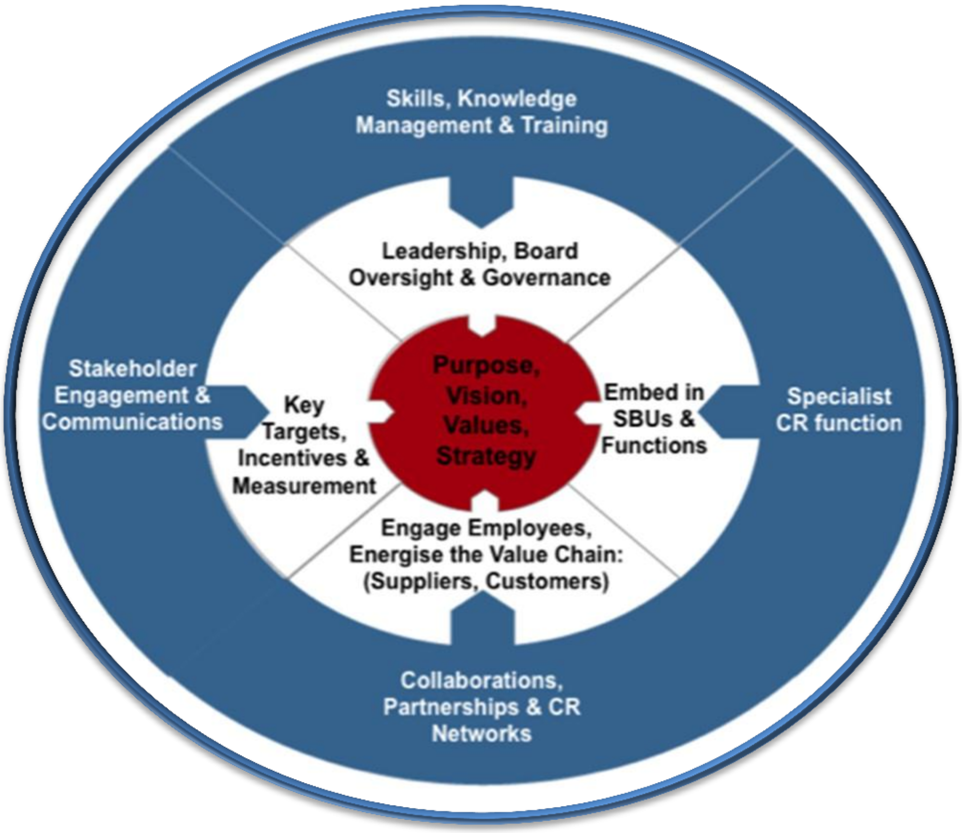
Doughty Centre Corporate Responsibility

Cranfield UNIVERSITY
School of Management

Business Critical: Understanding a Company's Current and Desired Stages of Corporate Responsibility Maturity

Ron Ainsbury and David Grayson



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“An MOT and an advanced driving test all in one go”

Legal & General are proud sponsors of, and contributors to, the Stages of Maturity research and this discussion paper, published by David Grayson and Ron Ainsbury from the Doughty Centre for Corporate Responsibility at Cranfield University.

It’s been a while since the Corporate Responsibility profession took stock of its collective wisdom on where we have been, and where we are going on running businesses responsibly. Meanwhile hardly a week goes by without a helpful suggestion from the outside world on how an organisation should improve its economic value, social usefulness and environmental efficiency; and it is very easy to spot businesses that get their social, environmental and economic decisions out of balance: these organisations hit the headlines seemingly within nanoseconds.

On the upside, businesses are increasingly taking an approach that builds an Environmental, Social and Governance (ESG) premium into the core economic valuation. This is achieved by those organisations which bring in a diverse set of views to inform risk and reputation management activities, and to build a research and development pipeline for the future. This is managing both the negative and the positive social, environmental and economic impacts.

We believe that organisations big and small can use the ideas presented in this paper to diagnose where they are and where they need to go next: becoming much more self-aware and setting the direction towards greater sustainability. It’s the equivalent of taking an MOT and getting an advanced driving test all in one go!

We congratulate David and Ron on a first class piece of work. This debate, and ultimately this framework, should play a big part in guiding organisations towards being better and more responsible businesses.

Graham Precey
Head of Corporate Responsibility and Ethics
Legal & General Group Plc

EXECUTIVE SUMMARY

Various academic authors and practitioner experts have described Stages of Corporate Responsibility Maturity.

Typically, companies evolve through these stages as follows:

> Stage 1 Denier - not recognising any responsibility for a company's Social, Environmental and Economic (SEE) impacts;
>
> Stage 2 Complier – following laws and common business practices in dealing with SEE impacts;
>
> Stage 3 Risk Mitigator - identifying material SEE impacts and reducing negative impacts to mitigate reputational, financial, regulatory, social "licence to operate" risks;
>
> Stage 4 Opportunity Maximiser – reducing negative SEE impacts but also now systematically seeking business opportunities from optimising positive impacts the business has;
>
> Stage 5 Champion – both embracing sustainability in its own value-chain, but also collaborating with others and advocating public policy changes to create sustainable development.

The position of a business in these Stages of Maturity depends on mindset, which is based on elements such as its time-horizon, focus, outlook, attitudes to transparency and relationships (accountability), collaboration, and business model. This in turn influences business purpose, strategy, organisation, policies and practices; and ultimately performance.

This new Occasional Paper examines these as a company evolves through Stages of Maturity, along with potential triggers to evolve which, in future, may be linked increasingly to organisational resilience and to performance. Maturity models can help organisations to transform themselves. They can be a tool for boards and senior management teams to help identify where their business now is, where it would like to be and stimulate thinking about how to get there.

The paper presents a series of working hypotheses to be tested and debated. The authors invite feedback, comments, challenges, questions and, examples.

INTRODUCTION

Why have companies such as Amazon, Google and Starbucks attracted such opprobrium over their corporate tax strategies? Should Formula 1 race teams and sponsoring companies have ignored calls on them to pull out of the Bahrain Grand Prix because of allegations of human rights violations in that country? Do global drinks companies have any responsibilities for the social and economic impacts of the misuse of their products beyond what may be imposed by different national laws? Why do many global mining companies voluntarily accept higher responsibilities for their social, economic, and environmental impacts beyond legal requirements while others forge ahead exploiting natural resources seemingly with minimal regard for local laws, employee safety, and impact on the environment? How do some FMCG[1] and retailing companies repeatedly find new business opportunities from voluntarily accepting higher standards of social, economic and environmental performance while others find it necessary to compromise suppliers' interests in order to survive? What makes a handful of businesses share technologies and Intellectual Property and form collaborations with NGOs and even competitors to further sustainable development? The answers to these questions go to the heart of contemporary debates about Corporate Responsibility (the responsibility a business takes for social, economic, and environmental impacts[2]) and the purpose of business.

> Corporate Responsibility (the responsibility a business takes for social, economic, and environmental impacts)

A number of experts in Corporate Responsibility practice, such as Jonathon Porritt and Chris Tuppen, and a number of academics, such as Dexter Dunphy, Simon Zadek, Brad Googins and Phil Mirvis have independently presented models of Corporate Responsibility Stages of Maturity. For a brief overview of several of these analyses, see Appendix 2. Most of these different models predicate five stages of CR maturity[3].

[1] fast-moving consumer goods companies

[2] Corporate Responsibility is "the responsibility of enterprises for their impacts on society" - Commission of the European Union Communication on CSR Oct 2011: http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf

[3] Prof Dexter Dunphy proposes six stages but arguably his stages 1 and 2 could be interpreted as passive and active versions of denying responsibility for external social, environmental and economic impacts.

1. FIVE STAGES OF CORPORATE RESPONSIBILITY MATURITY

We synthesise these various models as five stages of Corporate Responsibility Maturity. Some companies are in denial that they have any responsibility for their social, environmental and economic impacts beyond the law (Denier). Some choose simply to comply with legal requirements and any locally prevailing business standards in each of the markets in which they are operating, , for companies doing business internationally, may lead to inconsistencies in their approach in different parts of the world (Complier). Some companies take a more proactive approach by seeking to mitigate risks (Risk Mitigator). Some have moved beyond this in order also to find business opportunities. Arguably, for a company to take a more proactive responsibility for sustainable development, as a for-profit business, is possible only if the company can find commercially attractive opportunities on a regular, systemic basis from its commitment to sustainability. Companies are not governments or charities and should not behave as such. As profit-generating entities, companies need business opportunities or they will just go out of business (Opportunity Maximiser). At the fifth stage, companies engage their value-chains in sustainable production and consumption (Circular Economy), are willing to share technologies and expertise, and to work in transformational partnerships with other companies and other parts of society and are advocating changes in public policies and laws, in order to respond to the scale of global challenges that humankind now faces (Champion).

Figure 1: Five stages of corporate responsibility maturity

These five stages may be described in terms of the corporate attitudes that prevail; the culture of the company that the board, the CEO and Senior Management Team (SMT) have nurtured; and the stance towards responsibility for Social, Environmental and Economic Impacts. A range of factors may encourage or inspire a board, CEO, and SMT to lead the company from one stage to the next, or to attempt to accelerate progress. We review some of these factors below.

Denier[4]: The attitude of the Denier CEO and SMT is either an active or a passive rejection of the need to do anything other than serve the perceived, short-term interests of the shareholders. The Denier has no interest in a wider responsibility other than to short-term profit; employees, consumers and the public are merely a means to that end, for example, companies sourcing materials or products from developing countries with a blind eye to their provenance (e.g. use of child or bonded labour).

At the most extreme, some Deniers appear to have an attitude that if they can evade the law with impunity or little cost they will do so. Some writers assert that a Denier is ethically challenged, believing "greed is good" and that the only rule of the market is "caveat emptor." Some multinationals (MNCs) display a form of denial when they assert that, after the product has been produced and sold, they have no responsibility for their products beyond the law. Such Deniers might include a computer

[4] We do not wish to imply that companies necessarily start out as Deniers; several, recently-created businesses are focused on sustainable development *ab initio*. Examples include Oat shoes (www.oatshoes.com/), Kokoboard (www.kokoboard.com/), Qmilch GmbH (www.qmilk.eu), and BeGreen Packaging (www.begreenpackaging.com). These companies desire to build a responsible, sustainable business.

or mobile phone producer not being concerned that when its products are disposed of after use they are damaging the health of both the environment and the people involved in the crude disposal process (e.g., people in poorer countries burning off the plastics of e-waste to secure the residual metals).

Complier: Where the potential cost to profit looms larger than the cost of compliance there is a motivation to change. A Denier may be 'shocked' into compliance as a reaction to external triggers, such as consumer boycotts, NGO campaigns, or media exposés, for example about working conditions in suppliers' factories or a major product recall. For some, the tribulations of other companies might provide a warning and motivate management to change.

