
Kim Marotta, MillerCoors,
Milwaukee, Wisconsin, USA

Taking Responsibility

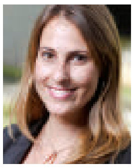
With the right metrics in place, corporate social responsibility projects can bolster communities and organizations alike.

BY MATT ALDERTON ■ PORTRAITS BY SARAH STATHAS

The payoff is twofold: A corporate social responsibility (CSR) project benefits both its targeted cause and its sponsoring organization. At least, that's the goal. To ensure that CSR initiatives deliver, an organization has to be able to measure their benefits—and that's where intention and execution don't always meet.

Among the C-suite, agreement about the business value of CSR projects is striking. Ninety-three percent of CEOs believe that sustainability will be important to the success of their business, according to *The UN Global Compact-Accenture CEO Study on Sustainability 2013*. It asked more than 1,000 chief executives from 103 countries to assess the state of sustainable business across four CSR areas: human rights, labor, environment and anti-corruption.

While almost all CEOs agree on the importance of CSR, there's a disconnect between recognizing the value and measuring it. Only 38 percent believe they can accurately quantify the value of their CSR initiatives, and 37 percent say the lack of a clear link to business value prevents progress toward CSR goals. Even executives committed to sustainability projects struggle to quantify and communicate the business case for them, the UN-Accenture study finds.



“Acting in a sustainable way is a competitive advantage, besides enabling innovation and generation of new businesses.”

—Renata Puchala, Natura, Cajamar, Brazil

Benefits realization, which involves tracking and measuring benefits, ensures that a project’s outcome yields expected benefits—and it goes hand in hand with project success. Organizations with mature benefits realization processes successfully completed 73 percent of their strategic initiatives, compared to 44 percent of strategic initiatives at organizations that lack such processes, according to PMI’s 2014 *Pulse of the Profession®*.

For organizations, the efficacy of CSR projects needs to be proven. To be proven, it has to be measured.

Metrics Matter

When Brazil’s largest cosmetics company helps the environment, it also helps itself—but its CSR projects have to demonstrate that connection.

With its Amazon Program, a multiyear CSR initiative launched in 2011 to promote socio-biodiversity in the Amazon region, Natura aims to boost its purchase of sustainable raw materials produced in the Amazon region from 10 percent to 30 percent by 2020. Natura measures its progress toward that goal through metrics such as the number of local suppliers and the percentage of ingredients sourced locally.

As part of its Amazon Program, Natura has launched two initiatives: the Organic Cocoa Program and the Oil Extraction Unit, which increase the amount of locally procured cocoa beans, and andiroba and babaçu, respectively. In 2013, Natura had 126 area cocoa bean growers; this year, that number is expected to reach 300.

“We always try to establish quantitative indicators,” says Renata Puchala, manager of Natura’s Amazon Program in Cajamar, Brazil.

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PHOTOS BY MICHAEL GUMTAU VIA FLICKR

PHOTOS COURTESY OF GRAMEEN UNIQLO

For Natura, sourcing ingredients locally does more than support biodiversity; it also safeguards the production of its ingredients. The company used to source most of its cocoa butter from cocoa beans harvested in the Brazilian state of Bahia. Cocoa trees require shade to grow—so expanding cocoa production to other communities would help stop deforestation in the Amazon rainforest, conserving the environment and ensuring a future supply of ingredients for Natura's products. The organization launched the Transamazônica Organic Cocoa Program to help establish organic cocoa cooperatives in six cities in the state of Pará.

"We have no doubts that consumers will more and more choose companies that are committed to sustainable development and that understand their role is to generate value to society as a whole. Therefore, acting in a sustainable way is a competitive advantage, besides enabling innovation and generation of new businesses," Ms. Puchala says. "To make the value of the social and environmental project visible to all, we always try to relate it to the business."

To communicate that value, she says, "metrics are essential."

A Good Fit

Like Natura, retail holding company Fast Retailing initiates CSR projects that support its customers—and the corporation.

As manufacturing costs in China have risen, apparel companies have flocked to Bangladesh, where labor is plentiful and inexpensive. The monthly minimum wage for entry-level garment workers in Bangladesh is US$39—compared to US$154 in China, according to the International Labour Organization. Yet while Bangladesh makes many textile products, it has not retained textile profits, says Yukihiro Nitta, group senior vice president at Fast Retailing.

