



Odgers Berndtson & The Doughty Centre for Corporate Responsibility



WHO SHOULD HEAD UP YOUR CORPORATE RESPONSIBILITY APPROACH?

The who and why of finding your Head of Corporate Responsibility

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FOREWORD

Odgers believes in ethical business. We aim to be ethical in all our business dealings; to be a good employer; and to be a business partner for the long-term.

In recent years, we have seen many more clients specifying that they are looking for candidates who understand broader societal issues and how these impact on business. We have also filled a number of Sustainability and Corporate Responsibility positions in major corporates and, of course, Odgers handled the search for the Doughty Chair of Corporate Responsibility at Cranfield School of Management.

So, it was a natural fit for us, when David Grayson from the Doughty Centre at Cranfield University suggested we collaborate on this think-piece. A team of Odgers volunteers has met with David on several occasions to develop this paper. The Odgers team led by partner Stuart Morton have conducted more than 30 detailed interviews with businessmen and women – including CEOs, main board directors responsible for Corporate Responsibility as well as a number of Corporate Responsibility and Sustainability directors. Those interviewed are from companies considered leading the way in embedding CR into business practice, who view being responsible as the right thing to do. I am particularly grateful to the Odgers team who have fitted these interviews in around their busy day jobs.

The ensuing draft was then shared with interviewees as well as a number of other business people who attended an Odgers lunch with the Doughty Centre and / or a follow-up round-table.

We hope that this final product will help companies who are trying to embed Corporate Responsibility further; and who want to ensure that their specialist function is fit for purpose and is as effective as possible – especially in these difficult trading conditions.

In some of the companies we have studied the CR function has been undergoing rapid change in both its position within the organisational structure and in the nature of its mandate. In general, the changes have been towards an increasingly central role in the strategic debate within the firm, and a higher level of integration with business functions. The movement from the organisational periphery towards the centre is welcome, of course, but the road ahead seems to be still long and uphill, particularly in light of the changing nature of the “challenge. If CR specialists are to assume a role of champions (or at least co-champions) of internal change, then they will need to obtain a much stronger voice and a more central position with respect to the organisational power structure, to have a real chance to succeed.”

General managers attitudes towards Corporate Responsibility – “The RESPONSE PROJECT” (2007) – INSEAD for European Academy for Business in Society

INTRODUCTION

Businesses are at different stages of maturity in embedding Corporate Responsibility and Sustainability. A few are still indifferent – or even in denial. Many more treat it as a bolt-on to business operation. Some have started to build Corporate Responsibility and Sustainability into their purpose and strategy. Businesses operating internationally may be at different stages of understanding and practice in different parts of their operations around the world.

Various commentators such as Simon Zadek (CEO, AccountAbility), Jonathan Porritt (Chairman, Forum for the Future) and the Boston College Centre for Corporate Citizenship have described these stages of Corporate Responsibility maturity.

One might characterise these asⁱ

- Stage 1 Deniers (it's not our fault)
- Stage 2 Compliers (we'll only do what we have to)
- Stage 3 Case-makers (it's the business)
- Stage 4 Innovators (it gives us a competitive advantage)
- Stage 5 Trail-blazers (we need to make sure everybody does it)

These stages are not strictly progressive, or mono-directional, and there will be instances where it is suitable for a company to aim for, and remain at, a lower stage due to internal and external pressures. However, where a company is on these Stages of Maturity influences how it sees the roles and scope of its specialist Corporate Responsibility and Sustainability function; and influences what the business expects of all of its managers throughout the organisation.

Equally, the positioning of the Corporate Responsibility function might be seen as one determinant of which stage a particular company is at. Specifically, a business that is at a higher stage may have integrated its Corporate Responsibility and Sustainability function to the degree that it facilitates operational managers to run the business ethically and to incorporate sustainability directly into their work.

As Peter Senge and colleagues argue in “The Necessary Revolution” (2008):

“Don't count on a new “sustainability” or corporate social responsibility (CSR) department, a renamed EHS function, or any other add-on department to meet the company's strategic goals. At best, such a group or function can be a temporary catalyst to help develop initial projects and momentum for change, but they cannot be expected to carry the accountability for how business will be conducted as you fully embrace sustainability. That becomes everyone's job in different integrated ways, but especially should be the concern of line managers...if a

separate department exists, it must be clearly structured so that its members can provide advice, leading-edge ideas, and feedback to those working 'in the line'."