The Complier is concerned to protect itself against costly incidents so protective policies and procedures are introduced. The move to comply however may not necessarily be motivated by ethical concerns; adherence to the letter of the law is what matters. "There are laws and I shall obey them. I shall do what I have to do and nothing more. There is no advantage to be gained by being ahead of the others. In fact, there might be a cost advantage to be behind." Intellectual justification for the Complier state is often claimed from the late Milton Freidman, a Nobel laureate who famously declared: "there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits *so long as it stays within the rules of the game*, [emphasis added] which is to say, engages in open and free competition without deception or fraud." [5]

Complying with the law, and with prevailing customs such as an industry code of conduct, if in a particular country they have become part of the "rules of the game," becomes a challenge for multinationals: what to do when operating in different countries with very different laws and assumptions about how businesses are expected to behave, if there is no company code of business principles to help resolve dilemmas and contradictions. In most societies today, business is, at the least, expected to "put something back." This has become part of the "rules of the game." Thus, even under the Milton Friedman formula, many companies will nowadays be involved in corporate philanthropy, employee volunteering and community involvement, and may even be winning awards for such activity[6]. This does not mean that they are a responsible business. Enron was a very generous corporate citizen, arts sponsor and corporate philanthropist. This does not mean it embraced responsible business! In practice, in many countries and business sectors, the "rules of the game" are already much more extensive.

Risk Mitigator: The Risk Mitigator believes that preventing a problem is more profitable and better business than reacting to a problem once it occurs; preventative maintenance is superior to breakdown maintenance. The company has started to address issues of responsibility beyond mere compliance. Certainly, by this stage, the company will be identifying its most material social, environmental and economic impacts and seeking to minimise negative impacts[7].

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[5] The Social Responsibility of Business is to Increase its Profits by Milton Friedman
The New York Times Magazine, September 13, 1970

[6] Some use the term "Corporate Social Responsibility" only to describe this corporate community involvement (although, of course, confusingly, others use the same term in the much broader sense of the responsibilities a company has for its impacts).

[7] Guidance on how to do so can be found in Cormack M., "How to identify a Company's Major Impacts - and Manage Them" Doughty Centre (2012) www.som.cranfield.ac.uk/som/dinamic-content/media/research/Research%20Centres/Doughty%20Centre%20for%20Corporate%20Responsibility/How%20to%20identify%20impacts%20FINAL.pdf and Baraka D., Making Sustainability Matter, DoShorts (2014)

The motivation to be more than just compliant might come from both internal and external triggers. Despite rigorous attention to compliance there might still be failures. Analysis of these might lead to the conclusion that superficial adherence to a set of standards is insufficient defence against potential risks, and that a change in attitude might be required.

The corporate leadership realises that there is a set of good business practices that will result in efficiency and reduction in risk so rather than react it adopts a more proactive approach. There may be a corporate mission and a set of values, explicitly acknowledging some wider responsibility. These are possibly being used within employee communication to inspire "embedding good practice" but as yet the values are not truly being lived and may not be a part of recruitment processes or decision-making. Functional and business heads are expected to conform to the corporate values. At Board level, a particular director or committee may be appointed with specialist oversight, and the focus is to ensure that the company is embedding good practice, practicing stakeholder dialogue, is being responsive on a range of issues, and has preventative programmes in place. There is an evolution from "caveat emptor" towards "caveat vendor."

Opportunity Maximiser: The Opportunity Maximiser has moved beyond risk mitigation and seeks to minimise negative social, environmental, and economic impacts and to maximise positive impacts including by developing new business opportunities.

Whilst recognising that many people and many companies use terms such as "Corporate (Social) Responsibility," "C(S)R," "Corporate Citizenship" and "Corporate Sustainability" interchangeably, we wish they would not do so. It causes confusion and can slow progress. We are increasingly of the view that Corporate Sustainability – defined as "a business commitment to sustainable development, and an approach that creates long-term shareholder and societal value by embracing the opportunities and managing the risks associated with social, environmental and economic developments" is a higher stage of Corporate Responsibility. Corporate Responsibility (the responsibility a business takes for social, economic, and environmental impacts)

As a company assumes more responsibility for its social, economic, and environmental impacts, it will change more about what it does and how it does things. A company will increasingly embed the management of its impacts, both in order to evolve to, and as a consequence of evolving to, a higher stage of maturity,. At the higher levels of Stages of Maturity, it will change its purpose to incorporate sustainability. Whilst recognising that many people and many companies use terms such as "Corporate (Social) Responsibility," "C(S)R," "Corporate Citizenship" and "Corporate Sustainability" interchangeably[8], we wish they would not do so. It causes confusion and can slow progress. We are increasingly of the view that Corporate Sustainability – defined as "a business commitment to sustainable development, and an approach that creates long-term shareholder and societal value by embracing the opportunities and managing the risks associated with social, environmental and economic developments"[9]) is a higher stage of Corporate Responsibility. As an organisation that has to

[8] See Table 3 in the appendix for a summary of definitions used by different writers
[9] Modified from PWC - SAM - The Sustainability Yearbook 2008

make profits to survive, a company can logically only embrace sustainability if it can do so profitably – hence the need to find business opportunities from sustainability (i.e. Stages 4 and 5). Equally the commitment to sustainable development is needed to create the trust levels necessary in order to create business opportunities systematically.

Some may equate this with Michael Porter and Mark Kramer's "Shared Value"[10]. We consider that companies which have embraced Shared Value *could* be at stage 4 or *could* still be at stage 2 or 3. It depends on whether the company has identified its material SEE impacts and is addressing these impacts (negative and positive) comprehensively, or is simply cherry-picking business opportunities and ignoring negative material impacts.[11]

Firms that have signed up to membership in one or more of the business-led corporate responsibility coalitions, such as Business for Social Responsibility (www.bsr.org), Business in the Community (www.bitc.org.uk), CSR Europe (www.csreurope.org) or the World Business Council for Sustainable Development (www.wbcsd.org), or multi-stakeholder initiatives such as the Ethical Trading Initiative and the Extractive Industries Transparency Initiative are likely to be at least at the Complier or Risk Mitigator stage. Some will be, or will be aspiring to be, Opportunity Maximisers. However, the UN Global Compact, Accenture CEOs' Sustainability Survey 2013[12], suggests that very few even of the 1000+ firms whose CEOs completed the survey and have committed to responsible practices have yet become Opportunity Maximisers.

To be an Opportunity Maximiser, the board and SMT have to embrace sustainability; develop a set of values that are explicitly linked to responsibility and sustainability; and these are embedded in decision-making, targets and long-term incentive schemes. Individual senior executives (SBU and Function heads) are engaging directly with relevant external stakeholders and working with them to exploit business opportunities. Any specialist company function for corporate responsibility/sustainability has evolved into a source of knowledge, expertise and connections for business and functional heads, who are held responsible for ensuring that their business area operates in synch with the corporate values.

Champion: Practitioners and academics who have developed CR maturity models posit a final stage. The Champion is a vision of what a truly sustainable organisation might look like. We envisage that the true Champion firm is intent on changing the game. Commercial strategy is sustainable strategy. The Champion Board and SMT act as visionaries, promoting governance and sustainability to others.

We believe that there are, as yet, no real Champion companies but we do see glimpses of Champion activity in some companies, and in some CEOs, on some issues. Professor Dexter Dunphy, author of one of the academic CR maturity models, responding to the authors' question about whether such Champion companies - what he calls "transformative futurists" - yet exist, says:

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[10] Creating Shared Value, Michael E. Porter and Mark R. Kramer, Harvard Business Review, Jan 2011

[11] For a critique of 'Shared Value' see "Contesting the value of 'Creating Shared Value' " by Andrew Crane, Guido Palazzo, Laura J. Spence and Dirk Matten CALIFORNIA MANAGEMENT REVIEW VOL. 56, NO. 2 WINTER 2014 See also Financial Times Soapbox series on Shared Value April 2014

[12] UNGC-Accenture, Architects of a Better World, www.accenture.com/Microsites/ungc-ceo-study/Documents/pdf/13-1739_UNGC%20report_Final_FSC3.pdf

“There are some large companies that are verging on being transformative futurists…. There are plenty now in the strategic proactivity stage. Moving beyond that to becoming a transformative futurist is difficult for public companies given the demands of the financial markets for short term performance and the stubborn persistence of financial analysts in ignoring the accumulating evidence of the positive impact of non-financial factors such as 'constructive' corporate culture on performance (even in the short term but more massively in the medium/long term). Clearly we need to rethink the overall economic model and particularly the lemming-like pursuit of economic growth defined as constantly increasing material consumption. Until we do so, most boards of management and senior executive teams will hesitate to move into the transformative futurist stage despite the clear benefits to the firm and to society and the environment.”[13]

Indeed, we observe companies which have started to play this role, starting to share their company’s expertise in certain areas. Unilever, for example, has a small head office team dedicated to identifying required public policy changes to advance sustainability and to advocate for them.

Some MNCs have started to work together to develop concrete plans to help enable a global population of some nine billion people to live reasonably well within the constraints of One Planet by 2050 (see World Business Council for Sustainable Development at www.wbcsd.org), sharing knowledge and expertise. Whether these companies will develop as Champions remains to be seen.

The foundation for this championing activity will be a company that has embedded responsible and sustainable business practices across the business and is thus able to set an example to others. The CEO and other company leaders are actively involved in partnerships and collaboration with other leading companies and external stakeholders seeking to tackle a range of issues that threaten their business. They have embraced the late Peter Drucker’s vision who told Prof David Cooperrider in 2003: “Every single social and global issue of our day is a business opportunity in disguise.”

In terms of outcomes, we posit that being a Champion reflects the *mindset* of the company and its members. The company’s mindset once at the Champion stage does not change; it remains focused on delivering a truly sustainable business but outcomes that are being achieved today are no longer adequate for tomorrow. [14]

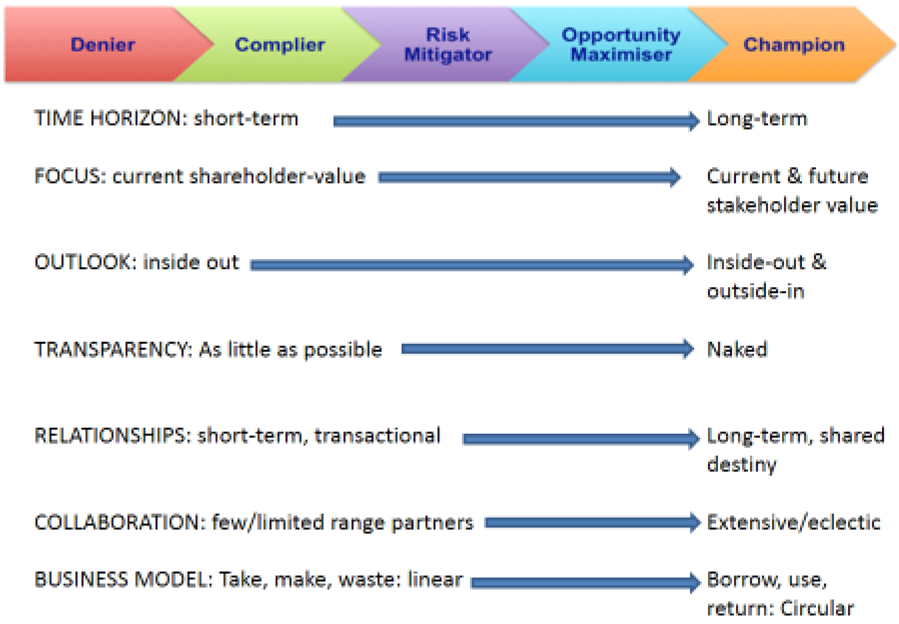
[13] Exchange with authors 2013

[14] “Yet all experience is an arch wherethro' gleams that untravell'd world whose margin fades for ever and forever when I move.” Tennyson

2. MINDSET, PERFORMANCE AND RATIONALE

We hypothesise that where a business is in these Stages of Maturity depends on mindset: based elements such as its time-horizon, focus, outlook, attitudes to transparency and relationships (accountability), collaboration, and business model. This in turn influences business purpose, strategy, organisation, and policies and practices. We suggest in Figure 2 how this evolves from Denier to Champion.

