

CORPORATE CITIZENSHIP ON THE RISE

Good corporate citizenship used to be simple — and optional. Now it's complicated — and mandatory. That's because the emergence of global markets, lightning-quick access to information, and heightened consumer expectations are compelling organizations of all sizes to establish an integrated corporate citizenship strategy as part of their overall business plan.

Companies that don't have a strong citizenship strategy in place find themselves at a competitive disadvantage. Corporate citizenship is now a fundamental piece of any successful company's business plan, affecting its bottom line, share price, and long-term viability.

In the past, corporate citizenship mostly comprised giving to local charities and volunteering in the local community. But now savvy consumers and business partners look more closely at a company's business practices, philanthropy, diversity, volunteerism, and environmental impact. And their expectations continue to rise.

"It's abundantly clear that expectations of businesses have grown enormously over the past several years," says Steve Rochlin, director, research and policy development, The Center for Corporate Citizenship at Boston College. "Businesses are expected to contribute positively to society. They're expected to leave behind a more sustainable environment than they found. They're expected to take leadership in encouraging sectors of society to partner to solve major problems facing the world today."

One reason expectations have risen

is that businesses around the world are reaping the benefits of greater market liberalization. Businesses must make good on the benefits they have received by looking for opportunities to benefit all of society.

Another factor is transparency and disclosure. There's real pressure on companies to report on their social, economic, and ethical impact.

This has influenced many companies to begin integrating such reports into their annual reports. Shareholders and customers alike are monitoring companies' activities to ensure they are positive agents of change.

And monitoring a business is easier than ever. "The Internet has helped to create tremendous risks and vulnerabilities to corporate reputations," Rochlin says. "It has become much easier for negative campaigns against companies to spread. The Internet also opens up the risks from a company's global operations and global supply chain."

VALUES AT THE CORE

To offset those risks, successful companies aren't just tacking on good citizenship

tenets to the end of their strategic plan. Rather, their commitment to the greater good is an integral part of their core values and ingrained into their corporate culture. Increasingly, companies are merging their business practices and corporate citizenship throughout all aspects of their operations — from how they manage their own people to how they treat their customers and suppliers.

In many cases these companies are building on pre-existing commitments and histories of giving back. Cleveland-based KeyBank, for example, has a long tradition of involvement in the communities it serves. "Corporate citizenship is so ingrained in our culture that I don't think we know how to operate any other way," says Margot Copeland, executive



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vice president-director, civic affairs and corporate diversity, for KeyCorp.

GMAC Financial Services doesn't know any other way either, due to the long history of corporate involvement of its parent company, GM. "GMAC takes its role as both a responsible and responsive corporate citizen seriously," says Janelle McCammon, manager of community affairs at GMAC. "We want to give back to the communities in which we do business."

That's a sentiment echoed at financial services and insurance giant Prudential Financial Inc., where donating monies and volunteer hours are underpinnings

in the agrifood industry. "Cargill has defined its purpose to be a global leader in nourishing people, and our corporate citizenship is really about nourishing people and potential in the communities where we do business," says Mark Murphy, manager for corporate citizenship and executive director of Cargill Foundation.

THE ABCS OF GIVING BACK

One way for companies to stay in touch with their core values is by aligning charitable giving and employee volunteer programs with the company mission. And while the trend is toward developing a strategic plan for corporate citizenship, making contributions of money and time continue to be the building blocks of any successful campaign.

"Bold community programs and large-scale donations of products and services — for example, the tremendous generosity in the wake of the tsunami — are a part of corporate citizenship that should not go away," Rochlin says.

With no dearth of worthy causes, the hard part isn't deciding whether to give, it's deciding where to give. Most companies develop a strategic giving program that focuses their contributions to help define their company.

That's why Cargill has chosen to focus in on three areas that directly correlate to their business mission: promoting a safe food supply, being stewards of the environment, and supporting innovation in education. And that's why Prudential chooses community collaboratives that focus on making a tangible difference in the lives of those who share their communities.

Aligning citizenship programs with its mission also explains why KeyBank aligns its financial support with partners in the community that help residents achieve economic self-sufficiency. And that also explains why Detroit-based GMAC Financial Services focuses on

WHAT'S IN IT FOR THEM?

Today's companies are expected to give in the new corporate citizenship paradigm. But these companies are also reaping rewards for choosing the greater-good course. Research indicates that these companies consistently experience:

- > Increased market share
- > Better customer acquisition and retention
- > Greater workforce productivity
- > Improved employee morale
- > Increased ability to attract and retain top employees
- > Enhanced image and reputation

Plus, having the reputation as a good corporate citizen simply makes it easier for companies to do business. These companies aren't weighted down with the problems that a bad reputation can cause, and their employees are more engaged and developing more diversified skill sets.

And the good news is that the biggest benefits of corporate citizenship may be coming down the road. "There's evidence that suggests that good corporate citizens are more innovative and take advantage of what they learn through their engagements in society to stay ahead of the innovative curve," says Steve Rochlin, director, research & policy development, The Center for Corporate Citizenship at Boston College.

financial education and building houses.

Along with a focused corporate philanthropy program, company-wide volunteer programs are an essential part of corporate citizenship. Volunteer programs are a great way for companies to get in touch with their local communities, invigorate and energize their workforce, and create new partnerships that benefit

of its success. "The nature of our business is that our people tend to be integrated as much as possible in their communities," explains Scott Peterson, executive director of the Prudential Spirit of Community Initiative. "It's always been natural for Prudential to support community involvement."