In these circumstances, the specialist function coaches other staff, makes introductions and connections; brokers relevant internal and external partners; encourages but also prompts and pushes; synthesises external data, benchmarks; monitors company performance; and typically co-ordinates the company's reporting of its Corporate Responsibility and Sustainability commitment. This means the Corporate Responsibility function has to have deep understanding of the business and of its stakeholders and their wants and needs of the business. This in turn, enables a Corporate Responsibility manager to better spot risks and opportunities and, when appropriate, take on an external advocacy role in issues relevant to the business.

Amongst other tasks which are more common nowadays for Corporate Responsibility managers are capturing, codifying and disseminating good practice; coaching operational managers in stakeholder-management and either managing the stakeholder-engagement process or supporting those that do; and facilitating networks of internal Corporate Responsibility champions (whether volunteers or appointed by senior management) to promote particular aspects of the agenda.

Although this report does not address the governance structures of Corporate Responsibility within organisations, it is clear from our survey that the special functions also play a prominent role in internal governance. This role may become more prominent in the near term as fall-out reaction to the current economic crisis.

Some have argued that companies which have truly made Corporate Responsibility and Sustainability an integral part of everybody's business, will no longer need a separate, specialist function. Perhaps the better analogy is with Human Resources. Today, every manager is expected to be familiar and competent in managing people – but in most cases, would still seek specialist expertise when it comes to complex Human Resource questions.

This think-piece explores how the function, its reporting lines and skill-set is changing. Despite some high-profile examples from across the Atlantic, of the appointment of Chief Sustainability Officers, the view of our interviewees here in the UK, is that CEO has to be the Chief Sustainability Officer; and that the specialist Corporate Responsibility function is more that of coach, agitator, risk-identifier, sense-maker, connector, integrator, translator, and partnership-builder.

Perhaps the most significant conclusion from this joint Odgers-Doughty Centre think-piece is the changing background of the managers heading up the Corporate Responsibility and Sustainability function – with an increasing number, coming from successful commercial careers within the same company. The message seems to be that technical expertise can be acquired, accessed within the team or found externally – and that the key attribute is a deep understanding of the business,

strong networks across the business and the credibility and access to do the business. We look forward to comparing and contrasting these findings with colleagues internationally who are studying the desirable attributes and roles of Corporate Responsibility managers in different parts of the world. There is clearly more work to be done in exploring the different models of a Corporate Responsibility function; and the key relationships that this dedicated function has to have – how they relate, for example, to a (Chief) Ethics Officer where such a separate role exists.

The Doughty Centre for Corporate Responsibility defines Corporate Responsibility/Responsible Business as follows and this is the sense in which the term is used in this document:

“A business that is committed to:

- minimising negative environmental and social impacts and maximising positive environmental and social impacts.
- open and transparent business practices that are based on ethical values and respect for employees, communities, and the environment.
- designed to deliver sustainable value to society at large, as well as to shareholders.
- It is not a bolt-on to business operations - it has to be built-in to business purpose and strategy.”

For the Doughty Centre, this projects fits well with parallel projects we have running on how companies organise board oversight of their commitment to Corporate Responsibility; how some companies are now establishing formal systems of champions for Corporate Responsibility and sustainability across the business; the role that individual, operational managers can play in helping to promote greater responsibility and sustainability; how to engage stakeholders effectively; and how companies communicate on their commitment to Corporate Responsibility and Sustainability. This piece is also timely in that the crisis of the last 6 months has exposed limitations of Corporate Responsibility in many companies and just how embedded it was into the heart of how they made money.

David Grayson
May 2009

HOW HAS THE OPERATIONAL APPROACH TO CR EVOLVED?

The understanding of, and approach to, Corporate Responsibility (CR) has undergone significant evolution over the last decade. Pressure – for example externally from new legislation, environmental concerns, lobbying activities, and customer interest in business practice, and internally from staff – has put CR and Sustainability further into the spotlight. Thus CR has increasingly become a priority concern for CEOs and Boards to ensure their business makes and honours their responsibility commitments. This has resulted in an evolution inside businesses as to how the functional CR tasks are undertaken.