Figure 2: Evolution of Stages of Maturity



Performance

We suggest Stage of Maturity is not just about intent and structures but also about results. Over time, based on our earlier research with Business in the Community, "The Business Case for Responsible Business" (2011), and evidence of other authors such as Bob Eccles, Georgios Serafeim and Yiannis Iannou, we would expect to see the Opportunity Maximisers demonstrating superior results both in terms of sustainability and financial performance. Accenture's 2013 CEOs' survey for the UN Global Compact, showed that a small proportion of the UNGC companies participating in the survey were these high-performers on both sustainability and financial performance. Such superior results might be assumed to give greater confidence and credibility to these companies to evolve into Stage 5 Sustainability Champions.

How companies respond to specific SEE issues will be very different at the various Stages of Maturity. We illustrate this in the Figure 3 below with an example from each of the three pillars of sustainability: Social, Environmental and Economic.

Figure 3: Managing illustrative Sustainability issues at different Stages of Maturity

	Stage 1 Denier	**Stage 2 Complier**	**Stage 3 Risk Mitigator**	**Stage 4 Opportunity Maximiser**	**Stage 5 Champion**
SOCIAL: Human rights[15]	Minimum necessary compliance with letter of local laws in countries where operates, and those of home country.	Probably aware of UN principles & evolving business practices. Does minimum necessary to avoid major reputational risks. May adopt a code of practice based on UN Business & Human Rights (Ruggie) Principles	Fully aware of UN principles. Applies UN guidelines e.g. has due diligence process for HR impact assessment, amelioration and remedy in countries where HR risks are most apparent.	Human Rights part of public policy commitment. Accepts UN principles as baseline on which to build HR impact into all core business activities. Joins existing groups (e.g. Global Compact) to demonstrate leadership & actively collaborates with others to improve conditions in high-risk, non-compliant countries.	Takes autonomous leadership role in creating cross sector groups or networks at industry &/or country level to address common issues and seek innovative solutions. Lobbying governments to adopt and implement Action Plans on Business & Human Rights eg advocacy for human rights proofing in export credit guarantee schemes etc.
ENVIRON-MENTAL: Water	Probably not on Risk Register.	Observing any local restrictions on usage / accepted industry codes.	Identified operations in water-stressed regions; implemented water reduction strategies.	Commitment to water neutrality driving product and process innovation.	Leading collaborative efforts like CEO Water Mandate to identify & spread good practice; advocating full-life costs water usage should be internalised.

[15] We acknowledge the assistance of Chris Marsden OBE from the Institute for Human Rights and Business for this issue

	Stage 1 Denier	Stage 2 Complier	Stage 3 Risk Mitigator	Stage 4 Opportunity Maximiser	Stage 5 Champion
ECONOMIC: Tax[16]	A policy that a Court might consider illegal, fraudulent and deceptive, such as declaring less income or hiding profits. The systematic creation of new business activity solely for the purpose of profiting from tax discrepancies.	Widespread use of structures and ad hoc decisions to minimise tax, often resulting in activity that bears little relation to the underlying economic reality. The normal course of business is distorted and the results would appear surprising to an impartial outsider.	Tax is minimised within the normal course of business activity and considered as one component of any business decision. Decisions have a genuine commercial purpose separate from tax – new transactions or subsidiaries are not created solely for tax purposes.	Systematic and consistent declaration of tax to match underlying commercial activities. Tax is paid where profits are made – aiming to follow the spirit as well as the letter of the law. Tax is still minimised within this framework, but not at the expense of one country over another.	Effectively paying more tax than the legally permissible minimum in certain jurisdictions for ethical, principled or political reasons.

Our belief is that it is prudent, good business sense to aspire to the highest levels of maturity. There are few, if any significant markets today where business stakeholders and society generally, do not have *some* expectations that business will take *some* responsibility for their Social, Environmental and Economic Impacts. This is only likely to intensify as disruptive, Social and Environmental Forces are increasingly market forces[17].

[16] Source: Tax as a Corporate Responsibility Issue, The Implications for Multinationals
Richard Hardyment, Peter Truesdale and Mike Tuffrey May 2011, Corporate Citizenship

[17] See for example KPMG's Expect the Unexpected for an overview of some of these forces:
http://www.kpmg.com/global/en/issuesandinsights/articlespublications/pages/building-business-value.aspx

As Thomas Leysen chairman and former CEO of Umicore argues: "Business, if it wants to be successful over time, cannot choose to ignore these issues:

- Because of the constraints it will create - better to understand and anticipate than to react;
- Because of the opportunities it may create - better to integrate it early in the strategic thinking and innovation efforts;
- Because of its reputation and license to operate - better to build credibility than to engage in damage control."[18]

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Thus, whilst some see taking responsibility for Social, Environmental and Economic Impacts is part of a *quid pro quo* for society granting business a "licence to operate" or even about a moral duty, it may be considered a *prudential* approach. Boards and SMTs looking for greater **resilience** in a V.U.C.A (Volatile, Uncertain, Ambiguous and Complex) world[19], understand that this is the new commercial reality. Writing in *Harvard Business Review* about Creating a Culture of Quality, but arguably this could also apply to creating a Sustainability Culture, Ashwin Srinivasan and Bryan Kure argue there are four essential attributes: leadership emphasis, message credibility, peer involvement and employee ownership. We suggest that as well as internal collaboration, a sustainability culture will also require extensive and intensive external collaborations – only possible with high levels of trust.

[18] Thomas Leysen, "*Strategic Transformation of Umicore*" CR Lecture Series, Antwerp Management School: 2012-13
[19] What VUCA Really Means for You, Nathan Bennett and G. James Lemoine, Harvard Business review Jan-Feb 2014 http://hbr.org/2014/01/what-vuca-really-means-for-you/ar/1

3. THE CORPORATE SUSTAINABILITY MODEL

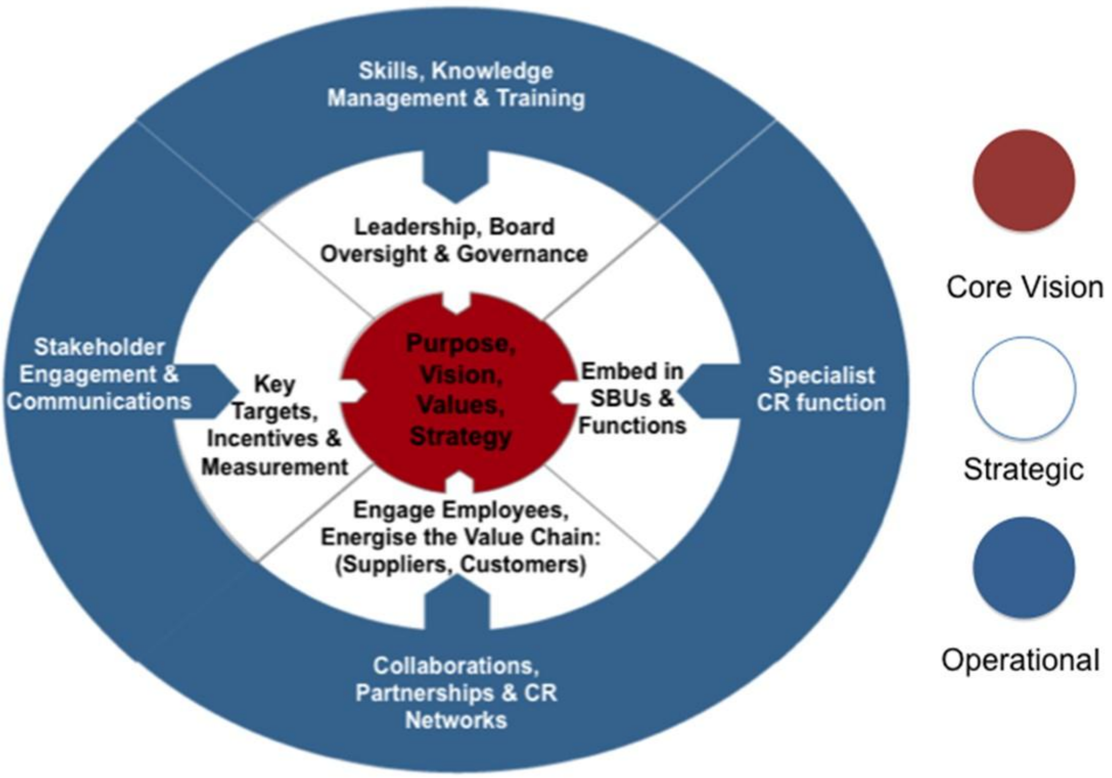
Based on our observation of what some leading companies are doing, we suggest that embedding sustainability successfully involves a number of elements.

At the Doughty Centre, we have been refining a model for embedding sustainability, which first emerged from the Academy of Business in Society (ABIS) Colloquium hosted at Cranfield in 2008. This model, first proposed by then Cranfield doctoral student, David Ferguson, based on his PhD thesis looking at embedding sustainability in EDF Energy, encompassed all the elements cited in the 2010 Accenture/UNGC survey of CEOs of companies which are signatories to the UN Global Compact. This identified: board oversight; sustainability embedded in strategy and operations of subsidiaries; embedded in global supply chains; participation in collaborations and multi-stakeholder partnerships; and engagement with stakeholders such as investors. However, we also explicitly incorporate the importance of leadership ('top down') and employee engagement ('bottom up'). We include more operational enablers such as knowledge management and training for sustainability; engaging a wide range of stakeholders other than just investors (important though it is better to explain to investors how sustainable development will change the strategy of business and to cultivate stewardship (i.e. long-term share-**holders** rather than share-**traders**) and the role of the specialist corporate responsibility (CR)/sustainability function (see Figure 4).

For a long-time, we called this the "Bulls-eye" model after a shooting or archery target, where the aim is to score a bulls-eye - the centre circle of the target. We recognised, however, the inherent weaknesses of this term, as it suggested a static and disconnected set of components. In applying the metaphor to business, an organisation must actively manage both the inner and outer rings while aiming at the centre: the bulls-eye. Consultees on earlier drafts of this paper suggested a pyramid as an alternative. In the end, we have retained the "target" but added in a "jigsaw" motif to suggest the inherent inter-connectivity between all the elements. They are not independent of each other. Thus, for example, collaborations/partnerships /networks (Operational) should relate to Energising Value Chain (strategy); Management Skills, Knowledge & training (operational) should relate to Engaging Employees (strategy); Communications and stakeholder engagement (operational) should relate to key targets and measurement, incentives (strategy); specialist function (operational) should relate to embedding in strategic business units and functions (strategy) and so on. In order to achieve sustainability all components of our model need to be aligned[20].

