



# The Sustainability Factor

Corporate Social Responsibility and SMEs:



Údarás Réigiúnach an Iar-Dheiscirt  
South West Regional Authority



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*the responsibility  
of enterprises  
for their impact  
on society*



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South West Regional Authority





## About the South West Regional Authority and DESUR Project

The South West Regional Authority (SWRA) is the statutory NUTS III Regional Authority for the South West of Ireland; consisting of Counties Kerry and Cork. The region has a population 664,534. The Authority's vision is that the Region will continue to achieve sustainable growth and development through promoting regional competitiveness, innovation and entrepreneurship. For more information please visit [www.swra.ie](http://www.swra.ie).

The SWRA has participated in a wide range of EU funded projects over the past 15 years in the areas of ICT, Broadband Development, Entrepreneurship, Sustainable Development and Economic Development.

The SWRA is currently participating in an EU funded project called DESUR (Developing Sustainable Regions through Responsible SMEs) which is co-financed by the European Regional Development Fund and made possible by the INTERREG IVC programme. The objectives of DESUR are to improve regional policies and methodologies to promote responsible innovation in SMEs through the exchange of experiences among all the partners, based on the triple bottom line: PEOPLE-PROFIT-PLANET.

DESUR will address the difficulties encountered by SMEs when they seek to incorporate social responsibility into their business model. SMEs often lack the awareness and resources necessary to implement sustainable practices in relation to improved quality of life for employees, removal of barriers and inequalities, increased productivity, efficient resource usage etc.

The DESUR partnership is composed of local and regional representatives from seven European countries. Some of the partners already have well developed social responsibility policies whilst others are seeking to further the development of such policies. The project activities promote the exchange of experiences, knowledge and good practices in policies through the collaboration of the participating regions. For more information please visit [www.desur.eu](http://www.desur.eu).





## What is CSR?

The European Union Commission defines Corporate Social Responsibility as “the responsibility of enterprises for their impact on society.”<sup>1</sup> This reflects the changing nature of CSR whereby it is integrated into every aspect of a business and lies at the core of a company’s overall strategy. CSR is about the ongoing running of a business in a responsible and sustainable manner: it is an attitude rather than just an activity.

CSR highlights the role that businesses play in contributing to a better society by actively engaging and consulting with stakeholders in a way that goes beyond financial and legal requirements.

Many companies find that they have been implementing CSR strategies without actually labelling them as such. CSR initiatives can be anything from a local project, which involves and benefits the local community, to an international project, which reaches outside the areas in which a company would normally operate.

While CSR is voluntary, companies are facing mounting expectations of their social and environmental behaviour. Research shows that society increasingly expects companies to engage in CSR activities despite current global economic difficulties. IBM’s Global CEO Survey 2008 found that customer expectations around corporate social responsibility are increasing, with demand for socially-minded products, services, and even supply chains.<sup>2</sup>

<sup>1</sup> [http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act\\_en.pdf](http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf)

<sup>2</sup> <http://www.ibm.com/ibm/ideasfromibm/us/ceo/20080505/>



## A note for SMEs

The term Corporate Social Responsibility can seem off-putting to a lot of smaller businesses. It needn't be. If you already act in a way that shows some level of care for your staff, community and customers you're probably well on your way to having a strong CSR ethos. The challenge now becomes: how can you develop it; how can you let people know about it; and how can you benefit from it?

## What's in it for SMEs?

SMEs can see many quantifiable benefits of engaging with CSR:<sup>3</sup>

- Workers are more motivated, creative and innovative;
- Productivity tends to increase;
- Improved products or services, leading to better customer satisfaction and loyalty;
- Members of the local community view the business in a more positive light;
- Better publicity due to word of mouth;
- More networking opportunities with other companies involved in similar schemes; and
- Increased turnover, sales and profit due to competitive advantage derived from the above.

<sup>3</sup> For details see: <http://normapme.com/english/technical-pap.htm> and <http://www.csr-in-smes.eu/index.php?tab=1>



## Procurement and tendering

SMEs need to stay competitive when it comes to procurement and tendering processes. Supplying products and services to larger companies and the public sector can be an important part of an SME's profitability. Many government agencies and departments, as well as multinational companies, now have strict environmental criteria in place when selecting companies to work with, so it is essential that SMEs adopt such initiatives in order to remain attractive and stay competitive. One example of this was the tendering process for the Olympic Games in London. All the companies selected to provide products and services had to show a commitment to CSR and sustainability.

Of course, all of these advantages come on top of the fact that it's the ethical thing to do.



## How can SMEs make the most of CSR?

There is a perception that large companies are more likely to undertake CSR initiatives because they have greater capacity, funding and resources. However, many of the characteristics of SMEs mean that they are better placed to introduce CSR strategies. SMEs tend to be the result of an entrepreneurial mindset; individuals with the vision to start a company also have the vision to introduce new and innovative ideas. SMEs also tend to have shorter lines of communication, meaning that all staff can be included in any initiative. Another advantage is the flexibility enjoyed by SMEs; business practices can be adapted to meet new norms and standards relatively easily.