"Bangladesh is a very important place for production but also a very poor country," says Mr. Nitta, the Tokyo, Japan-based manager of CSR for the company, which initiated a project to infuse Bangladesh with a share of its clothing and capital. With an investment of more than US$4.5 million since

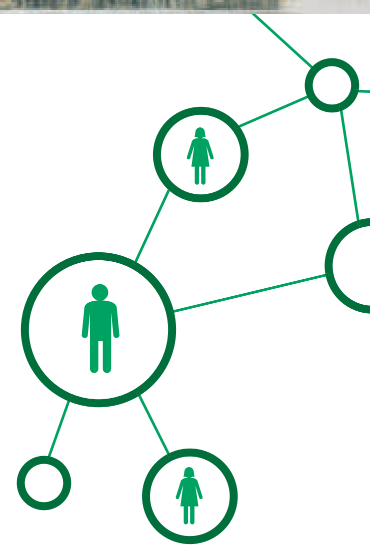
Grameen Uniqlo store in Dhaka, Bangladesh

2010, the project set up a wholly owned subsidiary of Fast Retailing known as Grameen Uniqlo. With this initiative, "profit is reinvested into the social business itself to improve Bangladesh society," Mr. Nitta says.

"Our goal is to address issues in Bangladesh such as poverty, public sanitation, education, gender issues and the environment by establishing a sustainable, community-level business cycle. For instance, provide more and more job opportunities for the poor people living in Bangladesh," he says. "We decided to start a social business to produce and sell, at very low prices and very high quality, clothing for the people living in Bangladesh."

In July 2013, Fast Retailing launched its first two Grameen Uniqlo stores, in central Dhaka. To measure their benefits, the organization determines that they source, manufacture and sell products made for—and by—local Bangladeshi customers.

The initiative serves the dual purpose of all CSR projects: bolstering the community and the corporation.



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CASE STUDY

Watching the Water

COMPANY:
MillerCoors

PROJECT:
Showcase Barley Farm

CSR FOCUS:
Sustainable supply chains

METRICS:
Water saved, energy saved, crop yield

Almost all of beer—up to 95 percent—is water. "No water, no beer," says Kim Marotta, director of sustainability at U.S. brewing company MillerCoors, Milwaukee, Wisconsin, USA.

However, most of the water MillerCoors uses isn't in the beer—it's in the company's supply chain. When an assessment found that "more than 90 percent of the water we use is actually in our agricultural supply chain," Ms. Marotta says, the organization pursued a "grain to glass" strategy that encompasses water management at every stage of beer production.

As part of that strategy, MillerCoors launched a program of sustainability initiatives to reduce the water usage in the production of barley for its beer. The project team would have to determine how MillerCoors' barley farms could use water more efficiently—and it would have to measure the project's benefits to the environment and the business.

The company sources about 70 percent of its barley from 850 growers in four U.S. states: Idaho, Colorado, Wyoming and Montana. Although its most water-stressed barley farms are in specific regions in the latter three states, the company located its inaugural water projects in Idaho, where it could tap the external expertise of the Nature Conservancy, an environmental-protection organization that owns about 900 acres (364 hectares) along the Silver Creek near some of MillerCoors' Idaho growers.

In close collaboration with the growers, the Nature Conservancy helped MillerCoors plan several pilot projects to test pioneering water-management techniques on local barley farms. MillerCoors calls one such project Showcase Barley Farm. The

"It's important to us and to our growers that we don't jeopardize our quality or yield for sustainability. We learned that we can grow both at the same time."

—Kim Marotta, MillerCoors, Milwaukee, Wisconsin, USA farm, which grows approximately 2,500 acres (1,012 hectares) of barley, waters its crops with irrigation pivots—large overhead sprinkler systems that spray the fields from March until October.

While the pivots rotate in circles, the crop fields are rectangular. So an end gun on each pivot shoots out water to the fields' corners.

"It requires a lot of energy and a lot of water to hit those areas," Ms. Marotta says.