[20] In this respect our idea is similar to the well-known "Seven S" model of management, developed by Tom Peters and others and promoted by McKinsey & Company, where the goal is to synchronise all seven 'forces' to achieve success. The 7S are structure, strategy, systems, skills, style, staff and shared values. www.mckinsey.com/insights/strategy/enduring_ideas_the_7-s_framework

Figure 4: Embedding Sustainability Model



First we set out what we mean by each of these components and then move on to examine how a company implements these varies at different stages of maturity.

Purpose, Vision, Values, Strategy

The core of embedding is that sustainability is integrated into business purpose and strategy in a way that makes sense to the particular business, ending adherence to the notion that the *purpose* of business is to maximize shareholder value – when optimizing shareholder value for the long term should be the consequence, not the purpose. Research from the consultants Deloitte in 2011 claimed that over a fifth of Fortune Global 500 companies already had a clear, society-focused purpose underpinning their activities[21].

Tone from the Top: Leadership[22]

Leadership has to believe in and 'walk the talk' on sustainability. Staff and other stakeholders need to hear their leaders at different levels of the company explain regularly what it means for the business, why it is important, and how it is integrated. More importantly, they have to lead by example. As Sir Andrew Witty, CEO of GlaxoSmithKline (GSK) said when lecturing at Cranfield in January 2012:

[21] John Connolly& David Sproul, letters *The Economist*, April 7th 2011 Www.economist.com/node/18527183

[22] See eg Scott C and Esteves T., Leadership for Sustainability and Change, DoShorts (2013) and Ladkin D, Philosophy, Poet, Trickster: New Models for Corporately Responsible Leaders in Cranfield on Corporate Sustainability 2012

"How do you, as an individual leader in your space, make a difference? What's important? How are you going to set those expectations for the people who are around you? How are you going to set the language of your organisation? How do you set your incentive schemes? How are you thoughtful about sending substantive signals through your organisation that you are serious about running an organisation which is aligned with, not disconnected from, society?"

Tone from the Top: Board Oversight and Governance
Embedding sustainability requires effective board oversight - the 'governance of responsibility'[23] with whatever structure that suits the culture and governance philosophy and requirements of that business and its business circumstances. Some companies have a dedicated board committee or have extended the remit of an existing committee. Some have a lead non-executive director in charge. Some have a mixed committee of executives and non-executives. More important than particular structures, is the question of board mindset. More important than any particular model of board oversight and governance is whether a board has a "sustainability mindset" defined as:

> *"A collectively held view that long-term value-creation requires the company to embrace the risks and opportunities of sustainable development; and that the board are simultaneously mentors and monitors, stewards and auditors of the management in their commitment to corporate responsibility and sustainability."*

A significant number of boards are now assisted by sustainability experts' groups and / or by stakeholder advisory groups.

Key Targets, Incentives and Measurement
It is also important that the approach to corporate sustainability matches the organisation's strategic approach to doing business - and is reflected in its objectives, targets, incentives and measurement. Companies often have some over-arching sustainability commitment, what management writers Collins and Porras called a "BHAG" (Big, hairy audacious goal)[24] such as Plan A for sustainability at Marks & Spencer, the Unilever Sustainable Living Plan, Zero Waste to Landfill at Xerox and Herman Miller, Desso's commitment to Circular Economy, or Net Positive at Kingfisher. The company reports publicly on its performance. This will require identifying the most material Social, Environmental and Economic impacts (positive and negative) that the company has; making the business case for improving and then setting key targets and measures. Ideally, sustainability performance should be reported within integrated reports rather than as a separate, added on, CR or Citizenship Report.

Embed in Strategic Business Units and Functions.
Companies need a process for getting each part of the business, each business function (e.g. Human Resources, Marketing, Finance, R&D, Innovation), to understand its significant social, environmental and economic impacts, and to embed sustainability within strategies, policies and operating plans. Unilever, for example, have developed their *Brand Impact Assessment* methodology to help them to do this. Marks & Spencer are now looking for each product to have at least one Plan A attribute.

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[23] See Grayson D and Kakabadse A., Towards a Board Mindset for Corporate Sustainability, Business in the Community and Doughty Centre 2013: www.bitc.org.uk/our-resources/report/towards-sustainability-mindset-how-boards-organise-oversight-and-governance
[24] Collins and Porras, Built to Last, Successful Habits of Visionary Companies, Harper Business (1994)

Engaging Employees

Following the middle circle of the diagram around to the bottom, in addition to 'top-down' leadership and governance, companies with embedded sustainability engage employees and generate 'bottom up' innovation and initiative[25].

Energising the Value Chain

Companies need to engage their value chains from initial sourcing and suppliers through to customers and consumers. Focus to date has largely been on responsibility in the supply-chain with numerous companies and trade associations putting out good practice guidance for responsible sourcing such as Anglo-American's Socio-Economic Assessment Toolbox (SEAT)[26] process or the World Gold Council's Responsible Gold Standard[27].

Enablers

The outer circle identifies operational enablers such as skills, knowledge-management and training (both formal executive education and experiential learning); stakeholder-engagement, measurement and reporting, and communications; making effective use of the corporate responsibility coalitions and collaborations that the business is involved in; and perhaps having a specialist support function.

Skills, Knowledge Management, and Training

Critical to the development of the sustainability agenda is knowledge. Companies need to review the management skills and perspectives the company will need. This will involve knowledge management and training. For example, to ensure that investor relations departments are capable and confident in explaining how improving ESG[28] performance is integral to overall corporate strategy and contributes to long-term value creation.

Stakeholder Engagement and Communications, including to Investors

For the sustainable company engaging a wide range of stakeholders, it is not just about communicating what the company is doing, , but actively embracing them as a source of innovation and opportunity. Actively reporting progress publicly on Key Targets and Measurement, acts as a driver of performance. An investor relations department will be explaining to investors how improving SEE performance is integral to overall corporate strategy and contributes to long-term value creation.

25 For ideas on how to do this see: Doughty Centre how to guides: How to engage employees; How to run champions' networks; and Exter N, Employee Engagement with Sustainable Business: How to Change the World Whilst Keeping Your Day Job (Routledge Explorations in Environmental Studies) 2013

26 www.angloamerican.com/development/social/seat

27 www.gold.org/about_gold/sustainability/conflict_free_standard/

28 Environmental, Social and Governance – terminology popularised by Goldman Sachs and an alternative to "SEE"

Collaborations, Partnerships, and CR Networks

Learning from others and sharing with others is vital to the development of sustainable business practices. There are now several hundred generalist, national and international business-led Corporate Responsibility coalitions[29] and many more issue and industry-specific coalitions, as well as many multi-stakeholder initiatives[30] in which companies participate, learn from and use to explore challenges and business dilemmas.

Specialist CR Function

Deciding whether or not to employ an executive / team with sole responsibility for managing CR affairs is often an early step. The role of such an executive/team changes as the company embeds sustainability across all functions and SBUs. Increasingly the specialist function is not seen as direct deliverer but as fulfilling 'seven Cs': Coordinator, Communicator, Coach, Consultant, Codifier, Connector and Conscience, helping to embed corporate responsibility and sustainability across the company, and helping to draw on good practice internally and externally to do so.

4. STAGES OF MATURITY IN THE EMBEDDING CORPORATE SUSTAINABILITY MODEL

Based on our observation of companies over many years and discussion in numerous executive education classes with senior operational managers; and through an iterative process involving consultation with colleagues from different management disciplines; independent corporate responsibility experts, and a Delphi Panel exercise with a group of CR / Corporate Sustainability directors from companies aspiring to higher stages of CR Maturity, we hypothesise how companies at different stages of maturity handle each element of the embedding target model. We recognise that this analysis, and the summary table, remain "work in progress." We particularly welcome further feedback on it.

In Appendix 2 we set this out in some detail, but Figure 5 summarises each element of the Model at different Stages of Maturity. The following table provides a summary.

[29] "Independent, non-profit membership organisations that are composed mainly or exclusively of for-profit businesses; that have a board of directors composed predominantly or only of business people; that are core-funded primarily or totally from business; and whose dedicated purpose is to promote responsible business practice." Grayson & Nelson, Corporate Responsibility Coalitions, The Past, Present & Future of Alliances for Sustainable Capitalism (Greenleaf and Stanford University Press 2013)

[30] "Non-profit distributing organisations concerned with corporate responsibility in which businesses are involved but are not predominant in membership, funding and/ or governance and accountability." ibid

Figure 5: Summary of Stages of Maturity

Target Model Element	Denier	Complier	Risk Mitigator	Opportunity Maximiser	Champion
Strategy	Irrelevant.	Complying with legislation and local practice; Isolated initiatives.	Corporate Responsibility Programme.	Sustainability strategy becoming corporate strategy.	Creating new models for business and societal development.
Tone from top: Leadership	Active/passive resistance.	Lip service; Inconsistent.	Steward; Spectrum of views.	Able to articulate link to business purpose; Sets personal example.	Visionary; Actively recruits other companies.
Board Oversight and Governance	None.	If at all, risk-related.	Lead director or board committee; Link to risk register.	Linked to strategy and new business/value enhancement; Board as mentor & monitor; Sustainability Mindset.	Promoting governance of sustainability to others.
Key Targets and Measurement	None.	Some - as start to move to Risk Mitigator.	Linked to appraisals; Published Targets.	Link to rewards/promotion; Public, "stretch" goals.	Stretch targets for net positive societal impact through value chain/beyond.
Embed in Strategic Business Units and Functions	Little activity.	Compliance with HO requests/patchy; Perhaps a few vanguards.	Confirm run business in line with company's principles; Identifying material impacts.	Sophisticated, understand when to adopt, adapt, innovate from HQ; Enabling environment for sustainable innovation.	Sharing innovation internally and externally.
Engaging Employees	Poor, ad hoc.	Employee satisfaction focus; Employee volunteering.	Green teams, voluntary networks of employee champions.	Great place to work; Linked to talent development; Employee advocacy.	Defined mindsets; Behaviours, competences integrated.
Energising the Value Chain	Nothing.	ESG in tenders.	Supplier audits.	Suppliers' knowledge exchange; Engaging consumers.	Promoting good practice and collaborations.
Knowledge Management and Training	Nothing.	Nothing.	Start to incorporate specific issues	Linked to management development appraisals.	Sharing knowledge with others.
Stakeholder Engagement, Communications, including to Investors	Little, if any.	Reactive to Socially Responsible Investors (SRI); Stakeholder management; Proforma reporting.	Proactive to SRI-Reactive mainstream; Stakeholder engagement; May use GRI reporting; External assurance.	Able to explain how SEE affects business value; Partnerships/Assurance linked to management processes, e.g., EFQM/ISO26000	Investor education; Promoting collaborations; Reporting fully integrated.
Collaborations, Partnerships, and CR Networks	None.	Nominal, passive membership.	Seeking knowledge.	Taking leadership role; Membership integrated with business needs.	Capacity-building others; Lobbying for enabling environment for Corporate Sustainability.
Specialist CR Function	Marginal; Staff drive anything.	Limited; CR function.	SEE impacts start to have functional ownership.	Organisational alignment across functions and geographies.	Mainstream, business drives.

Readers may find it informative to compare and contrast this model with the highest Stages of Maturity postulated by Dexter Dunphy, who made one of the earlier attempts to identify business behaviour at different stages (see Appendix 2).

