



Global Trends

Driving change through social innovation

**A conversation with Stefan Crets,
Executive Director of CSR Europe**

March 2013

Driving change through social innovation: A conversation with Stefan Crets, Executive Director of CSR Europe

March 2013

Before Stefan Crets became Executive Director of CSR Europe in 2011 he was a corporate social responsibility leader at Toyota Motor Europe. Now he is the Executive Director of the number one European business network for corporate social responsibility (CSR). Around 70 multinational corporations and 36 national partner organizations are part of CSR Europe. In total, the network reaches out to over 5,000 companies throughout Europe. CSR Europe launched the Enterprise 2020 initiative with emphasis on social innovation as a driver of corporate social responsibility.

Global Trends: How have perspectives on CSR changed in the last 10 to 15 years?

For a long time, CSR in Europe was primarily about how to manage the impact of your business: environmental impact, social impact, governmental impact. All in all it was fairly compliance driven in the sense of meeting certain standards. Usually companies saw CSR as a separate activity, not as part of their core business, but rather as a part of communications and public affairs.

It was only in 2005/2006 that perspectives started changing. Now we see an evolution in most leading companies, where CSR is becoming part of a more integrated management approach. For example the move from public affairs to corporate or strategic planning divisions means that you link managing impact to business management, including R&D, HR, production, marketing, sales and so on.

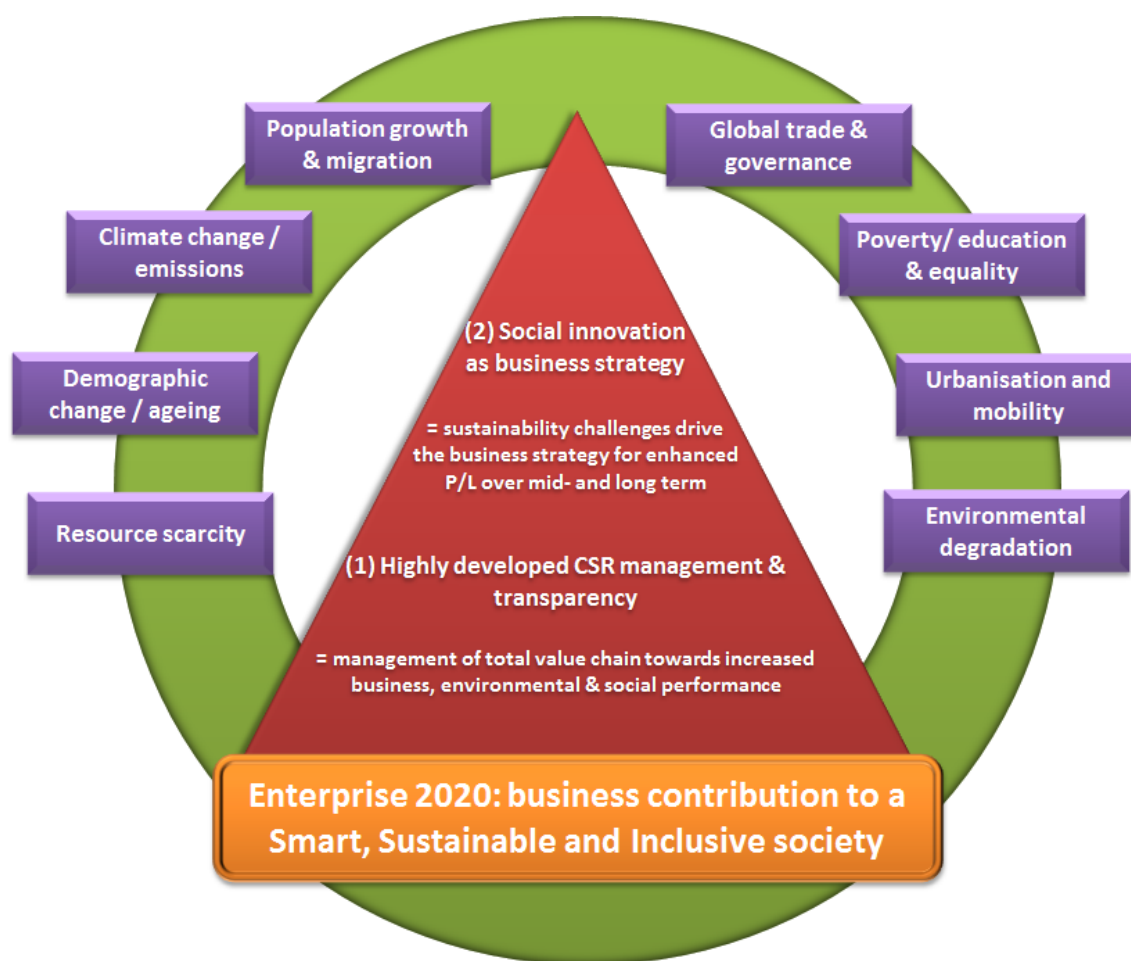
There is another, more recent evolution: if you really want to contribute to sustainability issues and to strengthen your business, it becomes more about social innovation. It's about which products and services you can offer that contribute to sustainability issues on local, regional or even global levels. For example, the hybrid engine is a highly social innovation: it lowers the environmental impact for society while at the same time offering growth potential to the company. These kinds of innovations set future trends.