SMEs are not the same as larger businesses; therefore, they must approach CSR in a different way. They should look for opportunities in certain areas and be smart about the schemes they choose to introduce, and the organisations they choose to work with.

Most SMEs can't afford to spend money on projects without seeing tangible results. CSR programmes should be based on the benefit it brings to the business. This may be a longer term benefit such as staff retention, development and motivation, or customer loyalty.

Money doesn't have to be a factor. Local businesses possess other types of capital that can be used for CSR projects. Business skills, manpower and volunteering are all just as important as cash.

SMEs usually have a close relationship with the community they are based in. Therefore, CSR schemes should have a strong local element. The impact of the scheme should be clearly evident to people in the community, whether it's social, economic or environmental.

SMEs can generally have more impact if they work with other businesses in their sector or region. Social and environmental problems, in particular, can be tackled more effectively if allegiances are formed between businesses.

CSR schemes are generally more successful if a number of stakeholders work together. SMEs should enter into dialogue with their suppliers, customers and staff as well as community groups to identify specific needs which the business can involve in its wider CSR strategy.

The very best CSR programmes 'fit' with the ethos and activities of the company involved. The skills and resources already possessed by the company can often be used in new and innovative ways to develop and sustain CSR activities.





# Sustainability

Sustainability is a complex issue with many competing definitions. However, an important starting point is to realise that sustainability means more than 'going green'. It's a holistic way of managing your business which balances the social, economic and environmental impacts. It's about developing practices that will ensure your business, the people involved in it, and the community you're based in continue to do well into the future. Many companies now talk about the 'triple bottom line' or the idea that success can only be judged on separate economic, social and environmental criteria. So, in simple terms, to be sustainable you need to:

- **Treat your staff well;**
- **Treat your customers well;**
- **Think about the environment around you; and**
- **Engage with your local community.**



Figure 1:  
CSR is Greater than the Sum of its Parts<sup>4</sup>

<sup>4</sup> <http://www.environmentwriter.com/tag/corporate-social-responsibility/>



## Risks and Opportunities

There are certain risks associated with not adopting a more sustainable approach to business. Operating costs tend to be higher, as materials are not reused or recycled in a sustainable way. Legislation increasingly favours companies with strong environmental or sustainable policies; not introducing these could result in extra fees and taxes. A company's reputation can also be damaged if they are not seen to develop sustainable practices; there is a risk that they will fall behind competitors and lose existing clients and contracts.

However, there are also opportunities for SMEs arising from changing attitude towards sustainability. As the economy changes and traditionally buoyant markets become depressed, companies must innovate to stay profitable. Sustainability offers one solution to this problem. For example, a paper manufacturer in France has responded to a decline in its business by becoming a market leader in recycled products, by offering advice to other companies on becoming more sustainable, and by creating a regional reforestation association. Companies have also been looking at the possibility of converting waste to energy

## 'Going Green'

While this is only one aspect of sustainability, it is frequently cited as the most important. When businesses begin to interact with local environments and ecosystems in a more sustainable way there are clear benefits for the business, their employees, their customers and the wider community.



## Saving Money by 'Going Green'

It's clear that there are many benefits from CSR but the most immediate, and possibly the most welcome, is the fact that it can save your business money.

### **Cut your electricity and energy bill**

This tends to be the single biggest cost for SMEs after wages. It is an area where behavioural change can have a big impact. Computers and lights should not be left on if they are not in use. Even leaving equipment on standby is costly and energy inefficient

### **Reduce the amount of waste you produce**

The 3 Rs are the key to reducing the amount of money you spend on waste management. Reduce waste by not printing material that doesn't need to be. Reuse paper by printing on both sides and using envelopes more than once. Set printers to automatic double sided printing and only use colour when you really need it. Recycle all possible materials.

### **Try to cut down on your water bill**

Use a dual flush toilet or simply place a brick in the cistern. Identify and fix any leaks. If you're a major water user investing in a rainwater harvesting system will pay for itself in 4-5 years.

### **Be a responsible purchaser**

Buy products made from recycled materials. Energy saving light bulbs can produce major savings. Look into whether you can get a grant from the Sustainable Energy Authority Ireland.<sup>5</sup>

### **Limit unnecessary travel**

Use teleconferencing whenever possible. Encourage staff to switch to public transport or cycling to work. Use [taxsaver.ie](http://taxsaver.ie) to cut the cost of your commute or go to [bikescheme.ie](http://bikescheme.ie) for information about the cycle to work scheme. Compare the environmental impact of the different types of transport your business could use at [www.routerank.com](http://www.routerank.com).

### **Think about your office layout**

Position photocopiers, printers and similar equipment somewhere with good natural ventilation to minimise the heat they build up and the air conditioning needed for cooling.

<sup>5</sup> [www.seai.ie](http://www.seai.ie)



## First Steps

So, if your business is thinking about engaging in CSR activities geared to making your business more sustainable and environmentally friendly there are some simple steps you can take to maximise its impact.

Think about local issues and problems – Your business is probably well known in a local area. You need to capitalise on this relationship. What are people concerned about? What can you do to make a difference in your community?

