

## Six Models for CSR/Brand Integration

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Today, corporations know that corporate social responsibility (CSR) is inextricably linked to their reputations and brand identities.<sup>1</sup> Integrating CSR and brand efforts without a roadmap, however, can be daunting. Often both brand and CSR departments are aware of the benefits of integration but have no idea how to initiate the integration or build an organization to support it.

To answer these questions, the authors conducted in-depth semi-structured interviews with key managers in brand and CSR departments in five industries — financial services, pharmaceuticals, extraction, consumer products and technology — identified by McKinsey as being more prominently engaged in CSR activities. From our analysis, we identified six organizational models for integrating brand and CSR. The six models fell into two categories:

**Non-adaptable Models** are not transferable or adaptable to a broader scale of corporations yet offer useful strategies.

**Adaptable Models**, on the other hand, provide replicable models for integrating brand and CSR efforts and are therefore the most useful to companies embarking on brand/CSR integration.

### Three Non-adaptable Models

The non-adaptable models, share the following characteristics:

- The brand/CSR integration of Non-adaptable Models is either unique to the type of company, to allocation of brand power, or to the industry.
- CSR/Sustainability reports are produced regularly and distributed widely.

#### Model #1: Mission-Driven

This model is the purest example of Brand/CSR integration. The two major components of brand, external communication and internal culture, are fully integrated with CSR. They were an integral part of the company's creation. In fact, these companies are so aligned with CSR as to warrant the label "social enterprises." The companies that started the movement include such well-known examples as Body Shop, Ben and Jerry's and, our example, Green Mountain Coffee Roasters.

Even in this social enterprise environment, however, brand and CSR must be formally linked. Green Mountain's first CSR officer was hired in 2000, nearly 20 years after the company was founded; a sub-Committee of the Board of Directors on CSR and the environment was appointed two years ago; and its first CSR report was published in 2005.

#### Model #2: Product-Driven Consumer Companies

These are companies whose brand/CSR integration efforts are traditionally grounded in their product brands. PepsiCo is an example of a product-focused company whose CSR/brand integration is product-focused.

Like many consumer food companies, PepsiCo has come under increasing pressure to address health risks and obesity issues which may be related to its products. It is best known for its Pepsi brand sodas and Frito Lay snacks, but also owns Quaker Oats, a brand that enjoys "a very high profile of health." Dr. Derek Yach, VP of Global Health, added "(recently), Quaker started to reach out internationally and work with the World Heart Federation, which represents a major shift — and means that we have to move even faster down a heart healthy set of products."

Integrating brand and CSR for one of its brands puts pressure on the other business units to do the same.

In 2007, PepsiCo's CEO Indra Nooyi instituted the company-wide initiative "performance with a purpose" moving the company to embed CSR in all of its product divisions. According to Dr. Yach, "She recognized that the ---same set of metrics need to be applied to the purpose side as have been applied to the financial performance side."

### **Model #3: Super-Regulated Industries**

Companies in this category often blocked from efforts to integrate brand and CSR because their industries products are highly regulated and scrutinized. Their CSR efforts often stems from threats of lawsuits and increased regulation.

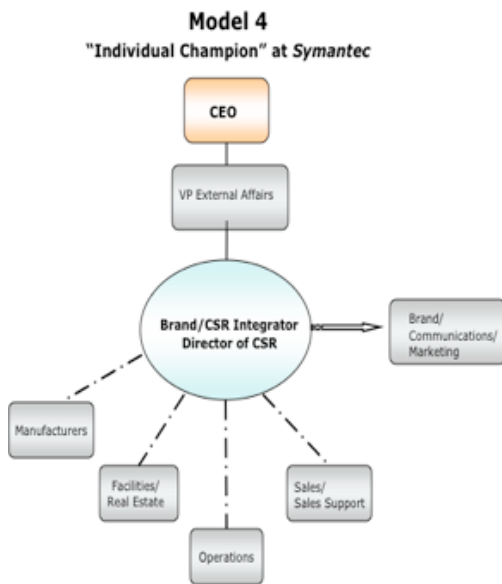
We spoke with several pharmaceutical companies, all of whom were cautious cautious because their culture does not support brand/CSR integration. As one of our non-pharma interviewees said, unprompted, "If you look at corporate giving, by far the largest givers are the pharmaceutical firms. ...And yet, my sense is they get very little credit for it, and they really haven't brought together the vision and the product and the capability."

### **Three Adaptable Models**

Our next three models provide replicable roadmaps for integrating a company's brand with its CSR efforts. These models share certain characteristics, including:

- CSR is a long-standing focus, though it may be called something different (sustainability, corporate citizenship, or corporate responsibility)
- the CEO and the board support the CSR efforts (though not necessarily the CSR/Brand integration)
- social versus environment or governance are the most branded CSR efforts
- Both internal and external communication focuses on CSR efforts
- In the beginning, the CSR report, as either a stand-alone or part of an annual report, is not the primary task of the integrator but happens shortly after integration efforts begin
- Brand/CSR integration efforts are measured in existing internal and external brand surveys

## Model #4: Individual Champion



This model exemplified by Symantec is based on a single person who initiates and manages CSR and all its facets, including brand/CSR integration.