In fact, the project team found that a significant portion of the water wasn't hitting those areas. Because it had to travel so far, the water often evaporated before it reached the corner crops. As a result, the guns wasted water and energy on barley that wasn't meeting MillerCoors standards. The team partnered with the barley farm's owners to turn off their end water guns as part of a two-year pilot project to test new precision-irrigation techniques.

Together with the Nature Conservancy, the farmers retrofitted the nozzles on the irrigation pivots to make them more efficient. They also lowered the nozzles closer to the ground to minimize evaporation and installed a smart panel on the pivots that allowed them to be controlled by smartphone, reducing their flow when they traveled over well-watered crops, for instance, or turning them off entirely during rainstorms.

At the conclusion of the pilot project in 2012, these improvements led to a clear and measurable benefit: a 10-percent reduction in water usage, which equals 270 million gallons (1 billion liters) of water. And because the farm didn't need as much water, it ran its water pumps less often. This resulted in energy savings of about 50 percent, from an average of US$50 per acre to US$21 per acre.

"What's even better is we actually saw an increase in barley yield," Ms. Marotta says.

Tracking environmental and business metrics has helped MillerCoors establish a persuasive business case to increase its CSR efforts. Based on the results at Showcase Barley Farm, MillerCoors expanded precision irrigation to other Idaho farms and is testing similar conservation techniques elsewhere in its agricultural supply chain.

"The value of sustainability is when you're seeing good results for the business as well as good results for the environment," Ms. Marotta says. "It's important to us and to our growers that we don't jeopardize our quality or yield for sustainability. We learned that we can grow both at the same time."

MillerCoors' Showcase Barley Farm in Idaho, USA

PHOTO COURTESY OF MILLERCOORS

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PHOTO COURTESY OF THE ALANNAH AND MADELINE FOUNDATION

CASE STUDY

Safe Surfing

COMPANY:
Telstra

PROJECT:
eSmart Libraries

CSR FOCUS:
Health and safety

METRICS:
Program uptake, user satisfaction, program completion

To improve the safety of children in virtual space, an Australian initiative focused on the real world.

In 2012, telecommunications company Telstra, in partnership with the Alannah and Madeline Foundation (AMF), launched eSmart Libraries, a six-year, AU$8 million project. It's part of the eSmart programs—such as eSmart Schools and Homes—that aim to counter cyberbullying by changing behaviors. The eSmart initiatives increase online safety in the physical settings where young people interact most with technology.

"As a telecommunications company, we believe all Australians—regardless of age, income, location or ability—enjoy the social and economic benefits of being connected," says Jackie Coates, Melbourne-based general manager of the Telstra Foundation, Telstra's philanthropic arm. "We have a focus on cybersafety and digital literacy because they are key to safe, smart, responsible use of technology."

Telstra's community investment program is part of the company's Chief Sustainability Office and focuses on digital inclusion. "We're interested in how digital technology can be an enabler to drive positive social impacts—we call it 'tech for good,'" Ms. Coates says. Because more than 54 percent of Australians have library cards, public libraries are a valuable setting in which to address cybersafety. "Libraries are transforming into digital hubs; they're devoting less space to books and more to technology," Ms. Coates says. "That creates an opportunity for us to keep that environment safe and make sure libraries are equipped to handle their digital future."

The eSmart Libraries project has special relevance for disadvantaged Australians, many of whom can't afford Internet access at home. "We're focused around bridging the digital divide, and we recognize that libraries are used by people who don't necessarily have connectivity at home," Ms. Coates says. "We want disadvantaged Australians to be in a safe place where they can engage with technology."

For Telstra, safer places to use the Internet means more Australians can go online—Australians who could become Telstra users. "The eSmart Libraries project is aligned to our strategy

PHOTO COURTESY OF THE ALANNAH AND MADELINE FOUNDATION

AMF and Telstra completed the yearlong pilot phase of eSmart Libraries in June 2013. More than 110 libraries across the country participated, engaging in workshops, training and online modules designed to help them develop and implement cybersafety policies, procedures and practices.

to create connected futures for everyone," Ms. Coates says.

For project partner AMF, a charitable organization that advocates for children, the project dovetailed with its mission: "to keep children safe from violence," says Fiona McIntosh, D.Psych, general manager of programs, Melbourne. "The most common form of violence children experience is bullying—and by extension, now that we're in the digital age, cyberbullying."