Staying in touch with its core values is also key at Cargill, a leading company



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community and company alike.

It's also a given that businesses must protect the environment through recycling and waste management, natural resources conservation, and proactive environmental stewardship. Leading companies are building eco-friendly reputations that build consumer confidence and help gain market

YOUNG POINTS OF LIGHT

A case in point is Prudential. In the mid-'90s, America's civic participation was declining, and entertainment and technology options were making people less apt to become integrated into their communities.

That's when Prudential decided to focus some of its corporate citizen-

than 60,000 young volunteers have been honored at the local, state, and national level. Each state picks two winners who receive a monetary award and a trip to Washington, D.C., where 10 national honorees are chosen.

Each May, when the 104 state winners gather at the nation's capital, Prudential sees the impact. "They have a chance to share ideas with each other, which turns out to be the biggest benefit to them," Peterson says. "It's really powerful to see these young people when they get together and how they feed off each other and inspire each other."

DEVELOPING ECONOMIC SELF-SUFFICIENCY

From its corporate headquarters in an economically challenged area and its branches in communities from Maine to Alaska, KeyBank sees workforce development and financial education opportunities all around.

"Our philanthropic strategy revolves around economic self-sufficiency," Copeland says. "Our strategy is targeted at communities that are emerging or are trying to engage or reengage in developing and creating economic viability."

As a financial institution, Key has the fiscal expertise to help individuals and communities prosper. That's why Key helps organizations that train people how to manage their finances. It also helps develop small-business leaders and entrepreneurs who can help bolster their communities.

One Key initiative in Cleveland was a \$1 million grant to Cuyahoga Community College to support the development and operation of Key Career Place centers in several campus locations throughout the county. Any citizen can visit these one-stop career centers and get help with their resume, interviewing techniques, and other career support.

The centers are so successful that

share, while ensuring the continuation of the earth's environment for generations to come.

In addition to these building blocks, many companies have come to understand the many benefits of establishing marquee programs that set them apart from their competitors. While the specific focus of the programs may differ, their goal is to support communities or causes that need assistance while creating or reinforcing a corporate reputation that can positively affect the bottom line.

ship efforts on young people. "There's research that shows that if people volunteer when they're young, they tend to continue throughout their lives," explains Peterson. "In terms of a long-term sea change in attitudes, it made sense to make an impression when they're most impressionable."

In 1995, Prudential started its Spirit of Community Awards, which honor middle- and high-school students for outstanding volunteer service to their communities. Today, nearly 200,000 students have participated, and more



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the college received a second million-dollar Key Foundation grant to develop Key Entrepreneur Development Center. In an academic setting, any citizen who has a business idea can test it, develop business plans and acquire the necessary skills to operate an enterprise.

BEING GLOBALLY AND LOCALLY RELEVANT

The mantra of giving locally is still heard from the mailroom to the boardroom. But how do you give knowledgeably at the local level when your company operates in different states, countries, and continents? That's a key challenge for Cargill, which has more than 1,000 locations in 59 countries. To meet that challenge, Cargill supplements its corporate-level initiatives with relevant local programs.

That's the mindset behind more than 200 employee-led Cargill Cares Councils. "We encourage employee volunteer councils in locations around the world, rather than having a manager sit in one location to make decisions," Murphy says. "Our local employees are the ones who have the knowledge of the communities and are the ones who try to figure out what are the local community needs."

A good example is Cargill's long-standing partnership with Habitat for Humanity. For more than 12 years, Cargill has provided funds at the corporate level, while its employees do the legwork in local communities. During that time, the company has donated \$2 million, and its employees have built more than 120 homes in 15 countries.

BUILDING HOMES AND OPPORTUNITIES

Another company that has embraced Habitat for Humanity as a volunteer outlet is GMAC Financial Services. This partnership perfectly connects GMAC's role as a mortgage company with an organization that provides homes. This year, Habitat's Jimmy Carter Work Project is coming to Detroit, and GMAC is playing a large role. GMAC also plays a large role in helping consumers make informed decisions through its financial education programs, such as SmartEdge, which focuses on how to establish good credit, manage a budget, and choose a vehicle-financing option.

Another significant area for GMAC is diversity-related educational outreach. One of its many partnerships is through Detroit Dance Residency programs. For more than a decade, GMAC has sponsored leading dance groups to perform at local schools and also at Detroit's Music Hall Center for the Performing Arts and The Opera House.

More than 20,000 students have benefited from this program, which aims to expand the scope of experience for young people who live in economically and culturally deprived areas. The goal is to not only expose students but also inspire them. "We want students to be introduced to the diversity of the arts and also the importance of what these dancers of diverse backgrounds represent: You set a goal, you make a commitment, you have dedication, and you spend hours working so you can achieve your goal," says McCammon.



"We're reinforcing positive values."

The challenges and expectations will mount as companies move into the next phase of corporate citizenship. It's a continual improvement process — one that takes time, energy, resources, and foresight. Just like in business, what worked yesterday might not work tomorrow.

The next corporate citizenship frontier may bring businesses to the forefront in solving some of the world's most daunting public-policy initiatives — from the global healthcare crisis to environmental sustainability to world peace. Whatever the future holds, smart companies will continue to achieve competitive advantage by benefiting the greater good.

WEB DIRECTORY

Cargill <http://www.cargill.com>

KeyBank <http://www.keybank.com>

Prudential Financial Inc.
<http://www.prudential.com>

GMAC <http://www.gmacfs.com>

**The Center for Corporate
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<http://www.bcccc.net>

Habitat for Humanity International
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