CLARIFYING THE MODEL

(1) What we are postulating is based on current good practice. However, as this spreads and is adopted more widely, the bar will continue to rise. Thus, fifteen years ago, some form of Corporate Responsibility Reporting might have been regarded as innovative and forward-thinking. Today, for large companies, it would be Complier stage. Similarly, today a commitment to Circular Economy could be considered stage 4/5 but in a decade's time will probably be seen as Complier stage, too.

(2) We recognise that there will be variations in what is possible for a company, depending on where it is within its industry and value-chain: what being a Champion would look like for (say) Walmart, will be different to (say) for a third-tier supplier to Walmart.

(3) We have debated what is needed for a Champion company to emerge. Probably, to do so, requires a company to ensure that sustainability is part of the Purpose of the company etc. - surely the fundamental precondition. The sine qua non. The board, CEO and senior leadership can start to show leadership behind this Mission – and start to build the culture and other related elements. Just because a company has adopted the Champion position in Vision doesn't make it a Champion - and surely because a company has already adopted (as many have) a new Mission in which CR/Sustainability is integral - doesn't mean it is a Champion. The key is that to be a Champion the company must have all the elements of this Target combined.

Parallel work is going on in the Doughty Centre concerned with the creation of a Sustainability Culture. We continue to debate whether Sustainability Culture can only follow when all the elements of the target stage are in place, or whether at least the beginnings of a Sustainability Culture are needed to nudge the organisation from Risk Mitigator to the higher Stages of Maturity. Probably a company could evolve through the lower Stages of Maturity with top-down direction and no significant change of corporate culture; but progression to the highest stages will require a journey towards a Sustainability Culture, with clear board and SMT leadership. In other words, we may be finding that to move through the lower Stages of Maturity requires a focus on the Hard Ss of management – Strategy, Structure, Systems[31] - while for a company to progress through to Champion will require a focus on the soft Ss of management, especially Culture (in the Seven S theory, Culture = Shared Values). The reconciliation of these positions may be to be found in the distinction between what The Economist magazine recently called "corner office culture", i.e. the behaviours desired by the leadership based in the corner offices and the image that they want the company to project to the world; and its canteen culture, "the way we do things around here", which is often the opposite of the formal rules. As The Economist argues: "Peter Drucker, a booster of corporate culture, liked to say that "culture eats strategy for breakfast"; it is equally true to say that canteen culture eats corner-office culture for breakfast."[32] To get the two aligned in a Sustainability Culture requires the full implementation of the Target.

(4) We do not wish to underestimate the challenges and the dilemmas which boards and SMTs face, in trying to embed corporate responsibility and then sustainability. These will require patience, perseverance and practice to work through. It may well be that exploring these

[31] In the McKinsey "Seven S" management framework, the 'Hard Ss' are Strategy, Structure and Systems; the 'Soft Ss' are Shared Values, Skills, Style and Staff (see http://en.wikipedia.org/wiki/McKinsey_7S_Framework).

[32] Corporate culture: Learning the lingo: Forget annual reports. Go to the canteen for what makes a company tick, The Economist, Jan 11th 2014

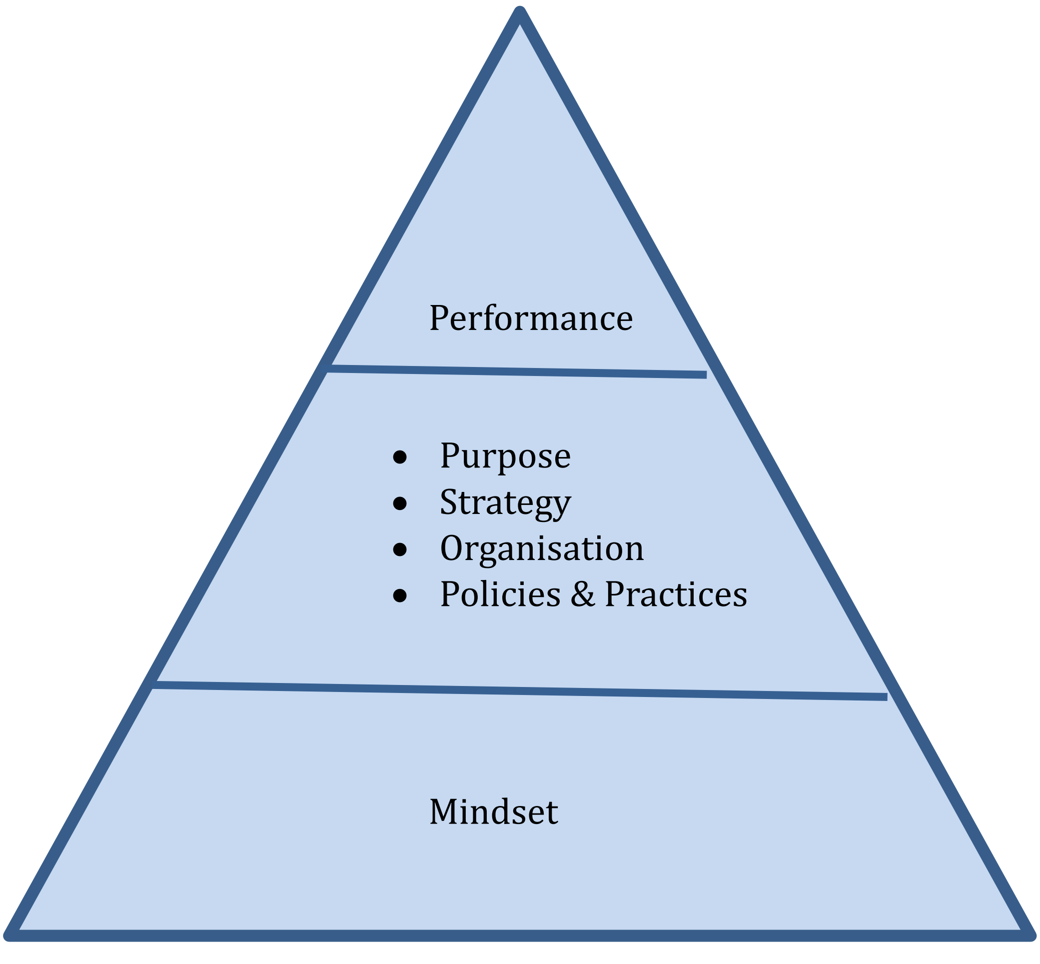
challenges and dilemmas privately with other companies through CR coalitions or ad hoc taskforces; and publicly with stakeholders through reporting and engagement, will lead to increased understanding, extend possible sources of new insights and ultimately produce better solutions.

(5) Empirically, we suggest that some companies may (unintentionally or otherwise) signal a "false positive" Stage of Maturity reading. Specifically, some high profile, positive impacts create an impression that the company is already (say) an Opportunity Maximiser in terms of mindset, purpose, strategy, structures and performance. Yet the business fundamentals are not built on solid foundations and the reality will eventually become apparent. Thus, for example, the Co-operative Bank's ethical, environmental and social policies arguably gave a halo effect to the Co-operative Group which recent revelations of poor corporate governance have now exposed.

(6) The descriptions of what each element of the Target Model will look like at different Stages of Maturity as being indicative: recognising that structures will vary in individual companies depending on history, culture, personalities etc.

Thus we see a company's Stage of Maturity as a combination of Mindset; Purpose, Strategy, Organisation, Policies & Practices; and Performance (see Figure 6).

Figure 6: Components of Stages of Maturity



5. TRIGGERS - MOTIVATIONS - INCONSISTENCIES - CHANGE MANAGEMENT

The motivation to change in the early stages is most likely to derive from external forces; whereas as the company moves to the higher stages, internal forces, often derived from learning and experience, will provide the impetus.

As mentioned above, the Denier is typically forced into compliance as a result of an external event that causes significant harm to the company's profitability. This event acts as a trigger for action. Steps are taken to ensure a minimum level of compliance. The Complier will find that a minimum level of compliance may still be subject to external shocks but some, such as those operating across international boundaries, may face criticism as they struggle to operate without a company code of ethical norms and attempts to abide by different laws in different countries.

External forces are not limited to shocks but may present themselves in other forms:

- Case studies reported in the popular press inspire the SMT
- Competitors at a business association's meeting share positive experiences
- Surveys show consumers expect more of the business
- Suppliers are adapting through pressure from competitors who use the same source
- Customers insist on improved standards, e.g., retailers asking suppliers to provide carbon footprint information, MNCs demanding higher standards as they seek to ensure their own supply chain sustainability.

Once the company has started to open itself up to a different way of looking at the business, internal sources of motivation may spur further action.

A Complier might find that certain aspects of the business are showing better returns than was expected by merely meeting minimum conditions; standards that were set are being exceeded with positive outcomes for the company and so the company is motivated to explore what other areas might benefit from a more pro-active stance. For example, there is actually a sound economic argument here for being "green": "I can save cost by reducing my energy usage or waste". Perhaps a review of personnel issues highlights low retention rates, difficulty hiring qualified personnel and this provides a motivation to become more proactive in providing a better work environment. Employees themselves may have taken the initiative on an issue and demonstrated the value of doing more.

Whatever the stimulus, the company realises the value of doing more and voluntarily starts to accept greater responsibility for its impact on society and the environment and not just its profit. They may find there is much to be gained by dialogue and collaboration with external partners, not merely trying to influence them.

Some authors have highlighted the need for organisations to learn as the basis for moving forward: a step in one direction leads to awareness of other issues that might need to be addressed. For example, Carlisle and Faulkner[33] suggest a four-stage process towards implementing cultural change: Developing Awareness, Promoting Awareness, Initial Implementation and Mainstreaming.

[33] Carlisle, Ysanne M. and Faulkner, David O. "Corporate social responsibility: a stages framework" European Business Journal, 2004

The path from Denier to Champion is not a smooth one, nor does it necessarily pass from one stage to another in discrete, easily identifiable steps. Many companies may aspire to progress, but across the vast range of their businesses, there remain flaws and inconsistencies. One reason for this is that managing the transformation from Complier onwards requires a pervasive change management strategy, starting with a change in the culture of the organisation, requiring a concerted effort over time.

A leader may well have decided that he wants to lead his company in a new direction, change the values of the organisation, discard old practices, and encourage new ones, but old habits die hard. Old business practices may continue in parts of the organisation long after an announcement of a new way of working has been circulated. In some cases, it may well be that an example of stern action may need to be taken before some employees sit up and take notice, before they learn that the company intends to "walk the walk" and not just "talk the talk". This may well explain some of the examples that NGOs such as Greenpeace and Corporate Watch expose.

Thus, a company can be at different stages in different components of the Target. This is inevitable as some activities lead others. A company might need to move forward in one component of the Target before other components of the Target can be achieved. It might also be possible, at least as a company is moving through the lower Stages of Maturity, for retrograde steps to occur. A company that has not yet fully embedded the mindset of the Opportunity Maximiser, for example, nor driven the cultural change necessary to achieve consistent change across all components, may find that competitive pressures result in a step backwards.

For larger companies, we posit that the path from Opportunity Maximiser to Champion will arise when the truth dawns that individual corporate action, however large and influential the company, will only have marginal impact without systems change. There is a need to work with others - competitors, other companies, government, NGOs, and other interested parties - to tackle the systemic problems, without which organisations cannot be truly sustainable. Thus, the company starts to take the lead in encouraging collaboration among a wider group of stakeholders to influence public policy and create the enabling environment for sustainable development.