Global Trends: How does your organization help corporations move towards improving corporate social responsibility?

One example is our launch of the Enterprise 2020 initiative. This is an ideal model, an aspirational idea of what a company could or should be. It consists out of two components, that together help companies to meet sustainability challenges and growth:

- Having in place and improving tools, instruments and practices for impact management on the compliance and governance level
- Social innovation as a core business strategy to deal with current sustainability challenges like climate change, water and resource scarcity, ageing population, poverty etc.

If a company has these two levels in place, it approaches this aspirational level. We offer the platform to learn about what that means in practice and to put the right strategies into place.



Source: CSR Europe, used with permission

Global Trends: Where do you see the biggest opportunities for social innovation? Where is the link between CSR and competitiveness?

Everything linked to urban development offers huge opportunities. That’s why we will be launching a business campaign on sustainable living in cities. Urban density is not only a challenge but also an opportunity, particularly in areas including mobility, energy production, waste, and service development.

Another interesting field is the bottom of the pyramid segment. When you look at pure numbers, you find a huge percentage of the population living on less than a couple of dollars per day. So, there is a lack of purchasing power on the one hand and a need for economic development on the other hand. If you look at addressing both these elements through the way your products are produced, distributed and sold, you have the opportunity to create real shared value: There is business interest for you and you meet the needs of the local population.

These two examples illustrate why we emphasize social innovation in the Enterprise 2020 strategy: CSR is in your own interest. It’s not about greenwashing, managing impact and reputation only. It is about really integrating CSR into both strategy and operations in order to harvest the benefits of new business opportunities. Such genuine approaches have shown significant growth over the last 20 years.

Global Trends: How did these changes in perspectives impact your organization? What role does collaboration between corporations play?

In the beginning CSR Europe was more about raising awareness of the issues and supporting CSR practitioners in managing impact. Now, those companies have gained more expertise and improved their knowledge about CSR they ask us: Where can we collaborate more?

For example on supply chain management: Why should each company develop its own CSR supply chain model? Why not develop a model for a whole sector?

We now have a concrete project running for the automotive industry. All the companies involved have long supply chains, along which they need to monitor sustainability at each step. Each of them currently does this on its own, which is a huge burden for the companies and for their suppliers, many of whom they share. To address these needs and issues we have developed a platform in order to establish a common approach and basically share the work. So in the end, for example, you will have one point of contact for the supplier instead of nine.

We also think there is a huge potential for collaboration in other sectors, for example, when it comes to exploring bottom of the pyramid markets. We notice that a lot of companies already have activities and business models in this field. But again, they all do it on their own, although it can require huge investments. When you set up a market in a developing or emerging country, you need to establish an ecosystem of local partners, government support, a distribution system, and so on. So we try to put companies into contact so they can learn from each other and explore how they can potentially set up local markets and ecosystems together.

However, even though these potential areas of cooperation offer big opportunities for corporations it's not that easy as they have to go beyond their company boundaries. So facilitating collaboration is still a big challenge for CSR Europe.

Global Trends: What is the best way to implement CSR on the organizational level of corporations? Do we need special CSR experts or should it be integrated throughout departments?

In principle, you shouldn't have a CSR department. But if you don't have anybody with the CSR label on his or her chest, success in implementing CSR approaches will all depend on the leaders of an organization. If these people are not that interested, that familiar or that incentivized to pursue a CSR agenda, the company might get off the track. My experience suggests that you need a CSR guardian, who is best placed in a business planning function.

Also in education, CSR should not be taught separately but integrated into business and related studies. We should teach all our managers to look at the impact and the opportunity picture. A logistics manager for example should not only be looking at quality, timely delivery and costs, but also at the impact of the company's operations from a holistic perspective. My view: Teach managers about the importance and practices of CSR – and also reward them on it.