



NONSENSE

Every company plays a role in society. Companies that are aware of this and, more importantly, act accordingly, can be seen as socially responsible organisations. They take account of the environment, strive for better working conditions, are active in the community, make more sustainable products.

“Nonsense”, says Wintzen (Ex’tent). “Nobody is sustainable. That’s not what companies are made for. We are here to make products for consumers, and profits for shareholders. This has nothing to do with corporate sustainability. However, that doesn’t mean that everything we do under the header of corporate sustainability is wrong. Each and every step in the right direction helps.”

CONSUMERS LOOK BEYOND

“Consumers have been mistreated by companies over the past few years”, suggests Peverelli (VODW Marketing). “Think about what they’ve seen, read and heard about

Ahold, mad cow disease, gross self enrichment by top management and so on.”

“In the past”, Peverelli continues: “a company simply had to be big and its brands well known. That was proof enough that its products were reliable. Modern day consumers look beyond, they are more critical and now truly choose between various products on the basis of what they know about companies. Whereas ‘reliable’ used to translate as ‘large and well known’, it is nowadays synonymous with ‘credibility, reputation and social responsibility’. This is something we encounter in all our markets.”

Corporate sustainability has therefore become an integrated part of doing business. And those who don’t do business sustainably will be forced to do so by the external environment: customers, employees, media, politics.

INVOLVEMENT BY POLITICIANS

By means of video messages two political party leaders

Every year VODW Marketing organises ‘Time to Market Live’, a conference for its top clients. It’s an unusual conference: the setting is a stimulating, TV-style talk show. Top business men and women discuss the business of the future, based on provoking statements and, of course, in interaction with the ‘audience’.

Time to Market Live 2004

Corporate sustainability

Profit from good behaviour

◀ Companies are embracing Corporate Sustainability at board-room level. However, it is easier said than done. How can we ensure that the concept gets deep into the core of the organisation? Is it only suitable to increase our employees’ company pride or can we also use it outside the organisation, by giving more meaning to the brand for example? Will corporate sustainability generate new business or will it limit us in our possibilities?

At Time to Market Live, the annual conference of VODW Marketing, Ton Elias challenged six top managers who all have a good track record in this field. Under the watchful eye of a critical audience of more than a hundred directors and managers of well known Dutch and international companies. An impression. ▶

Discussion participants in Time to Market Live 2004

- Ad Veenhof – CEO of Royal Wessanen, the fast mover that aims to sell healthy and authentic products.
- Eckart Wintzen – founder of Origin, among many other things and nowadays active as an investor in ‘green ventures’ with Ex’tent.
- Jo van Engelen – professor of business development at the University of Groningen and member of the board of ANWB, the Dutch Automobile Association.
- Peter van Minderhout – director corporate communication of Royal TPG Post. TPG has launched a partnership with the United Nations’ World Food Programme.
- Pim Mol – member of the board of MeesPierson, Fortis’ private banking arm, and an initiator of corporate sustainability in- and outside Fortis.
- Rens Groeneveld – managing director of Ben & Jerry’s, where corporate sustainability is part of the company’s DNA.
- Roger Peverelli – partner of VODW Marketing and, among others topics, specialised in brand issues.

were involved in the discussion. Femke Halsema of the GroenLinks green party advocates compulsory publication. Together with the annual reports, companies should be obliged to indicate how socially responsible they have behaved. Jozas van Aartsen of the VVD liberal party referred to corporate sustainability as being an ideal liberal theme. He is not in favour of compulsory publication. Forced by the market companies will pick up the concept themselves. Rules and authorities are not necessary to establish this.

‘CARING CAPITALISM’

Corporate sustainability does not mean that you’re not allowed to make profits. “Caring capitalism”, is how Groeneveld puts corporate sustainability into perspective for Ben & Jerry’s. “We make ice cream and that’s certainly not a necessity of life. You can question how socially responsible that is. We make profits and that’s our intention of course. In that respect, we’re a normal, ‘capitalist’ company. The other aspect is ‘care’. We invest part of our profits in the communities surrounding Ben & Jerry’s ▶



Roger Peverelli, Ad Veenhof



Jo van Engelen, Peter van Minderhout



Rens Groeneveld, Pim Mol, Eckart Wintzen

branches, by donating to local charities. That's caring capitalism." Van Minderhout (Royal TPG Post) couldn't agree with him more. "We're certainly not going to encourage consumers to send an e-mail instead of a Christmas card."

Being profitable is essential to apply corporate sustainability, in order to finance such initiatives, or to do something in return by supporting good causes.

