

Creating Game-Changing CSR

When developing a CSR program a company should:

Taking the Offensive

Every major company would like to be viewed as a world leader in CSR, but BP is one of the few that has succeeded – primarily because the company rejected a defensive CSR game plan and chose to play offense instead. BP first distinguished its approach to CSR on May 19, 1997, when Lord John Browne, group chief executive, gave a speech at Stanford University. Lord Browne raised the issue of global warming – an issue that BP had no need to mention at the time. Today, climate change is seen as a major problem, but nine years ago its significance was far less apparent. Lord Browne announced, however, that BP would not wait for definitive scientific proof, but would take action merely because “the possibility cannot be discounted and is [being] taken seriously.”

The oil and gas industry was shocked by Browne’s unnecessary and risky admission, entrenched as it was in defensive and cosmetic responses. The American Petroleum Institute and other energy companies, such as Exxon-Mobil, denied any responsibility for the problem, used industry-sponsored studies to challenge the scientific evidence, and mounted aggressive media campaigns to sway public sentiment, fighting – as they still are today – against recognition of the issue and mandatory regulation of carbon emissions.

Instead of playing defense, BP had decided to play offense. Browne publicly pledged that, within a decade, BP would reduce carbon emissions from its operations by at least 10 percent below the 1990 baseline, a more aggressive goal than the Kyoto Protocols. He promised that BP would provide annual reports on its progress, verified by independent experts. In fact, BP reached its goal within five years, not 10, reducing emissions by 80 million tons. The company then announced even more aggressive targets: to expand production by 5 percent per year without increasing CO₂ emissions.

BP chose a single issue to address, confronted it squarely before anyone else in its industry, publicly announced quantitative targets with aggressive deadlines, and provided objectively verified annual reports on its progress. Most important, the company delivered on its commitment, surpassing even its own projections. By doing this, BP made a game-changing move, achieved a level of performance above societal expectations, and along the way assumed the mantle of industry leadership in CSR.

The benefits to BP’s reputation have been substantial. In

1.

Pick the right issue. To succeed in solving a significant social problem and enhancing its corporate image, a company needs to find the right problem to solve. It should find a single issue that is important, timely, and leverages the company’s core competencies. An issue such as this is more likely to attract media attention, which will help bolster the company’s reputation. Equally important, an issue that captures media attention will make it easier for the company to engage nonprofits and government agencies and create the sort of cross-sector partnerships that are essential to solving the problem.

2.

Establish concrete goals and report progress. Business stakeholders long ago became jaded with companies’ vague pledges to address social issues. To stand out from the crowd, a company needs to publicly commit to an ambitious and quantifiable goal that goes beyond what is expected, and to provide regular reports on its progress using independent external audits or reviews. A company should set ambitious goals, but it must also deliver the results it promised within a reasonable period of time.

3.

Deploy the company’s key assets. The truly valuable assets that a company has – its products and services, skilled employees, industry expertise, global infrastructure, and its network of connections, credibility, and influence – are rarely tapped for social progress. Yet these company assets are every bit as powerful in solving social problems as they are in creating economic value for the company. Once a company learns to break down internal barriers and integrate its CSR initiatives with its entire value chain, new and more powerful opportunities for solving social problems will arise.

4.

Work in cross-sector partnerships. The term “partnership” in CSR or corporate philanthropy is often used loosely to apply to any relationship between a company and a nonprofit organization or government agency. Often these partnerships are no more than large cash contributions accompanied by joint press releases. The most effective solutions to social problems are those that engage nonprofit, business, and government agencies in cross-sector partnerships where each sector concentrates on what it does best.

GlobeScan’s annual survey of sustainability experts, BP has increasingly distinguished itself from other companies over the past five years. (See Fig. 1, p. 26.) Even though the oil industry is often viewed with disfavor, BP leads the list of *Fortune* magazine’s Global 100 companies on corporate responsibility. Undoubtedly, BP’s generous advertising budget has helped raise awareness of its corporate responsibility, but GlobeScan and *Fortune* both based their ratings on the views of sustainability experts, a tough audience that is much less likely to be influenced by advertising than is the general public.