The overall message from our survey is that the true evolution of CR took place around the turn of the millennium. The evolution is generally defined by the emergence of a name and a definition of the practice of CR and, later, a dedicated individual within the organisation overseeing its implementation.

Prior to that, CR activity - through what was then largely confined to community engagement, pro bono work or environmental management - tended to come under the remit of Corporate Affairs. Over the last decade, we have seen the emergence of CR as a stand-alone concept, managed through various streams, such as Human Resources, Supply Chain and Marketing. In just a few years it has come from the periphery to the very heart of business and external stakeholder engagement has become critical to its development.

- This is particularly true in consumer-facing businesses such as retail and financial services. Although many organisations have long participated in CR initiatives these were often based around philanthropy and community involvement - areas not necessarily connected with the core business. The function was often not acknowledged as addressing a genuine business issue but peripheral social goals.

Hence we have tended to see the development of the title of the function from Corporate Social Responsibility to Corporate Responsibility, recognising that it is now part of the corporate DNA.

Some organisations viewed CR as a defensive strategy and developed individual policies as issues moved to the forefront of public awareness. Notable exceptions are organisations that have historically held CR as part of their guiding principles, such as Friends Provident, which was founded on Quaker values in 1832 and the Co-operative movement.

Today, CR is no longer a function aimed only at good community relations. Environmental and social issues have become more high profile. The Head of Public Policy of a FTSE 100 financial institution described the evolution of CR as moving from “‘good works’ and community involvement to initiatives and projects with a business angle”. Customers want to know the values of the companies they

do business with. In increasingly competitive marketplaces, price is no longer the only differentiator in many sectors.

- Supermarkets in particular have seen customers move from price to values in terms of how much they are prepared to pay for ethical attributes such as higher welfare standard chickens. The price differential in the big four supermarkets is often as little as 2-3pence per item and many have therefore sought to differentiate themselves in other ways. In companies such as Marks & Spencer, CR and brand are now arguably inextricably linked.

As businesses have taken a greater interest in responsible conduct, CR has become a genuine business issue. Greater regulation in environment and anti-corruption related areas, and business responses - whether compliance and reporting or taking an offensive business strategy - has helped drive the CR agenda internally. As the function has moved up the corporate agenda there has been recognition that it needs to have a higher profile, both internally and externally. CR policies have developed in to real action points: as one retail CR head observes, “five years ago businesses might simply have rustled up a policy as issues became topical, but now they have to be more deeply engaged on issues and more robust on action taking instead of just having a policy.”

Fear of NGOs has diminished as companies strive to take responsibility for their own actions and exceed stakeholder expectations. In doing so there has been, as one respondent notes, “a shift from a box ticking exercise to more about ‘how’ and ‘why’.” In some companies this is typified by moving away from a culture of trying to win awards to validate the CR contribution and more towards embedding important CR values throughout the organization and making them meaningful for all stakeholders including customers.

A shift from focussing simply on behaviours to looking more closely at contribution

This shift might therefore be characterised as moving away from simply focussing on behaviours and now looking more closely at contribution. As one of our respondents puts it, he “spent [his] first couple of years learning to manage risk better. CR then moved to a new phase of communicating what the company did and what it did well and then the remit shifted again into a new mode. This was more expansive.” The Head of CR for a FTSE 100 retailer describes his role now as being “about the art of the possible” in terms of understanding the issues, translating them from “technical speak to stories” that can be understood

externally. Innovative ways have to be found to address the issues in a way that does not scare or put off either the business or the customer.

Certainly, key facets of the role of a CR Head seem now to include leading engagement with internal and external stakeholders (such as coaching operational managers in stakeholder management, supporting the engagement process, and facilitating internal staff champions networks and external advocacy networks), and having oversight of the CR “grand plan”. As custodian of this plan the focus is broadly three points: being up to date and anticipating competition and external influences, such as legislation or NGO pressure; finding solutions and ways to embed CR within the very fabric of the business; and supporting communication and media relations. CR’s new incarnation as “sustainability” requires each of these supports in order to become “a trusted brand, giving customers what they want and being mindful of how the business impacts the local community and the environment” opines the head of public policy at an international bank.

