



BSR Conference 2009
Reset Economy. Reset World.

The Changing Function of the CSR Team in a Reset World

Breakout Session Summary
Wednesday, October 21, 2009 | 9:45-10:45 a.m.

Speakers

- » **Richard Gillies**, Director, Plan A and Sustainable Business, Marks & Spencer (M&S)
- » **Peder Michael Pruzan-Jorgensen**, Managing Director, Europe, BSR (moderator)

Highlights

- » This “reset” has been healthy. The assumption has been that the reset would be a negative force, when, in fact, it has been a healthy motive for sustainability integration.
- » We are currently at a point where sustainability needs to be integrated into the core business structure for both to remain relevant.
- » One function of the CSR team today is to generate an excitement that frees people to explore this new sustainability space.
- » The chance to sustainably meet the needs that customers don’t know they have yet represents new opportunities. Companies that act first will benefit from this foresight.

Memorable Quotes

“Customers are a fickle bunch. They demand all sorts of things and aren’t prepared to pay for them.”—Richard Gillies, M&S

“You can’t sell sustainable goods if they’re crap; you have to sell great goods.”—Richard Gillies, M&S

“All of us have a responsibility to change and try to come out as winners rather than remain as the dinosaur that’s still trying to sell horse drawn carts.”—Richard Gillies, M&S

Overview

Changing market pressures require that a company’s corporate responsibility function adapt and adjust. According to Gillies, we are about to enter our fourth global revolution. First we had an agricultural revolution, then an industrial revolution, next a technological revolution, and now we the sustainability revolution.

In January 2007, M&S launched Plan A—a set of 100 commitments that focused on combating climate change, reducing waste, using sustainable raw materials, trading ethically, and helping customers lead healthier lifestyles. Recent events have not compromised the efforts of this five-year plan—and if anything, they have strengthened the commitment.

An integral part of this commitment, said Gillies, is recognizing the interconnectedness of CSR efforts and business strategy. Companies can no longer conduct business as usual with their CSR team “bolted” onto the side of business. As a part of Plan A, M&S disbanded the typical CSR committee in favor of a “How We Do Business” committee, populated by business directors who are all responsible for integrating sustainability into their traditional business functions.



Gillies then explained that understanding customers is also key to Plan A. While M&S' customers demand sustainable goods, their buying practices do not necessarily follow suit. Therefore, stocking eco-friendly but unwanted products—such as worm bins—has not worked. M&S has to meet its customers where they are. One of the company's key strengths in this effort is brand credibility and trust. These assets work to create customer receptivity to new efforts, such as M&S' innovative partnership with Oxfam, in which Oxfam helps M&S close its value chain loop by collecting donated clothes and reselling them to fund their own work to tackle poverty.

Looking back, Gillies saw an evolution take place, where philanthropy turned into community development, which transformed into the CSR we have today. The current question is, "What does moving CSR into the core of business mean?" Looking forward to 2030, he anticipates a perfect storm of population growth and increased demands for food, water, and energy. Retailers need to rethink their offerings and business models—the world of fast fashion where t-shirts are made of cotton grown in water-stressed areas, shipped around the world, and worn twice before being land-filled is not sustainable. Similarly, food consumption habits must change. A third of all food purchased in the U.K. becomes waste, a practice that cannot exist for much longer given the cost of inputs.

The business community must also work to redefine notions of value. According to Gillies, M&S sells value, which to customers today means volume. Given resource restraints that will force us to rethink notions of value, M&S has a responsibility to evolve its definition of value offered to its customers.

M&S also sees a challenge in establishing a cultural awareness of CSR within the company. Currently, employees are very comfortable complying with targets, but sustainability is not yet a part of belief systems throughout the company.

M&S has been able to move from the awareness of CSR—where a lot of businesses are today—to a commitment to CSR because company corporate responsibility efforts are CEO-led. M&S struggles to create a common language between CSR practitioners and the business teams, but executive leadership is setting the stage for the development of genuine understanding.

M&S is also working to infuse this mentality down their supply chain. Recently, a Sri Lankan supplier volunteered for one of the CEO's green initiatives. By building a green factory, this supplier increased the positive impacts on its community and on the larger island, and also reaped financial rewards.

In closing, Gillies stated that the integration of CSR must be approached like any other program change. Companies must get all internal stakeholders involved and acknowledge that success is not possible without everyone part of the coalition.

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