Set targets for your business using the SMART framework - Make sure all your goals are Specific, Measurable, Achievable, Relevant and Time-bound.

Be sincere – Your whole campaign is going to be more successful if you get involved with something that you and your staff can claim ownership over and feel motivated about for a prolonged period of time. If you start a campaign that dwindles away after a few months it might reflect badly on your business.

Be honest – Don't write cheques you can't cash and don't make promises you can't keep. Make sure that the schemes you develop are realistic. Doing the basics well is always much more impressive than developing a grand scheme that you cannot deliver on.

Think about your staff – What can they do? What skills do they have? Your campaign needn't be about cash donations or the provision of services. It could be about collective volunteering: using the skills your staff already has to help other organisations in your community. This can be offered outside of working hours to reduce the impact on your business. Why not link with your local Volunteer Centre?<sup>6</sup>

Communicate with your staff - Use posters, staff meetings and email memos to make your CSR activities an integral and everyday part of the organisation. Put up stickers and posters to remind employees to switch off equipment and lights, and look out for other ways to save on resources. Ask employees for their ideas about how to reduce waste and save on resources.

<sup>6</sup> See [www.volunteer.ie](http://www.volunteer.ie)



Don't try to do everything – Your CSR programme is not going to save the world but you might just make a little difference. Try to identify one issue where you can make a genuine contribution.

Think about being proactive as well as reactive - Maybe there isn't an obvious problem in the area you do business that you need to react to. Instead you can do something new, identify new standards, and go beyond what is expected of you.

Be flexible and pragmatic – Your first attempt may not work. It might not capture people's imagination. You might need to change and adapt your approach to better fit the needs of your staff, customers and local community.

Monitor carefully - Look closely at any savings that result from the changes you make and get a good understanding of where exactly in the business these savings are realised and learn from best practice. Ask for feedback from your customers, staff and suppliers. Identify what is working in your strategy and build upon successes.

Think long-term – Focus on long-term efficiencies rather than short-term cost cutting measures.

Don't forget about the promotion that can come from your new strategy!

Get a good logo – Any good campaign needs to be visible. You need to let people know what you're doing if you're going to reap the potential benefits.

Think about the press – Can your campaign result in any 'free' advertising? Identify local newspapers and community radio stations that you can partner with in order to make sure your campaign (and by extension your business) gets as much attention as possible.





## Some good examples

### **Easydry**

In 2011, Easydry won a Chambers Ireland CSR award in the Environment category for large indigenous companies. Easydry's objective is to create an environmental revolution among those industries, such as hairdressing and beauty that rely on a constant supply of clean laundry. Its eco-friendly disposable towelling products, developed and pioneered by Easydry CEO Anne Butterly, ends the huge waste of energy and water involved in washing and drying hundreds of cotton towels a week. Easydry's aim is to stop this squandering of resources by ending salons' reliance on cotton towels, converting them to a system that, by slashing their power and water bills, also brings profound economic benefits.

### **Castleknock Hotel and Country Club**

Castleknock Hotel and Country Club won in 2008 in the Eco-business category for its commitment to minimising its environmental footprint through its Carbon Neutral Project. A 'Green Team' was set up within the hotel in June of 2007 and set out to focus primarily on recycling initiatives throughout the different departments. Castleknock Hotel worked with Step Green, a Dublin-based energy and carbon consultants, to reduce the footprint as far as possible without impacting the guest experience. The hotel helped to fund an energy-reducing project in a local primary school in order to offset the carbon emissions balance and credits will also be purchased through a forestation project of broadleaf, native species trees within Ireland.



### **Stillorgan Park Hotel**

Stillorgan Park Hotel has been at the forefront of green initiatives in Ireland. They are committed to taking various actions including: producing an annual Environmental Plan setting out their objectives, targets and planned actions; complying fully with all relevant legislation; minimising waste and reducing water consumption where possible; reducing, reusing and recycling the resources consumed by their business wherever practical; and monitoring and recording their environmental impacts on a regular basis.

### **Alternatives marketing**

Alternatives marketing won an award in 2009 in the Micro Business section. They launched a CSR programme called 'Marketing for Change' with the slogan 'Give time, give talent'. Their CSR strategy is designed to harness alternative skills and resources for charities at no cost to them. To get the right charities on board, criteria were developed, specific charities were identified and briefings were arranged. Over 30 charities have signed up for the scheme. The monetary value of skilled marketing talent that the project has delivered is much greater than could have been afforded as a donation.

### **Lagan Cement**

Lagan Cement won in the SME environment category in 2007 and was nominated again in 2012 in the Large Indigenous Company category. Their goal is to support sustainable development by being a responsible company and upholding and developing positive environmental beliefs and principles. Sustainable Development is achieved by ensuring the following steps are undertaken: key Environmental Performance Indicators are used to monitor sustainable development including emissions to atmosphere, waste produced, energy and natural resource usage; environmental issues form a core element of the development process at their facility; and improvements in energy efficiency and resource usage are promoted while having due regard for sustainable development and waste minimisation.



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