“It is part of our DNA. As the company has grown, the impact of CR has grown and we need to understand how this impact can be commercially beneficially. The last three years has seen an acceleration of the Corporate Responsibility agenda and this has been coincidental to and driven by the recovery of our brand as we seek differentiation.”

Head of Corporate Responsibility, FTSE100 Food Retailer

BACKGROUNDS OF CR HEADS – A CHANGING LANDSCAPE?

Evolution

The evolution of the CR function has undoubtedly resulted in a shift of the scope and influence of the individual heading the function.

- Instead of single individuals, teams are now in place to deliver a strategy that incorporates both community and environmental issues.
- These teams can consist of central staff with CR as their key responsibilities and/or specialists within CR (i.e. environment, H&S, diversity) embedded across the business in different departments but working together in a 'joined-up' approach to the CR agenda.
- Those who head the agenda have gained more responsibility, respect and acknowledgement within their organisations. Heads of Corporate Responsibility often interface at the highest levels of organisations, working with board members and CEOs to develop a commercial strategy that encompasses Corporate Responsibility.

In the view of one of our respondents, "the key change in CR over the last few years is that it has moved away from being a risk reduction activity to get the NGO's off your back, to a mainstream business opportunity, embedded in business strategy and managed properly." (Energy Company CR Head). The CR Head at another major energy company found that his was "originally a connecting role, working extensively with external stakeholders and NGOs to bring together disparate parties under one umbrella, but things have now moved on."

This seems to be a widely accepted proposition, but has it actually affected the type of person that now takes a lead on CR issues?

The Head of CR at one leading retailer notes, "we have definitely had an evolution in this role. Of my two predecessors, the first came from government and the second was a product development guru with a CR remit - i.e. historically we had CR specialists in this role who then needed to understand and connect with the business. I come from a retail background and therefore understand the operational activity which is necessary to engage with every function of our business." This respondent understands the strategic framework for CR, but also has the knowledge, experience and operational savvy to drive it down into the core of the business.

The Chief Executive of a major utilities company has appointed an Executive Board member who leads on CR strategy as well as coordinating activity. This person does not "do CR" but facilitates all of the line managers within the organisation and provides reporting and management structure. He himself reports to the External Affairs Director.

The overwhelming tenor of the response is that there has been a shift from “CR specialist” to “business person with CR specialism”

The Head of CR at one retailer believes that, “a new skill set is required, as we are operating in a more pressurised environment. CR directors need to know how businesses tick in a way that was just not necessary before. They must understand the nuts and bolts of how the business runs from end to end.” Another retail CR lead feels that, “having stated objectives is not enough. There is a need to be able to drive business differentiation, as part of business process.” The Director of CR at an international broadcaster, who was previously a Management Consultant, feels his background and experiences in Management Consultancy enabled him to develop as a “hybrid operations and communications expert that is fundamental to the success of a CR leader.”

However, we may be at a moment of tension. CR has come of age and the CR agenda has been largely recognised as a positive one. Most of our respondents feel that the current focus is on embedding CR in the very heart of the business and in the job description and actions of each employee. However, others - perhaps those that are slightly further down the track of embedding - feel that the Head of CR role will become less about the “nitty gritty” and more about maintaining an emphasis on the big picture.

- The Director of Sustainability at a major car manufacturer feels that CR has developed, “so far in [his] business that it has become devolved and owned by different business functions, so [his] own role and team have been able to reduce.”

Nevertheless, the background or at least aptitude for complex communications skills to enable strategic definition, team leadership and board level influence continues to be required.

Business Understanding

Overall, there is however, a feeling that best CR practice comes with appointees who have an in-depth understanding of the business they work in.

- The CEO of a listed utility company has “seen CR Officers that come from a community and social background and miss the relevance of CR to business, so it falls flat on its face.”
- The Head of Group Sustainability at a high street bank feels that, “effective people come from the business and should then be supported by technical

experts; they must be able to convince their peers they have the requisite knowledge of how the business operates.”

- The CR lead at a global energy company - who himself comes from a communications background - believes that the critical factor in his world is a degree of understanding of the science involved. He sees his role as being “a translator of the technical mysteries into messages that are understandable and palatable to the outside world and to investors.”
- The Head of CR at a food retailer agrees: “You must have the ability to take the subject and understand the essence of it and distil complex things and know how to talk to the right people within the business to get the message across.”
- At an electricity utility the CR Director also recognises that, “a different skill set is needed now. A few years ago it was generally environmentalists from NGOs turning their hand to business. That has definitely changed now and we are seeing either experienced operational leaders or talented marketers taking the reins of CR.”