6. INDIVIDUAL MANAGER'S STAGES OF CORPORATE RESPONSIBILITY MATURITY

Although we have not focused on the mindset and perspectives of individual board members, the senior leadership team or general managers, one might postulate that individuals, too, would attain different stages of Corporate Responsibility Maturity - i.e. in their views about what responsibilities their business has for its Social, Environmental and Economic Impacts. These too might be summed up in five stages (see Figure 7).

Figure 7: Individual Stages of Maturity

Individual's stage of maturity
Stage 1 – Blocker
Stage 2 – Complier
Stage 3 – Implementer
Stage 4 – Intrapreneur / Business builder
Stage 5 – Challenger

Clearly, there will be organizational tensions and personal cognitive dissonance if the individual's and the organisation's Corporate Responsibility Mindset is not broadly aligned. Individuals at higher Stages of Maturity will want to consider carefully any opportunity to join a company at a low Stage of Maturity, unless there is a significant likelihood of the organisation shifting. Equally, an individual at a low Stage of Maturity would be ill-advised to join a company at a high Stage of Maturity, unless the individual is ready to change their perspectives.

7. HOW TO USE THE MODEL OF CR MATURITY

The overall model can be used with boards and SMTs either for 1:1 or group discussions about where their company is today and where it wants to be.

The interviewer / facilitator can challenge the board / SMT analysis of where their company is currently, and press for the evidence to support the stage of maturity identified as being the current state.

If the assessment is deemed too optimistic / complacent, the interviewer / facilitator can question whether the company has in place the elements usually associated with that stage of CR maturity.

Once there is a consensus amongst the board / SMT on the current state, the interviewer/facilitator can probe for what is their desired stage of maturity, and in what time-frame, inviting discussion of what may be the most significant obstacles to achieving this change, and how these can best be overcome.
Simple change management tools may be used such as a "From To" table (Figure 8).

Figure 8: From-To Table

Current Status	Desired Status	Potential Issues	Plan to overcome	Responsibility	Timing

It will typically be left to a more detailed, follow-up process to identify the necessary work-streams, accountabilities and time frames for the evolution to a higher stage of maturity.

As a variation to, or preparation for, the above, the original exercise can also be done with a cross-section of company employees from different levels of seniority and length of service; groups of operational managers and heads of strategic business units / business functions; and/or groups of designated high-flyers or new graduate management trainees.

At an appropriate moment, their answers can be compared with those of the SMT/board.

Depending on the time available, it may be better to give the summary chart of the five stages of CR Maturity versus the embedding model, to participants in advance of any workshop, so that they have time to reflect in some detail on where they believe their organisation currently is; and what would be their desired future state.

Once the broad areas for improvement are identified, it is recommended that the leaders of the change-management process consult the relevant how-to guides published by the Doughty Centre and other organisations, available in our online publications library (http://doughtycentre.info/publications).

The authors welcome inquiries from companies and other organisations wishing to discuss arranging a workshop or seminar to explore what the "Embedding Sustainability" model and the Corporate Responsibility Stages of Maturity Model mean for them.
Moving a company forward is likely to involve a CEO in a series of "critical conversations" as exemplified in Figure 9.

Figure 9: Critical Conversations

Question	No – never considered	No –but discussing/ in progress	Yes – but some time ago/been changed or done superficially	Yes – up to date and comprehensive but full implementation needed	Yes – up to date, comprehensive and implemented / well under way
With my senior management team: do we know our most material economic, social & environmental impacts (+/-) overall, and in each key part of our business?					
With my board or with my boss and his/her peers: when did we last have a serious discussion about how the global forces for change and the consequent "Essential management issues" will affect our business in future?					
With myself: can I articulate how minimising negative economic, environmental and social impacts and maximising positive impacts is integral to making our business more successfully in the future?					
How can we / do we explain this to our owners, employees, key business customers and suppliers?					
With my chairman / boss: do we have effective governance and oversight of our commitments and strategy for minimising negative economic, environmental and social impacts and maximising positive impacts?					
With HR and with my direct reports: is engaging our employees on sustainability / responsible business, an integral part of our overall sustainability strategy and also a key way in which we are engaging employees with the future success of the business overall?					
Do we have S.M.A.R.T. targets for minimising negative economic, environmental and social impacts and maximising positive impacts?					

8. OUR FUTURE WORK ON STAGES OF MATURITY

We plan further work to:

- Explore the evolution of the corporate mindset, the triggers for an evolution to greater maturity and the links to Sustainability Culture;
- Test the Target Model in more companies;
- Fill in more of the "how-to" gaps on specific aspects of the Target Model (either ourselves or by encouraging faculty colleagues and / or partner organisations to do so);
- Examine the application of the model to SMEs; and
- Write up the work for academic publication.

CONCLUSION

Of course, the challenge of ensuring that nine billion people will live at least reasonably well within the constraints of One Planet by mid-century is not for business to solve. It will require a mixture of political will to set the direction; thoughtful regulation, including market based mechanisms; innovation; and behavioural changes by consumers, active citizens, and investors. Business has its role to play in each of these dimension, and how far individual businesses do so will depend on their Stage of Maturity.

Better management of social, environmental, and economic impacts, can reduce risks and, done well, should increase opportunities for a business. It is no longer a nice-to-do for business. Increasingly, companies around the world are seeing this for what it is – business critical.

APPENDIX 1. EMBEDDING SUSTAINABILITY

TARGET MODEL ELEMENT	DENIER	COMPLIER	RISK MITIGATOR	OPPORTUNITY MAXIMISER	CHAMPION
PURPOSE, VISION, & STRATEGY	Focused on maximising short-term earnings	Focused on costs As for Denier but incorporates compliance as one of the (possibly unwritten) values and strategy.	Purpose and vision may be modified to include expressions of responsibility to a wider group of stakeholders other than shareholders	Sustainability included in Purpose, Vision, Values, and Strategy	Purpose and Vision reflect a commitment beyond the company - to industry and society sustainability. Strategy includes investment in the sustainability of the industry and the economy. May have amended Memorandum and Articles of Association to explicitly incorporate a social purpose.
TONE FROM THE TOP: LEADERSHIP	Focused on short-term earnings	Focused on short-term earnings and operating within laws and local business practice	More open to medium-term investments across the SEE space, e.g., reducing energy, waste - or the need to develop & retain personnel.	Embrace a sustainability mindset, 'walking the talk'	Actively encourages businesses to become sustainable, sharing best practice. Take the lead on shaping coalitions, exploring new business models, and ownership structures.
TONE FROM THE TOP: BOARD OVERSIGHT AND GOVERNANCE	Focused on shareholder interests. Board may not be aware that company is non-compliant	Focused on meeting minimum standards, perhaps appointing a compliance officer or a board sub-committee to look at risk.	Starting to be active (sub-committee or specialist director) in specific areas, e.g., waste reduction, energy efficiency, ethical standards. Improved access (ombudsman) for unhappy consumers.	Embrace a board mindset for sustainability: seeing role of board as "steward" as well as "auditor," "coach" as well as "cop;" and that corporate sustainability should be opportunity maximiser as well as risk-minimiser. Will have defined governance structure and oversight.	Actively urges businesses to become sustainable. Speaks out on wider role of business in society

Target Model Element	Denier	Complier	Risk Mitigator	Opportunity Maximiser	Champion
Key Targets Incentives and Measurement	SBUs are focused on profit.	Minimum standards to ensure compliance	Measures linking performance as part of performance appraisals, likely to be risk-related but may also be related to specific targets such as unit energy consumption.	A wide range of measurements on key aspects of sustainability are integral in setting executive rewards. Some of these might be made public in corporate reports embracing GRI standards	Bonus element of Executive Remuneration is tied to long-term performance of the company across the full spectrum of Social, Environmental and Economic impacts. Externalities are being internalized and company is adopting true-cost accounting.
Embed in All SBUs and Functions	SBUs are focused on profit. All targets and performance measures reflect this	SBUs are focused on meeting compliance standards - a few avant-garde leaders may be taking a lead on some issues	SBUs are required to adhere to standards and to run the business in accordance with norms set by the Board. Some SBU heads facing greater stakeholder pressure than others may be taking the lead on some issues.	SBUs have a sophisticated understanding of when to adopt, adapt, innovate, sustainability practices. Some internal teams starting to develop innovative solutions to sustainability issues.	All SBUs are actively engaged in sustainability with each being a source of innovation shared broadly. Company is actively seeking innovative solutions both internally and externally to societal issues that have been identified as areas of risk or opportunity for the company or industry.
Everybody's Business: Engaging Employees	Employees engaged only on an 'as-needs' basis. Typically focused on the 'nuts and bolts' of making profit.	The SMT seeks to ensure that employees are satisfied with remuneration and general working conditions.	Growing concern over how employees are treated: "if I can develop better employee relationships this will result in improved productivity and retention." Starting to develop programmes that encourage development, e.g., training and teamwork. Regular communication to employees about new codes of conduct and the values of the firm.	Invests significantly in engaging its employees - focused around "a great place to work". Advancement based on evaluation of the employee's performance and commitment to company values and mission including sustainability.	Employees are ambassadors for sustainability outside the workplace. Consistently a 'great place to work'. Company shares with others what they have learned about how to achieve this, how to develop people, and what training programmes have proven effective (and which have not).
Everybody's Business: Energising the Value Chain	Squeeze suppliers and customers to maximise company profitability.	Ensure that suppliers comply with company-provided minimum standards while keeping costs low.	Working with suppliers to improve quality, reduce impact on environment, and compliance with minimum corporate standards, including Human Resource issues such as Child Labour.	Sustainability of the whole value chain integrated into planning. Working with fewer suppliers in long-term shared destiny relationships.	Choice-editing: company products and services sustainable. Promoting Circular Economy. Shares best practice.

TARGET MODEL ENABLERS	DENIER	COMPLIER	RISK MITIGATOR	OPPORTUNITY MAXIMISER	CHAMPION
SKILLS, KNOWLEDGE MANAGEMENT & TRAINING	None relating to management of SEE impacts	If any, this will be focused on risk management.	Incorporates training on selected SEE issues most likely seeking expertise and knowledge to improve internal performance. Knowledge management focused on operational performance.	Intensive training of skills needed to implement sustainability agenda (e.g., collaboration, networking). Comprehensive training using internal and external resources.	Knowledge about how to be sustainable is shared openly not just within the company's value chain but also with others
STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS INCLUDING TO INVESTORS	An island. Typically, speaks only in response to a crisis of some sort when it usually adopts a defensive posture.	Has started to communicate to external stakeholders, possibly developing a modest PR programme eg boasting of philanthropic achievements.	There is a balance between the pursuit of profit and other stakeholder needs. Steps are taken to improve relationships with different stakeholders and engage on a range of issues. SMT is now listening and starting to explore how to incorporate external stakeholders' viewpoints into the business. May publish a CR report.	Proactively engaged in partnerships with stakeholders, addressing core business needs. News, progress reports, and goals are actively updated on the company website.	Building on the relationships developed as an Opportunity Maximiser, the company now uses continuous stakeholder engagement to collaborate on tackling sustainability issues; and embraces transparency.
COLLABORATIONS, PARTNERSHIPS & SUSTAINABILITY NETWORKS	Company does not participate in any such associations.	Starting to see value in some involvement, perhaps joining an industry association, perhaps seeing value in working with companies in similar situations, e.g., to lobby government against further regulation, or just finding out more about what sort of issues other companies have faced in order to learn how to handle.	Involved in a few different organisations and may well be leading in some areas, perhaps heading a business taskforce on a particular issue such as waste management or energy saving.	The SMT is actively participating on behalf of the company in strategically chosen coalitions and networks. The CEO, SMT, Chairman may chair coalitions. Company is sharing expertise with a broad range of stakeholders.	The company is involved at multiple levels in strategically relevant, multi-organisational forums covering a wide range of topics. It will be actively seeking out new forms of collaboration, sharing knowledge about how best to collaborate with others, actively seeking out, developing, and disseminating new business models, and challenging industry laggards.