CSR was first suggested at Symantec, the Silicon Valley security company best known for its Norton anti-virus software, by a former VP of Brand and Communication but actually initiated as a stand-alone position in External Affairs. Symantec's current Director of CSR, Cecily Joseph describes the original motivation "as pro-active and an opportunity to enhance the brand rather than protect it (and eventually) a way to build infrastructure systems into the company."

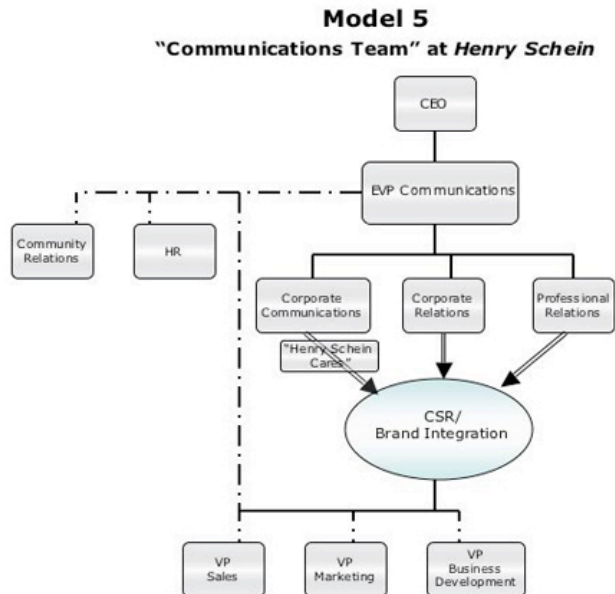
Joseph first used the UN Global Compact as Symantec's CSR framework, then added the Global Reporting Initiative (GRI). Once the framework was in place and the management involvement established, the project took on a life of its own. One example Joseph cites is the "environmental stewardship council, which started with 10 or 15 people. By the end of the year we had 50 people. And this includes senior people ... we have our Vice President of Facilities and Real Estate to, our Vice President of Operations — all volunteers."

Common to the Individual Champion model, is the organizational role as "a facilitator and an anchor to keep us aligned on a common vision. Corporate social responsibility is something that a lot of people get, and they need two things: they need a little bit of direction and they need permission." "It's not easy" said Joseph. "This feels like a daily battle sometimes. The ideal situation is probably a person who reports on a VP level in to the CEO."

CSR and CSR/Brand integration are measured separately. The brand group incorporated questions tied to CSR into its on-going brand tracking survey. Customer requests for CSR data are a primary indicator of urgency. "We're seeing more and more RFP's that come from customers asking, 'What are your social responsibility practices? What are you doing around labor? What are you doing around environment?' And so we're trying to build something (to track) this."

Joseph's experience exemplifies the best practices from the Individual Champions we encountered, though there is one notable difference. Joseph works in External Affairs while the other Individual Champions are located in marketing

## Model #5: Communications Team



In this model, CSR resides in the communications department, where brand managers use it as a tool on which to build a favorable reputation.

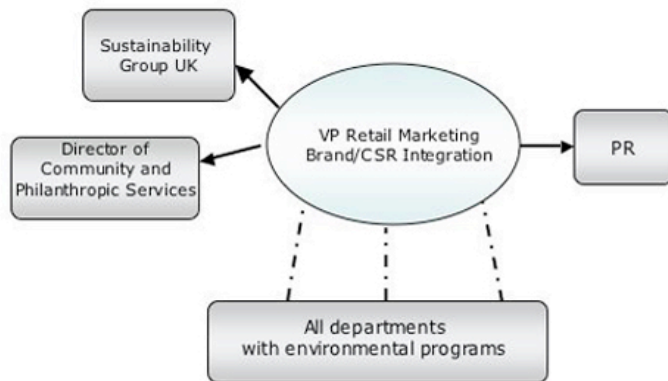
At Henry Schein, the drug distribution company mentioned earlier, the branded CSR program "Henry Schein Cares," is being integrated into every operating company worldwide. Says Steve Kess, Vice President, Professional Relations. "[We] work with [a professional] association of, understand their social and outreach needs, build a rapport and a co-brand between Henry Schein Cares, the Schein company in that country and that [professional] organization, and then secure and distribute the products necessary for them to execute their program. And in that process we build their brand and build their identity in their community by helping them develop press releases, marketing, and graphic materials, and also help them convene a stakeholder."

According to Kess, CSR at Schein is a hybrid function of three departments, Corporate Communications, Community Relations, and Professional Relations, all of whom report to Susan Vassallo, Executive Vice President, Communications. Vassallo makes sure that the Henry Schein Cares program reaches both internal and external constituencies through the efforts of her direct reports. For example, Kess calls the internal branding "championing": "All of [CSR is] reinforced through corporate communications, on our websites, in offices, in hallway signage,".. (Note: Schein was a client of one of the authors.)