Internal Appointees

The CR lead at a major oil company believes that his role is “to define the preferred outcome and then work out a blueprint for reaching it.” An internal appointment will certainly have the depth and breadth of understanding of the business, core values and culture to enable this process.

- The CR Programme Director at an energy company observes that, “someone who has been a long serving member of management and has moved into CR, will have more influence and impact as a respected member of staff. If you take a CR expert and place him/her in a new business it will be more challenging for them.” The right internal hire will automatically have all of this information at their fingertips and can engage with gravitas across the business.

An internal appointment has the clear advantage in that the person will have existing contacts, credibility and understanding of the business. However, there is an ever-steepening learning curve on CR issues that they need to undergo to be effective. This can sometimes be awkward for an internal person, often senior with long careers, to acknowledge that they have a lot to learn.

However, external links are still critical: “knowing the right people and the right networks but also the science as well is essential as the debate moves swiftly” says the CR lead at an international broadcaster. “It is incredibly important to be able to pick up the phone and ask those with the desired level of influence for help. One must make the right contacts in order to test ideas and gain buy-in to new and existing initiatives.”

More Change to Come?

There is a question here as to whether in the future, as CR develops into a broader sustainability agenda, we will see a further change in the role. The CR lead at a motor manufacturer notes that the skills set depends on “what stage of the cycle the company is at as regards CR. For example, my role has gone from being strategic to educational. Softer skills are going to be required along with team building and nurturing.”

Perhaps in the future we will see sustainability being led by technical specialists with a renewed emphasis on communications from the CR lead, but this will only happen, in the view of one respondent, when CR responsibility and ownership is devolved from the central CR team to the embedded business model. Alternatively we could see a split in the CR function with the environmental specialists focusing on ever increasing environmental demands and the ‘operational’ CR specialists focusing on changing the business and overall business approach.

Certainly maintaining the close link with the nut and bolts of the business is crucial. The emphasis should be on having the right type of business experience rather than just having experience – such as an understanding of the external challenges with the practical experience of dealing with issues on the ground. The Head of CR at a major professional services firm believes that the most damaging thing to CR is that it “floats separately from the business. Tying the results of CR policy into real business objectives assists credibility.” He himself trained as a lawyer; his credibility is certainly increased because the partners readily respect him, knowing that he understands their business.

However, this trend to taking business specialists must not be pushed too far. As one respondent notes, “this is not the role for the deepest scientists – in fact that would be a very bad idea – but rather a role for an informed participant.” There is a definite distinction to be made between business understanding and technical expertise.

The reality may be that, “it all depends where the business is in the CR evolution process – if CR requires embedding then you need someone who knows the business really well, but if it is already embedded then somebody who can continue to lead the CR agenda at a higher level and develop the proposition further will probably be better suited.” (Director at a FTSE100 FMCG company).

ARE WE SEEING THE RISE OF A NEW C-SUITE BOARD ROLE, SUCH AS CHIEF SUSTAINABILITY OFFICER?

Our research clearly shows that there is not felt to be a need for a Chief Sustainability Officer (“CSO”) or similar. Interestingly, two high-tech companies had created such a position; in one case called “Director of Sustainable Futures” and in the other “Director of Sustainable Development”. In the latter case this was seen as a peer role to that of the Director of CR and the two went hand in hand. In the former case the Director of Sustainable Futures has specifically taken responsibility for CR and the role was created to “recognise the significance of CR and make sure it is embedded completely in everything the company does. It needs to influence capital investment, product design, employee engagement, sponsorship activity etc. With a CR lead at Board level, it ensures that CR plays a key role in all our decision making.”

However, this is very much the exception. The overwhelming view is that the title and seat on the board is not the determining factor for influencing the CR agenda. What matters is the reporting line of the CR lead.

- As one CR Director puts it: “worrying about corporate labelling, board seats and titles may distract from the real issues in hand. Who this role reports to will set the tone of influence.”
- The Chief Executive of a major utility says that he is not “a fan of seeing a CSO on the Board, because then it looks as though this is someone else’s problem. CR should be ‘baked within the entity itself.’” He feels that it is important to devolve responsibility to the managers of different business streams and divisions, so that if there is a CR issue within their remit, they are called to account for it, not a person at two removes away. In this way, accountability drives good CR practice.