Specialist CR Function	There is none. CR is irrelevant	May be Community Involvement ("CSR") function or may divide responsibilities and tasks with different executives looking after certain issues: e.g., Marketing may take care of philanthropic donations trying to relate these to the business in some way.	CR specialist(s) advises on stakeholder engagement, liaises with government bodies, keeps up to date with latest developments and advises SMT. This specialist function is typically responsible for the company's CR performance	The specialist function is not responsible for performance, individual managers are now held accountable. An internal resource to the SMT and SBUs.	Senior-level cross-functional committees that include senior business leaders and key corporate function heads drive the company's strategy and sustainability priorities. Specialist function may help drive external collaboration.

Operations	Focused on cost savings and maximizing sales.	Focused on costs savings – but in accordance with minimum quality and regulatory standards. May seek ISO 9001 accreditation.	Seeks ways to improve efficiency: e.g., raw material use, energy consumption, and waste. May add ISO 14001 accreditation.	Focused on effectiveness across all operations, introducing systems such as TQM or Lean Management.	Embracing Extended Producer Responsibility within Operations. Exploring new business models such as Circular Economy.
Marketing	Unconcerned about any consumer misuses of products or services.	Following industry codes if generally accepted	Complies with codes of marketing, e.g., truth in advertising, protecting children or vulnerable adults Active measures to reduce misuse of products and services.	Looking for new products and services which have less environmental impact. Seeking to ensure supply chain is not harmful. Potentially seeking sustainable 'shared value' solutions.	Engaging consumers in sustainable marketing, consumption, and disposal. Accepting Extended Producer Responsibility.
Finance	Do not consider any need to account for externalities	Adheres to international accounting standards	Focused on savings that might be achieved by reducing negative SEE impacts.	Modifying investment criteria to favour sustainability e.g., social innovation Engaging investors on medium- to long-term benefits of sustainability programme	Actively promoting sustainable finance initiatives. Engaged in Accounting for Sustainability CFO Network. Leading investor dialogue demonstrating shareholder value is enhanced when meeting wider stakeholder concerns. Pro-actively managing its share register in favour of long-term (stewardship) investors.

Human Resources	Limited HR function	Assisting with training and development of people, capacity focused.	Building a great place to work	Integrates sustainability into desired competencies, skills, job descriptions. Provides line management training in how to incorporate KPIs into performance appraisals Conducts regular surveys of employee attitudes on a range of sustainability issues.	Sustainability and ethical performance included in compensation and promotion criteria Enables an environment for Social Intrapreneurism and other employee-generated innovation.
Innovation, R&D, and NPD	Little or no investment. Most likely following or copying others.	Systems introduced to ensure compliance, e.g., to material standards, energy use guidelines, safety standards.	Actively reviewing sourcing to reduce risk of exposure to potential sustainability issues such as child labour, non-renewable materials, etc.	Consumer Research for NPD includes sustainability. Sustainability issues incorporated into a Stage-Gate process. Public commitments to sustainability stimulate innovations.	Commitment to (say Circular Economy) means Sustainability screening for all innovations Actively collaborating with others to develop innovative solutions to sustainable issues, e.g., water, materials use.
External Affairs	Lobby for corporate advantage with no regard for SEE impacts	Complies with letter of any legal or professional codes of lobbying	Responsible lobbying practices / identifying reputational risks from inconsistencies between company's own public statements and those of business groups in membership of	Actively checking what the company is lobbying for and that direct/indirect (via trade associations) lobbying is consistent with public positions on transparency and sustainability.	Proactively working with Industry Coalitions to identify and advocate public policy changes to promote sustainable development.

APPENDIX 2: A BRIEF SUMMARY OF PREVIOUS APPROACHES

Several writers have asserted that fundamental building blocks need to be put into place before progress can be made towards responsibility. It is not possible for a company to become a Champion overnight.

Across each of the factors set out in the "Target" there are steps that need to be followed as it is difficult, in many cases, for a company to move from "starting out" to "best practice" in one move.

For example, in the field of stakeholder engagement a company may find it extremely difficult, if not impossible, immediately to start collaborating with civil society attempting to tackle complex social problems that might have an impact on its business value. For example, BSR[34] sets out a five-step approach to Stakeholder Engagement:

1. Develop a strategy
2. Map stakeholders
3. Prepare for the engagement
4. Engage stakeholders
5. Establish action plans.

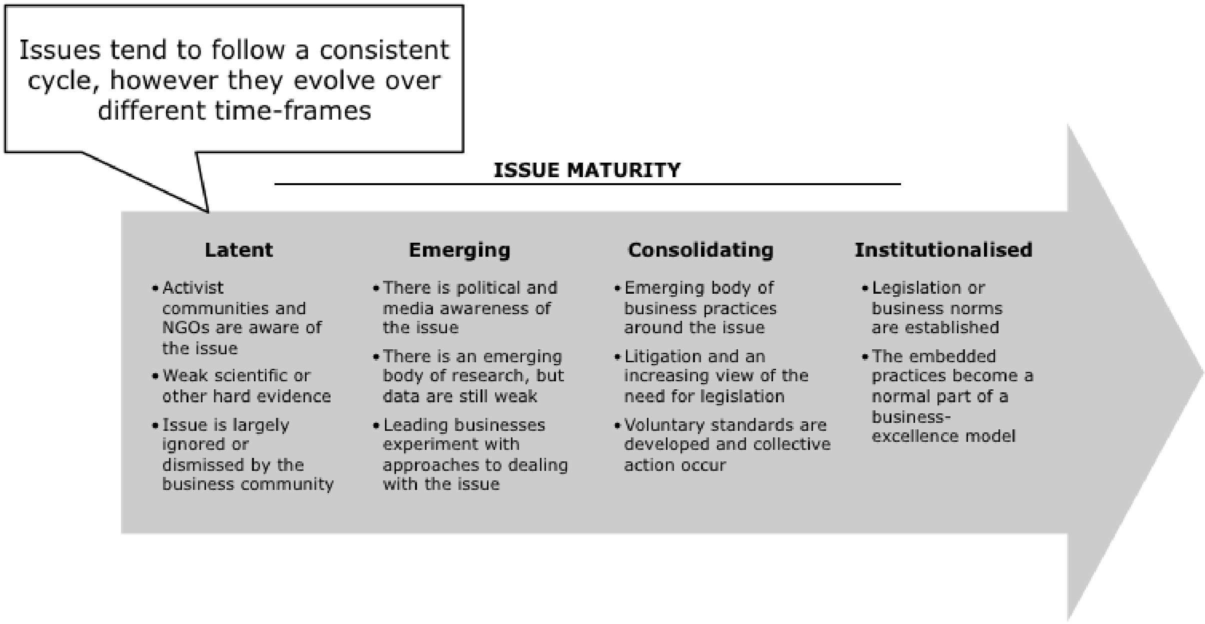
It is highly unlikely that a business could immediately establish such a trustful relationship with external stakeholders, which leads to opportunities being identified for action plans and collaboration. External stakeholders are often suspicious of business. An attempt to dive straight to "let's collaborate" at a first meeting would be met with suspicion and mistrust ("what's their hidden agenda?"). Relationships need to be established and nurtured, trust needs to be developed, and areas of common interest identified, all of which takes time. Indeed, it may well be that certain stakeholders identified in the "mapping phase" may not be the same stakeholders that are those the business collaborates with.

Blackman, Kennedy, and Quazi argue that learning is the "missing link in implementation" for both the organisation and the individual within. Indeed, Nystrom and Starbuck argue that there is also a need for individuals to discard old ideas and beliefs before being able to progress, arguing that "before organizations will try new ideas, they must unlearn old ones by discovering their inadequacies and discarding them."

In addition to outlining a five-stage model[35], Zadek describes how Novo Nordisk developed the concept of "Issue Maturity" and asserted that external issues that may affect a company go through their own stages of development.

[34] http://www.bsr.org/
[35] Zadek calls the five stages: Defensive, Compliance, Managerial, Strategic, and Civil.

Figure A2.1: Zadek's Development of Issue Maturity



Zadek then combines Issue Maturity with the five stages and develops a Civil-Learning tool showing how a company might be able to "see where they and their competitors fall on a particular societal issue.

Figure A2.2: Zadek's Civil Learning Tool

A company may find that it straddles different stages. Some business units may well be innovators (e.g., in production, new technologies, new materials, and/or new processes, are being introduced as a result of compliance with ISO standards) while other parts of the business are mere Compliers (e.g., the finance function is still reluctant to provide any data about business performance other than that which is legally required). One might mount an argument that such uneven progress is inevitable as when Board or CEO directives cascade through the company different parts of the company take up the directive at different rates.

Lehman et al[36], in studying the development of CSR at Danfoss, found that as the organisation learned, new opportunities opened up. For example, out of a focus on cleaner methods of production (in order to reduce waste and energy) developed a learning that led to the development of cleaner products.

This tends to support Porter's assertion that "considering CSR as an opportunity rather than as damage control or a PR campaign requires dramatically different thinking."[37]

Last, there is an argument that the true "trail-blazer" will be taking into account the views of a wide range of stakeholders and that necessarily a company may be a "trail-blazer" in stakeholder engagement while still being an innovator in other areas of the business.

And so we find that the road to being a responsible business must be negotiated in stages.

Some classifications

There have been several attempts to establish a model that classifies a company based on its progress along the path towards being a Responsible Business. Maon, Lindgreen, and Swaen provide a summary of a range of models in a simple table[38]. Their list is not exhaustive, for example omitting the five "Stages of Corporate Citizenship" described by Mirvis and Googins; (Elementary, Engaged, Innovative, Integrated, and Transforming) nor the classification developed by Tuppen and Porritt (see below). Spitzeck grouped the various academic approaches to Corporate Responsibility according to the lens or perspective used to analyse: Historical (time), Performance (behaviour), Structural, Cognitive (motivation), or Moral-cognitive (Mind-set).

Typically the models describe four to six stages although Paul Hohnen, slots companies into just three categories: Bronze, Silver and Gold. The new Responsible Business 100 project plans to rate companies' answers to 43 questions on a four-level stage: unacceptable, justifiable, commendable and exemplary[39].

Generally speaking, while different epithets are used to describe stages, there is more or less agreement that the spectrum commences on one end where companies are in denial in one form or other and take no action whatsoever, while at the other end are companies who are, in some way, transforming the way they (and others) do business.

