

Firms meet social challenges

Our environmental and social problems can't be solved without the enterprise of the Companies That Count, writes **David Grayson**

One of the most encouraging aspects of this year's Corporate Responsibility Index (CRI) is the growing emphasis on responsible business as a source of competitive advantage. The focus is less on minimising risk and more on maximising opportunity. This has to be the future.

Harnessing the entrepreneurialism of business to find commercially attractive solutions is crucial for tackling the environmental and social challenges we face.

More companies are recognising that a commitment to responsible business can be a source of innovation that produces new opportunities. Business in the Community's (BITC's) Company of the Year – Marks & Spencer – has made sustainability and corporate citizenship an integral part of the M&S brand as well as a key part of its commercial recovery.

The marketplace management section of the CRI continues to rise steadily – in 2002, the average score here was 68%; in 2006 it was 90%. However, only half of the companies completing the index have conducted an assessment of the social impact of their core products and services.

Yet, increasingly, businesses are



Food for thought: Marks & Spencer has made sustainability and corporate citizenship an integral part of its recovery

being expected to assume some responsibility for the misuse of their products and services: think binge drinking or problem gambling. So, there is still some way to go. Businesses could start by seeing how they do on the responsible marketplace principles, developed for BITC by a group of leading marketers.

Companies that wish to maintain a good reputation with employees, customers and wider society need to have a commitment to sustainability and ethical decision-making. To make

such a commitment work, requires leadership from the top. The principles have to be embedded right across the business.

I hope that every finance director and chief executive in the Companies That Count list will tell City analysts and investors why he or she believes that being ranked among the Companies That Count is a powerful indicator of a prosperous future.

The CRI has worked because it has been designed by business for business. It plays to the competitive

instincts of businesspeople; and it provides a valuable benchmarking tool.

Nevertheless, the number of participating companies, remains stuck at about 150 each year. Some companies choose to complete the CRI only every two to three years since significant innovation and improvement takes time to bed down. Also, it takes a lot of time and effort to complete the CRI – which is why all the Companies That Count should be praised. They are leading the way

on responsible business.

Is the time now ripe to take the CRI Europe-wide and to target the Euro 250 as well as the FTSE 100? In particular, should we tackle the 30 or so Euro 250 largest quoted companies that do not enter the CRI, or the Dow Jones Sustainability Index, are not members of Business in the Community, are not signatories to the UN Global Compact, and do not produce a sustainability or corporate-responsibility report?

There has been much debate in recent weeks about the growing role of private equity – particularly in the context of bids for FTSE 100 companies like Sainsbury and Alliance Boots. Companies that have been taken private should not become secretive about their environmental and social impact. One of the most powerful ripostes to the critics of private equity would be for the leading private-equity houses to encourage some of the largest companies they own to enter the CRI, as Stephen Howard argues on the facing page.

Changing patterns of business ownership are just one of a number of new challenges for campaigners for responsible business. This year BITC is 25 years old. An organisation that started to help breathe new life into communities shattered by mass unemployment and the industrial shake-out of the early 1980s now has to inspire what are often global businesses to see the necessity of acting on issues like climate change and development – and see the commercial potential of doing so. ■ *David Grayson is director of the Doughty Centre for Corporate Responsibility at Cranfield and a director of BITC.*