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As a metric indicator of success, the project team tracks program uptake. "If this is a really good program, libraries will see the value of it and sign up,"

Top Ten

Corporate Knights Capital ranked 100 companies by sustainability, which included criteria

1

Westpac Banking Corp., Sydney, Australia
Boasting the highest energy productivity in the Corporate Knights report, Westpac will allocate up to AU$6 billion in loans and investments in clean technology and environmental projects between 2013 and 2017. The bank and financial services provider's corporate social responsibility program tracks 10 strategic objectives, such as employee engagement.

2

Biogen Idec Inc., Cambridge, Massachusetts, USA
For the biotechnology company, which specializes in the treatment of neurodegenerative diseases and autoimmune disorders, social responsibility ties directly to its capacity for industry-leading innovation. In 2013, it poured about 21 percent of its US$6.9 billion revenue into research and development.

3

Outotec OYJ, Espoo, Finland
The metals processing and industrial company provides sustainable products and solutions, encourages employee charity work and involvement in the community, and improves operational sustainability and safety.

4

Statoil ASA, Stavanger, Norway
The energy company offers protection for whistle-blowers, touts zero tolerance for corruption, and participates in local and global anti-corruption and transparency agencies. The second-largest supplier of natural gas to European markets, Statoil in 2012 signed a three-year pact to reduce its carbon footprint.

5

Dassault Systèmes SA, Vélizy-Villacoublay, France
Both the world headquarters of the 3-D software company and its Waltham, Massachusetts, USA campus receive high ratings for energy efficiency and environmental performance. A sustainability leader manages the reduction of the company's environmental footprint for each geographic region and advocates for local green initiatives.

Dr. McIntosh says. They did just that: Of Australia's 1,500 public libraries, 447 are now pursuing eSmart status, she says. "We exceeded our target by 137 percent in the pilot year."

The team also measures user satisfaction, culled from periodic checks of participating libraries. "We need to understand if libraries find the program valuable," explains Dr. McIntosh, who says 94 percent of pilot libraries did.

If libraries sign up with eSmart but don't complete the entire eSmart Libraries framework, the project will achieve only limited benefits. To mitigate this risk, only libraries that complete the framework can gain eSmart status. "If it signs up but doesn't achieve eSmart status, the library isn't protecting its users," Dr. McIntosh says. "So it's really important that we watch how they progress through the eSmart journey and actually quantify that."

Metrics eventually will encompass library users as well to measure knowledge and behavior change around cybersafety issues such as privacy, intellectual property, bullying and identity theft. For Telstra, such data build credibility and support longevity.

"When you can demonstrate true impact with a case study that stands up to scrutiny, you have a much better ability to influence and also to make the organization you're partnering with more sustainable," Ms. Coates says. "For us, it's not about giving money and then walking away. It's about giving money and building a program that's sustainable enough to continue after our partnership has ended." **PM**

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—Jackie Coates, Telstra Foundation, Melbourne, Australia

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such as carbon productivity, safety performance and leadership diversity. These are the top 10 for 2014:

6

Neste Oil OYJ, Espoo, Finland
Neste Oil, which developed NExBTL renewable diesel, has invested close to €1.5 billion in its clean technology business over the last five years. It also has a relatively high percentage of women—43 percent—on its board of directors.

7

Novo Nordisk A/S, Bagsvaerd, Denmark
A decade ago, the world's largest insulin producer pledged to reduce emissions from its global production by 10 percent by 2014, a goal it met five years ahead of schedule. In addition to investing US$20 million in global energy-efficiency campaigns, Novo Nordisk sells insulin to poor countries for no more than 20 percent of the Western market price.

8

Adidas AG, Herzogenaurach, Germany
The athletic apparel giant created a five-year plan for environmental strategy in 2011 and has set additional green initiative targets through 2020. The company employs a 65-person team to grade its worldwide factories for the health and safety of workers.

9

Umicore SA, Brussels, Belgium
By 2015, materials technology group Umicore SA seeks to reduce its carbon emissions by 20 percent compared to 2006 benchmarks.

10

Schneider Electric SA, Rueil-Malmaison, France
Schneider Electric sets goals on a three-year cycle in areas like carbon emissions, the use of green products and solutions, energy efficiency and revenue growth.