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Opinion

Subject experts speak out

Turning values into value with product social responsibility

By Tim Kitchin, Glasshouse Partnership

Today companies take two approaches to corporate social responsibility – “classic CSR” and “brand social responsibility” (BSR). But neither achieves the real promise of responsibility – verifiable accountability to society. Demand is building for accountability at the point of purchase, where consumers actually exercise ethical choice. This is the new world of product social responsibility (PSR), in which a company’s products are inseparable from its corporate citizenship.

Classic CSR is focused on brand risk, and it manages this by exceeding stakeholder expectations. But there isn’t any real engagement with stakeholders; the focus is on governance and visible citizenship. It’s largely an inward retreat from antagonistic stakeholders who have legitimate concerns, an approach epitomized by Vodafone, Monsanto, BT, BP and many others.

BSR focuses on driving revenue. As practiced by Patagonia, Ben & Jerrys, Howies and others, this visionary form of responsibility often seems the most authentic. Clear brand values are embodied in brand promotion and corporate culture, and often reinforced by evangelical leadership. Stakeholder engagement tends to be strong, but governance under BSR can be very weak.

Embracing PSR can drive revenue, reduce cost and help companies actively manage and share risk across the value-chain, but only if they wake up to the opportunity to turn their values into value.

There aren’t very many PSR-literate companies. Innocent drinks and the Body Shop were early pioneers. Co-operative group, with its overt labeling policies, was another early wavemaker. HP has also made strides in understanding value-chain responsibility, by taking charge of the disposal of its

printer cartridges. But the really significant event has only just happened – the creation of the world’s first transparent value-chain.

In September 2004, a virtually unknown UK brand called ROMP sold its first organic leather key ring, and changed the world of corporate responsibility in the process. ROMP allocates a code number to every product it ships. Consumers then use this code on the internet to track the product history. The entire value-chain, batch by batch, is available for scrutiny, along with the details and ethical performance of every link in the supply chain.

As in the children’s rhyme “This is the house that Jack built,” consumers now can see the labor standards of the man who fed the pig which went to the slaughterhouse, which...and so on. All of the data required already existed; ROMP has simply turned that data into consumer-actionable knowledge, empowering ethical decision-making.

This is the beginning of a brave and exciting new world. In the next three-to-five years, organizations will start to compete not merely on the intrinsic health benefits of products, but on their extrinsic effects on the world, and the transparency of information about what went into making and delivering the product.

In this see-through era, what can be known must be known. And once they know they can have it, consumers will demand values-rich purchasing. These empowered consumers will need transparent value-chains. And companies need to begin creating a PSR strategy now to meet this demand. This is the transparent house that Jack must build.

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