What is key is how delivery of the CR agenda is measured and reported upwards – for example having effective data and performance reporting at all levels of the business that is reviewed at the Board level, giving senior representation to driving the performance back into the business.

The CEO - the Determining Factor

In the view of most of our respondents the CEO is the critical determining factor. The Head of Group Sustainability at a retail bank feels that “the idea of a CSO will not catch on. In the long run I am just not sure you need that person, but you do need a CR lead who can effectively influence the Chairman and the CEO.” He feels that it is necessary to have a CR champion who can make sure that the Board agenda focuses on a wider group of stakeholders than the shareholders and the City.

The equivalent person at another retail bank says that she would “rather have a CEO who is questioning the agenda. A CSO could simply hamper integration and take the focus away from the CEO whose role is to drive integration”. Another CR feels that the “title and position of this role is immaterial. However, it is essential that the agenda is represented at the highest level of the business and that the CEO gives it his or her full backing. Only with the CEO’s attention does CR get seen as a serious business issue allied to organisational strategy.”

Integrating CSO into the Main Board

Another view aired was that a CSO is “a bit of an add-on.” Indeed a major FTSE plc abandoned their CR Board and integrated it into the main Board with positive effect. Making CR someone else’s problem rather than the problem of the Chief Executive and his closest advisers can be alienating.

Two or three respondents felt that, “a CSO on the Board is the way things are heading.” Interestingly, that did not mean that they thought it *should* happen. There was a feeling that because CR was seen as such a hugely important issue and that therefore headhunters had been brought in to find the right people of the right calibre, the very effect of this might be to drive the need for a similar title.

A major food and beverage manufacturer has created a board role of Chief Strategy Officer with specific CR remit within his job specification. By contrast another similar company felt that they had been so successful in embedding CR at grass roots level that the role of CR lead - whether called CSO or similar - was no longer required. CR had become so much a part of corporate life, belief and identity and therefore of board deliberation that a person with a title was no longer required.

It was also felt that in the current economic climate, the creation of another expensive senior level role would be seen as unattractive, although overall there was a feeling that, notwithstanding the current economic pressures, the focus on CR would not diminish. After all, as one CR lead noted, “it has already got to the stage that potential customers will not choose you if your CR reputation is not good. This is also true of potential employees.” However, another respondent felt that while this may be well true of a company who has achieved embedding of CR and seen the benefits, in companies that were still a long way off the ideal, it could well get dropped as too expensive and too difficult as cost issues become paramount.

REPORTING LINES OF CR HEADS

“I was recruited eight years ago without a line manager to report to. I was taken on a bit of a whim,” says the CR lead at a major retailer. And the Head of Sustainability at a listed property company had the same experience: “The scope and influence has definitely changed. Previously the role reported into whoever was brave enough to take on the responsibility! It was a role which lacked gravitas.”

Happily our survey shows that this has moved on significantly, but there is still little consistency as to the reporting lines. “If CR sat in Corporate Communications or marketing it would not be taken seriously, but as a PR stunt,” comments one CR lead. However, our survey shows that corporate communications is still often considered the place for CR operationally, but in at least two instances there is then a steering committee chaired by the CEO or the Chairman to ensure strategic direction. After all, comments one CR lead, “the CEO is the personification of the firm’s reputation.”

“Reporting into the Chief Executive helps enormously – it gives weight to the role,” is the sentiment most echoed by most respondents. While the survey shows a strong message that the attention and involvement of the CEO is critical to success, the reporting lines do not actually reflect this.

Several respondents report to the Chairman. The Head of Sustainability at a major bank views this as “the right reporting line to ensure we have the strategic attention...if the role reports in any lower, i.e. to the COO, then you will not get the right exposure.” However, at another bank of equal stature the CR Head does report into the COO, but has “an informal line in to the Group CEO, the Group Chairman and the Senior Independent Director. The Senior Independent Director chairs the brand and reputation committee, whilst the Chairman chairs the overall governance body looking at sustainability.”