Another example of the Communications Team model is Adobe, the design software company in San Jose, whose CSR department resides within Marketing and is on the same organizational level as the Brand group. On the other hand, Bankrate, the Internet personal finance company, has a marketing staff of ± 10 all of whom work on CSR projects. For example, the entire group, with the help of IT, launched a financial literacy quiz to help Bankrate's consumers identify areas of weakness and correct their knowledge. (Adobe and Bankrate were clients of one of the authors).

## Model #6: Organic Partnerships

**Model 6**  
**"Organic Partnerships" in HSBC**



This is the most mature brand/CSR integration model. It also is the most challenging model to describe because it is based on systematically interrelated parts rather than an existing structure.

We will discuss three examples of organic partnerships, HSBC, Chevron, and Cherokee and the different ways each approached the organizational challenge of brand/CSR integration.

Nicole Rousseau, HSBC' VP, Retail Marketing, coordinated the development and launch of the first US environmental campaign "Commit to Change," capitalizing on the dual meaning of change as both coins and changing behavior to positively affect the earth. Working closely with HSBC's Sustainable Development Group in the UK and the CSR department, Rousseau's team built a campaign that put CSR at the center of HSBC's retail marketing efforts.

Just as Joseph discovered at Symantec, a key to building the campaign was identifying a core group of employees representing all departments. "[We found people] who were really engaged and energized about the environment," Rousseau told us. Another initial task was identifying the sustainability projects that already existed in the US Bank. "Everyone learned in the process about what we had been doing as a bank for years. No one had any awareness. The campaign energized the employees, and it went out into the marketplace and customers and consumers saw that," said Rousseau.

With HSBC's brand/CSR integration, the primary metrics were around business goals. "Initial results from the Green Campaign indicate it brought in higher valued customers, increased cross-sell and obtained a major uptake in online bill-pay," Rousseau added, "It not only hit its goals, it exceeded them."

At Chevron, Brand/CSR is an integral part of business strategy. Chevron's CSR report is the responsibility of the Global Issues and Policy Group and their new brand "Human Energy" reinforces CSR's company-wide integration. According to Tam Nyugen, Corporate Policy Advisor "(The brand group) used "People and Partnership" as the underlying theme for the new roll-out. It's trying to talk about, on one side, what the company's doing and the people inside our company.... And it's also showing the lives of the people that we impact and [how] important energy is for them...We're committed to economic development in the communities that we operate in." While the CSR brand campaign is established at the corporate level, the implementation of the campaign is both regional and country specific. At Hess, according to Paula Luff, Director of Corporate Social Responsibility, integration is endorsed by "the strong support of the chairman and his leadership team." And at Cisco in 2006, the EVP of Marketing Sue Bostrum update the logo and slogan to "Welcome to the Human Network" fully reflecting its

Brand/CSR strategy.

At Cherokee, a private equity firm, the environmental focus began in the late 1980s when it purchased a brick manufacturing plant that was located on petroleum-contaminated soil. They discovered that they could reprocess the soil in brick kilns; the petroleum contaminants helped fuel the kilns and the cleansed soil was used to make bricks. The firm's investments evolved from removing soil contamination to environmental remediation to environmental advocacy.

Jonathan Philips, Senior Director, Marketing, describes Cherokee's brand/CSR integration status: "To this day, [we] do not have a corporate brochure. We do have a sustainability report and it is interesting to see how [our focus on sustainability] has impacted our brand, impacted our marketing---[it] has been great from an external communications perspective; it's also been great from an internal communications perspective helping to attract and retain employees<sup>7</sup>."

Externally, Cherokee's Sustainability Report engages not only future employees but also future owners of companies, portfolio managers, builders, and developers, while enhancing community relations, smoothing the way for future development.

## **Conclusion**

In identifying organizational prototypes to build brand/CSR integration, we found three adaptable models, within which four patterns emerged:

- The Individual Champion is the model common to all early stage brand/CSR integration efforts. It also is the model of choice for high-tech companies.
- Within 10 years of the start of the effort, three of the four companies we identified as Individual Champion Model companies evolved into Communications Team Model companies where CSR resides in Communication. We would argue that this is a natural and predictable evolution.
- The Organic Partnerships Model works well in the old-line companies we interviewed. Their age and industries (financial services and oil) guarantee that some form of community involvement is well entrenched in the organization and culture. The full integration of Brand and CSR to an embedded business strategy evolves over time.

All of our research participants agreed that the fluid nature of organizational models used to integrate brand and CSR may be frustrating in the short-term but productive over time. In a quote from *The Economist* study mentioned earlier, Mr. Rosling of Tata, the Indian conglomerate, said "The business case for sustainability is now increasingly connected to brand and reputation." It is the road maps to support and promote the integration that are being defined as CSR/brand integration increasingly is imbedded in strategic business plans. This article documented six models of integration and identified best practices. Others will evolve overtime and by industry.

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<sup>i</sup> Kramer, M., Kania, J. *SSIR*. Spring 2006