The first stage is one where the response of the business is a type of denial. "This has nothing to do with me or my business". This stage is variously described as "Reactive", "Defensive", or "Rejection". Tuppen and Porritt refer to this stage as "Outlaws" and remind readers that the "majority of small and medium-sized companies in the UK are still not in compliance with core environmental regulations."

Dunphy adds a variation of denial calling out a group as Stealthy Saboteurs - entrepreneurs with no hint of ethics who see an opportunity to climb on board and take advantage of the new movement. An example of Dunphy's Stealthy Saboteur might be the consultants who were offering ISO26000 certification long before ISO26000 was actually approved!

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[36] Lehmann M, Toh I L, Christensen P, and Ma R: "Responsible Leadership? Development of CSR at Danfoss, Denmark." Corporate Social Responsibility and Environmental Management 17, 153-168 (2010)
[37] Porter and Kramer 2006, p. 91
[38] See Table II
[39] www.responsible100.com

The next stage is where the company moves to a more defensive posture and seeks to introduce the minimum change that either meets regulation or what is perceived as enough to satisfy the more active stakeholders. Generally speaking this is known as the Compliance stage.

A third stage is where management sees a direct business benefit in some form (e.g., reducing cost by reducing waste or energy consumption). Clarkson describes this stage as “Accommodative”, “Managerial is used by Zadek, Dunphy calls them “Efficient”, Mirvis and & Googins call this stage “Innovative”, and Tuppen and Porritt call them “Case-makers”.

The fourth and fifth stages are where the company is becoming pro-active in some way. Clarkson merely defines one group which he calls “Pro-active”. Most other writers set out two separate stages – the fourth, where companies believe that there is some form of competitive advantage to be gained by being pro-active – these seek out opportunities to use their “responsibility” as a lever for building Corporate Reputation. This fourth stage is described as Strategic or Pro-active. Tuppen and Porritt call these the “Innovators”.

The fifth stage, the “ideal” stage, is where the company is actively encouraging others to be responsible and is sharing its knowledge and expertise widely. It has perhaps realised that complex social problems may not be solved by one company working alone and that business value is at stake unless the whole industry works together and collaborates with civil society.

Companies in this stage are variously described as “Civil”, or “Champion” by some, “Transformative Futurist” by Dunphy, and Trailblazer by Tuppen and Porritt.

Having summarised many other models Maon et al then go on to define their own “Consolidative Model”, comprising seven stages of Corporate Social Responsibility divided into three Cultural Phases.

Figure A2.3: “Consolidative Model”

Cultural Phase	Seven Stages	Perspective
Resistance	Dismissing	Winning at any cost: No CSR
Grasp	Self-protecting	Reputation & Philanthropy: CSR marginal
	Compliance-seeking	CSR as worthy of interest
	Capability-seeking	Stakeholder Management: CSR as influential
Embedment	Caring	Stakeholder dialogue: CSR as embodied
	Strategising	Sustainability: CSR prevailing
	Transforming	Change the game: CSR ingrained.

In setting out its guide to businesses to implement the standard: BSI 8900, the British Standards Institute provides tables setting out a Sustainable Development Maturity Matrix[40]. While not naming each of the stages, the tables set out from-to outcomes for Integrity, Inclusivity, Stewardship, and Transparency.

[40] BSI Standards Publication “Managing sustainable development of organizations” 2013

Figure A2.4: Summary of definitions taken from Maon, F, Lindgreen, A., and Swaen, V. (2010)

Author(s)	Terminology	Definitions	Characteristics of the conceptualisations		
			Nature of CSR commitments	Theoretical approach	Focus of CSR commitments
Bowen (1953)	Social responsibilities of businessmen	'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society' (p. 6)	Moral obligation	Ethical	Society at large
Davis (1960)	Social responsibilities of businessmen	'businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest . . . [S]ocial responsibilities of businessmen need to be commensurate with their social power' (pp. 70–71)	Discretion	Political	Society at large
Friedman (1970)	Social responsibility of business	'to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud' (p. 125)	Moral obligation	Instrumental	Shareholders
Sethi (1975)	Social responsibility	'implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance' (p. 62)	Discretion	Integrative	Society at large
Davis and Blomstrom (1975)	Social responsibility	'The idea . . . that decision makers are obligated to take actions which protect and improve the welfare of society as a whole along with their own interest' (p. 6)	Moral obligation	Integrative	Society at large
Carroll (1979)	Social responsibility of business	'encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time' (p. 500)	Moral obligation	Integrative	Society at large
Jones (1980)	Corporate social responsibility	'the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract' (pp. 59–60)	Moral obligation	Integrative	Specific stakeholders groups
Drucker (1984)	Social responsibility of business	'to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth' (p. 62)	Discretion	Instrumental	Internal stakeholders
Maclagan (1998)	Corporate social responsibility	'may be viewed as a process in which managers take responsibility for identifying and accommodating the interests of those affected by the organization's actions' (p. 147)	Discretion	Integrative	Specific stakeholders groups
European Commission (2001)	Corporate social responsibility	'a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis' (p. 6)	Discretion	Integrative	Specific stakeholders groups
McWilliams and Siegel (2001)	Corporate social responsibility	'actions that appear to further some social good, beyond the interests of the firm and that which is required by law' (p. 117)	Discretion	Integrative	Society at large
CSR Europe (2003)	Corporate social responsibility	'the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organization and operations'	Discretion	Integrative	Specific stakeholders groups
Kotler and Lee (2005)	Corporate social responsibility	'a commitment to improve community well-being through discretionary business practices and contributions of corporate resources' (p. 3)	Discretion	Integrative	Society at large

Figure A2.5: Summary of previous stages taken from Maon, F, Lindgreen, A., and Swaen, V. (2010)

Author(s):		Walton (1967)	McAdam (1973)	Davis and Blomstrom (1975)	Reidenbach and Robin (1991)	Stahl and Grigsby (1997)	Dunphy *et al.* (2003)	Van Marrewijk and Werre (2003)	Zadek (2004)
Concept referred to:		*Corporate attention to social responsibility*	*Social responsibility philosophy*	*Social responsibility*	*Corporate moral development*	*Managerial CSR position*	*Corporate sustainability*	*Corporate sustainability*	*Corporate responsibility*
		Six stages	Four stages	Five stages	Five stages	Three stages	Six stages	Six stages	Five stages
DO NOTHING	*Reaction posture*	–	Fight all the way	Withdrawal	Amoral	–	Rejection	–	Defensive
Social responsiveness continuum (Wilson 1975; Carroll 1979; Clarkson 1995)	*Defence posture*	Austere	Do only what is required	Public relations approach		Minimum legal compliance	Non-responsiveness	Pre-corporate sustainability	Compliance
		Household		Legal approach	Legalistic		Compliance	Compliance-driven	
	Accommodation posture	Vendor	Be progressive	Bargaining	Responsive	Enlightened self-interest	Efficiency	Profit-driven	Managerial
		Investment						Caring	
	Proactive posture	Civic		Problem solving	Emerging ethical	Proactive change	Strategic proactivity	Synergistic	Strategic
DO MUCH		Artistic	Lead the industry		Ethical		Sustaining	Holistic	Civil

Figure A2.6 Highest Levels of Stages of Maturity by Dexter Dunphy

Phase	The Proactive Strategists	The Transforming Futurists
Motto	Lead in value-adding and innovation	Transform ourselves: Lead in creating a sustainable world
Objective	Pursue the strategic opportunities in sustainability.	Redefine the business environment in the interests of a more sustainable world and to support the core strategies of the firm.
Key business opportunity	Become market leader through pursuing the strategic potential of sustainability.	Create a constructive culture that continually renews the long-term viability of the organisation.
Typical actions	• Commit strongly to sustainability • Re-brand and build wider stakeholder support • Be early in on new product/service demand curves • Creatively destroy existing product designs, manufacturing models and re-invent the firm, leapfrog competition by early breakthroughs • Increase employee and stakeholder engagement to source innovative ideas • Shift the prevailing business paradigm in environmental and social ideas • Innovate with new models of stakeholder governance • Concentrate on adding value and innovating	• Participating in changing the 'rules of the game' to achieve sustainability • Participate in public policy formation • Reorganise the company's supply chain to ensure that the whole production process is sustainable • Build human and relational capital • Support dematerialisation and the growth of the knowledge-based economy • Model best practice; support/publicise best practice elsewhere • Participate in international agreements • Seek external auditing of sustainability • Influence capital markets to support long-term value-adding • Build a constructive culture that encourages openness, debate, innovation and participation.
Potential business benefits	• Increased revenue and market share • Stronger stakeholder support (reputation and commitment) • Higher customer retention rates; faster attraction of new customers • Established lead in developing new markets • Employer of choice – attract and retain skilled managers and professionals • Operate at high value-added end of market.	• Global leadership of the sustainability movement • Enhanced reputation and stakeholder support and involvement • Increased share value • Attraction/retention of talented, highly motivated employees.
Capabilities Needed	• Understanding and experience in strategic planning processes. • Eye for strategic potential of sustainability • Skills for involving and managing stakeholders. • Ability to think 'outside the square' • Understanding of social and market trends.	• 'Big picture' thinking, broad business knowledge • Political skills • Knowledge of sustainability best practice • Reputation and confidence in working with CEO/senior executives • Active involvement in leadership of the sustainability movement

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ABOUT THE AUTHORS

Ron Ainsbury

Ron was appointed a Visiting Fellow at the Doughty Centre in 2008 after a 30-year business career as an executive, business strategy consultant, and environmental entrepreneur.

As Director, Corporate Relations for Diageo Australasia Ron had introduced several innovative responsible programmes and was instrumental in helping the alcohol industry partner with civil society to establish Drinkwise Australia, a collaborative venture aimed at changing the drinking culture of Australians to minimise alcohol-related harm. The DrinkWise Story, co-authored with David Grayson, was published as a Case Study. He has taught business subjects to graduate students at the two leading Universities in Thailand, and is a Visiting Lecturer at the Vietnam Ministry of Finance's Academy of Finance. He is a Visiting Senior Research Fellow at the Rotterdam Business School, in the Rotterdam University of Applied Science, where he is leading research into the role of sustainability in driving innovation in European SMEs. He continues to consult to industry via his private company, Jacaranda.

Prof David Grayson CBE

Prof David Grayson joined Cranfield University as director of the new Doughty Centre for Corporate Responsibility in 2007, after a 30-year career as a social entrepreneur and campaigner for responsible business, diversity, and small business development. This included chairing several UK government bodies and charities, as well as serving as a joint managing-director of Business in the Community. He currently chairs Carers UK, the voice of the country's 6.5 million voluntary carers. David was a visiting Senior Fellow at the CSR Initiative of the Kennedy School of Government, Harvard 2006-2010. David has Masters degrees from the universities of Cambridge, Newcastle, and Brussels, and an honorary doctorate from London South Bank University. His latest book, *Social Intrapreneurism and All that Jazz*, was published March 2014. He co-edited *Cranfield on Corporate Sustainability* (Greenleaf 2012) and co-authored *Corporate Responsibility Coalitions: The Past, Present and Future of Alliances for Sustainable Capitalism* (Greenleaf 2013). Previous books include *Corporate Social Opportunity* and *Everybody's Business*.

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