KEY ATTRIBUTES OF THE CR DIRECTOR

With the establishment, growth and development of CR within the corporate world, the CR function has currently reached a level of maturity where key competencies critical to the success of the CR Director can now be clearly identified. The over-riding theme from our research has shown that a successful CR Director will not be a pure CR specialist who is rooted in technical knowledge and expertise, but rather a well rounded and sophisticated communicator who is familiar with the business, its key commercial drivers and keeps a 'weather eye' on the competition and the shifting sands of legislation and public opinion.

This was perhaps best captured by the Vice President for Corporate Reputation and Government Affairs of a FTSE 100 pharmaceuticals business, who stated, "I have a real fear that if one hires 'CR professionals' into CR positions then CR can start to become divorced from the reality of business, be seen as an expensive add-on and an industry in itself and therefore sidelined and denigrated. I prefer to see my colleagues as business consultants."

Through our research, we have identified eight key competencies and aptitudes we believe are integral to the success of every CR Director – regardless of sector, experience or maturity of the CR function – and all are very closely entwined: communication, resilience, influencing, innovation, networking, gravitas, commercial acumen and stakeholder management.

It is unquestionable that there is an even bigger task ahead to create a genuinely sustainable business, creating socio-economic value wherever a business touches people. We suggest that the future challenges are not underestimated. Our CR leaders will have to evolve and improve on the following list of key attributes – this list is only a starting point and as issues grow and change so will our leaders have to grow and change!

Communication

Given that many CR Directors have a background in marketing, communications and PR – and with the CR remit still often sitting in the communications function – it is not surprising that communication skills was the most commonly cited aptitude in relation to the key attributes of an effective CR Director. As one Director of CR for a FTSE 100 media group stated: "an effective CR Director must have the ability to influence and communicate at all levels of a business. This is absolutely critical..."

The ability to communicate a strategic vision for CR, jargon free, to all levels of a business appeared absolutely paramount, as the Head of CR for a leading law firm commented, "the [crucial] ability is to be a good communicator who floats between senior management and the people at the coal face."

Equally, a CR Manager for a FTSE 100 leisure group supported this view: "...you have to be a bit of a sales person, able to speak in layman's terms. There is a tendency to speak jargon, so an awareness of that ability to switch is important."

The ability to communicate effectively internally and externally was a common theme and deemed essential due to the necessity to engage internal and external stakeholders to ensure buy-in and credibility for the CR agenda of the business.

Resilience

Resilience, tenacity and a degree of 'toughness' was perhaps the second most popular theme in terms of successful CR Directors. This could be perceived as somewhat paradoxical in relation to the other softer, more refined skills of influencing, networking and stakeholder engagement. However, many participants talked of the challenges of gaining buy-in of the CR agenda, educating the business in lay terms and overcoming scepticism.

- One CR Director of a FTSE 100 media group described his experience of joining the business with a remit of creating a CR proposition for the first time: "When I joined, the CR agenda had little coverage and was to some extent, an unknown issue...I strove to ensure that it becomes a recognised business issue which requires toughness, with an absolute commitment and drive. Whilst CR is likely to become increasingly important, for the foreseeable future a tough and decisive approach will be required."

Equally, a sense of resilience is necessary due to the plaudits and successes of CR being attributed to the Board. As one Head of CR for a leading law firm comments, "You have to accept that the 'greater glory' of this job will lie with the Board and the Chief Executive, and not with the CR Director." This is particularly relevant for those challenging their organization's current approach and cascading fundamental change throughout the business.

Therefore, a CR Director must be resilient enough to overcome challenges, obstacles and objections but equally be able to leave their ego at the door of the office: once CR has become a success, this will be attributed to the Board, at least as far as an external audience is concerned.

Influencing

CR Directors need to be exceptional influencers. The key to influencing in the CR context is that there is little resource or authority, therefore strength in gaining buy-in to a strategic vision at Board level and operational initiatives at line level through personal impact is essential. As Chief Advisor of CR for a well known media group succinctly stated, "An effective CR Director will have the ability to influence internally without direct power or resource."

A sense of company politics, knowing who the key decision-makers are and an ability to 'sell' the CR proposition are all key to the success of the CR agenda and mark an effective CR Director. A CR Manager for a FTSE 100 leisure group concurred. "You need to have strong influencing and persuasive skills...you are a change agent, consultant and catalyst, so have to be a bit of a sales person..."

