Influence</td>
</tr>
<tr>
<td>Transparency</td>
<td>Public Reporting</td>
</tr>
</tbody>
</table>

![Diagram showing relationships between concepts like Code of Ethics, Supplier Diversity, Financial Review, etc.]

- **Code of Ethics**
- **Supplier Diversity**
- **Financial Review**
- **Community Relations**
- **Foundation**
- **Aboriginal Affairs**
- **Code Signatory**
- **Gov’t Relations**
- **Stakeholder Engagement & Consultation**
- **Total Loss Management System**
- **Diversity**
- **Social Reporting**
- **Life-Cycle Model**
- **Product Stewardship**
- **Communications & Cause Marketing**
<table>
<thead>
<tr>
<th></th>
<th>Integrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept</td>
<td>Sustainability</td>
</tr>
<tr>
<td></td>
<td>Triple Bottom Line</td>
</tr>
<tr>
<td>Strategy</td>
<td>Value Proposition</td>
</tr>
<tr>
<td>Leadership</td>
<td>Champion</td>
</tr>
<tr>
<td></td>
<td>In Front of it</td>
</tr>
<tr>
<td>Organization</td>
<td>Organization</td>
</tr>
<tr>
<td>Structure</td>
<td>Alignment</td>
</tr>
<tr>
<td>Issues Mgmt</td>
<td>Pro-active</td>
</tr>
<tr>
<td></td>
<td>Systems</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Partnership</td>
</tr>
<tr>
<td>Relationships</td>
<td>Alliance</td>
</tr>
<tr>
<td>Transparency</td>
<td>Assurance</td>
</tr>
</tbody>
</table>

**GE is going to make a business out of being green.**

Source: 1. Forbes, August 15, 2005
“Cool Carpet” Product

- Calculate total emissions from carpet life cycle, secure/retire necessary certified Emission Reduction Credits (ERCs) to neutralize impacts.
- Process is third party certified (US: Climate Neutral Network. EUR: Climate Care)
- Since 2003, retired 250,000 metric tonnes of CO2 emissions (equates to 58,000 cars taken off road/year, or over 28 million gallons of gas not consumed).

"Interface is developing real solutions for tackling climate change. Where else can you purchase carpet and improve the climate at the same time?"

Sue Hall Climate Neutral Network
Starbucks: Incorporating Sustainability Into the Supply Chain

CHALLENGE:
How can Starbucks enhance the environment and produce high quality coffee beans?

Nov. 2001, launch of CAFÉ and 2 year pilot phase

Mid-1990s: Coffee identified as a major commodity affecting biodiversity and conservation

February 1998: 3 year partnership with farmers in Chiapas region of Mexico: pilot sourcing program

August 2000: Extension of partnership with CI and scope of responsible sourcing

C.A.F.E. Practices

Source: Harvard Business School Case Study, May 1, 2004
## Stage 5 Transforming

<table>
<thead>
<tr>
<th>Concept</th>
<th>Change the Game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Market Creation</td>
</tr>
<tr>
<td></td>
<td>Social Change</td>
</tr>
<tr>
<td>Leadership</td>
<td>Visionary</td>
</tr>
<tr>
<td></td>
<td>Leading Pack</td>
</tr>
<tr>
<td>Organization</td>
<td>Mainstream</td>
</tr>
<tr>
<td>Structure</td>
<td>Business Driven</td>
</tr>
<tr>
<td>Issues Mgmt</td>
<td>Defining</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Multi</td>
</tr>
<tr>
<td>Relationships</td>
<td>Organization</td>
</tr>
<tr>
<td>Transparency</td>
<td>Full Disclosure</td>
</tr>
</tbody>
</table>

![Seventh Generation Logo](image1)

![Unilever Logo](image2)
Dove Pro-Age Products

New Product Offerings

Consistent focus on “new definition of beauty”

• “...to instill a new attitude in the anti-aging category, from negative and fear-driven to affirmative and hope-driven...

• “...encourage more women to see the potential that lies in their skin and hair...and themselves.”
Dove Campaign for Real Beauty

- Starting point for societal change
- Catalyst for widening the definition and discussion of beauty.
- Established the Dove Self-Esteem Fund to raise awareness of the link between beauty and body-related self-esteem.
- uniquely ME!, partnership with Girl Scouts to build self-confidence in girls 8-14
- Comprehensive survey of women between 15 and 64 in ten countries to explore self-esteem and the impact of beauty ideals on both women’s and girls’ lives.

Source: Campaignforrealbeauty.com
What does the Vitality Mission mean for Unilever?

Entrepreneurial
- Create new businesses, people, assets and competencies

Back to Basics
- Extract more value out of existing people, assets and competencies
- A convergent culture – conform, opportune, plans and predict, re-structure

Transformation
- Creating new value out of existing and new people, assets and capabilities
- A divergent culture – diverse, alchemy, emerge, create, leverage

Growth

1900 – 1985
Entrepreneurial

1985 – 2005
Back to the Core

2006 –
A New Vitality Mission
CSR as Market Opportunity

Attaining sustainable growth through corporate social responsibility
IBM Global Business Services Feb 2008
Development of Corporate Citizenship – ‘Triggers’

5 Stages of Development

1. Credibility
2. Compliance
3. Engagement
4. Innovation
5. Integration

Development “Triggers”

Commitment

Transformation