CLEAR BENEFITS COME FIRST

Just like companies need to make profit, products still need to offer a clear benefit in order to be bought by consumers. That's basic marketing.

'Top managers in discussion'

Veenhof (Royal Wessanen): "Our products need to be authentic. We know where they come from and in which responsible way they were produced. That makes them tastier and healthier, which is the reason why consumers want to buy our products."

The investment funds of Mol (Fortis) need to offer excellent returns. Among Ben & Jerry's clientele, the social engagement aspect only holds seventh place. The ice cream simply needs to taste nice, in other words products need to do what they were designed to do. And the price mustn't deviate too much from what consumers view as normal and acceptable.

IDEOLOGICALLY DRIVEN?

"The majority of consumers is not interested in ideology", suggests Peverelli. "With the use of professional marketing methods, a large number of sustainable products would now have a better position in the market. Many interested consumers are not even aware of what is on sale because the products are not marketed in a relevant and attractive manner.

Take GreenWheels for example, which offers a system whereby you can use a car when needed, without having to buy one. 'Green' might be the driving force of the founder but it's not the reason why consumers will use it. Cheaper, convenience, no parking problems and no maintenance hassles. That's what attracts them and that will bring in more customers than the 'Green' aspect."

BINDING CUSTOMERS

Corporate sustainability must therefore not be given priority when the objective is to attract new customers. But once they're in, it is a way to bring them closer. Mol: "The MeesPierson mission is 'No value without values'.

We confront our clients with that in a number of ways. Via our magazine, seminars, you name it. It makes clients feel at home with us and keeps them with us longer."

PRACTICE WHAT YOU PREACH

A company cannot simply choose to undertake corporate sustainability. You need to keep to your word: practice what you preach. Veenhof: "Very soon, consumers need to be able to trace the ingredients of our products right back to the source, via a website. That's proof of their authenticity and our transparency." The sourcing must be fully under control and the sustainability of each step must be determined.

Van Minderhout: "Authenticity is so important. The company must be truly committed, and so you must be careful to do things that are not part of your nature. For each new initiative, we ask ourselves 'is this us, do we really believe in it?'" Groeneveld confirms this: "At Ben & Jerry's we literally call it 'doing business from the heart'. Don't try to make a science of it, simply do it with your heart and soul. There's

no ready-made recipe for success. It's also a sign of guts, to have your own opinion as a company. That certainly attracts new employees, people with an extra sense of drive."

"If you really want to help the environment, you don't start with the environment but with the people involved", says Van Engelen (University of Groningen). "We need to increase knowledge levels. That begins with the companies themselves and naturally first of all among the employees. However, companies also need to exchange more information among themselves."

WHAT'S THE BOTTOM LINE?

"We know exactly what our support to the World Food Programme yields", says Van Minderhout. "Down to the last cent." He mentions examples of a publication in the Financial Times and a news item on CNN: the publicity value was hundreds of thousands of euros. The total publicity value is millions of euros per year. TPG is a rising star in international corporate reputation rankings. "Moreover, 160,000 employees are proud of their company. We believe they work harder and do their very best, and we believe customers will choose us because of our reputation."

Fortis is using its experience to enter the Chinese market. By supplying charity management services, the bank is establishing contact with the country's 250,000 millionaires. Thus a perfect network is being developed for when the private banking market opens up. Mol believes companies whose business is not sustainable will perform less on the stock exchanges. "Companies applying corporate sustainability principles already yield 8% more returns, according to a recent US study."

AND THE MARKETERS?

The marketers have missed a few chances, mainly due to all kinds of misperceptions: sustainable products are for specialty markets, are not in line with my A-brand status,

are too expensive and therefore won't sell. But also due to obvious risk avoidance, especially during an economic recession.

By now, it's time to listen to what moves consumers, why they increasingly make choices based on credibility, reputation and social responsibility – it's time to make up for lost ground. <<<

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Opinion poll

The opinions of more than one hundred directors and managers from well known companies, such as ABN AMRO, AEGON, Endemol Entertainment, ING Group, KLM Royal Dutch Airlines, KPN Telecom, Philips, Unilever and VNU Publishing.

"There has been a loss of consumer confidence in large companies over past years."

Agree	90%
Disagree	10%

"Corporate sustainability plays an important role in repairing and maintaining the faith in companies."

Agree	73%
Disagree	27%

"Corporate sustainability is a hype."

Agree	38%
Disagree	60%

"My company is socially responsible."

Agree	38%
Disagree	60%

"There should be compulsory reporting of social activities and sustainability of companies."

Agree	61%
Disagree	38%

"The government must not interfere with corporate sustainability."

Agree	28%
Disagree	71%