It is important they are sufficiently self-aware so that they are flexible and open-minded in seeing issues through the eyes of the variety of societies they work in. This requires interpreting issues from a wide range of different political and cultural systems, with a willingness to listen and create solutions that are adaptable to these different conditions. This adds power to their ability to influence.

The successful CR Director will have the ability to influence at the right level. "You need someone who effectively influences the chairman and CEO." (Leading bank CR specialist). "The person must gain the sanction and good will of the CEO."

Innovation

An ability to 'scan the horizon' of the external CR agenda and, in turn, innovate the internal agenda, was another popular theme that arose among key competencies of a successful CR Director. Most of our participants felt it was critical to keep abreast of external developments and be in a position to keep the internal CR agenda current and relevant.

- As one Head of Public Policy for a FTSE 100 bank stated: "You must be able to provide external interface and feed back into the business. You must also be able to act as an internal change agent and strategist...the role comes up against shorter term goals. The person must understand the external agenda, where opinion is shifting, where are the opportunities."
- Equally a Head of CR of a leading law firm commented, "Innovation is a critical skill. Keeping up with the agenda and keeping one eye on the horizon is absolutely critical..."

The need to be creative and continuously innovate was repeatedly mentioned to ensure the CR agenda remained at the forefront of the broader business strategy. One HR Director of a FTSE 100 publishing business concluded, "The key attributes (of an effective CR Director) are resilience and creativity...people get tired of the message and therefore an effective CR function keeps refreshing the agenda which itself needs drive and tenacity."

Networking

Leading on from innovation, an ability to network, both internally and externally, is another key aptitude that naturally leads to successful innovation. Many of our participants acknowledged that a good CR Director needs to be 'politically savvy' and appreciate that company politics can often dictate that it is 'who you know'

rather than 'how, what or why'. Equally, an effective CR Director will keep abreast of the external agenda, will network with key public policy makers and peers to ensure this intelligence and best practice can be utilized internally.

- One CR Lead of a FTSE 100 oil and gas business astutely summarized it as, "The crucial ability is to connect with external players and internal functions and individuals. The ability to connect is *the* critical defining attribute."

Gravitas

Gravitas and credibility at Board level was another key theme. Many of our participants commented on how the success of the CR agenda is often underpinned by the buy-in and support of the Board.

- According to the Head of Sustainability at a listed property company, "We now need people who are not simply in the role just because the company needed to be seen to be doing CR, but are also themselves heavy hitters with gravitas and a track record in the field."

Other comments echo this: "You need to have credibility and gravitas to influence and operate with the Board."

Gravitas implies impact: the Head of Sustainability at a FTSE 250 services group observes, "You can't just be 'softly-softly'. You have to be brave enough to say things to people at a very senior level."

Commercial Acumen

The over-riding theme of this research has perhaps been the need for CR to be commercially viable. The necessity to prove that CR adds value and can be underpinned by business strategy and commercial drivers is absolutely critical to ensure its own sustainability in this volatile economy.

- From the viewpoint of one Chief Executive of a FTSE 100 utility business: "An effective CR Director is...an individual who can find real relevance in CR for a business undertaking. Businesses are not charities. A smart organisation is one who figures out its impact to the business's stakeholders and incorporates it into the business plan."

The need to be commercial and business-focused, as opposed to CR focused, was reiterated by many participants: "You need to be commercial, but genuinely bought into the [CR] principles..." (Director of CR, FTSE 100 media group) and, "the crucial ability is to get under the skin of the business for whom you work and to understand the drivers of that business." (Head of CR, Top 20 law firm)

The key to the success for any CR agenda appears to be embedding it into the business strategy and operations. This can only be done if the CR Director is familiar with the business and able to make that connection. The Head of Sustainability for a FTSE 100 FMCG business concluded, “You need to be able to reach out, see trends, consolidate lots of information and take ideals; ground them and make them operational.”

Only once CR is truly business-focused, can a CR Director ensure buy-in and longevity for the agenda.

Stakeholder Management

Closely linked to communication, influencing and networking, stakeholder engagement and management skills completed our set of ‘soft’ skills deemed critical to the success of a CR Director.

Once a CR Director has captured the attention of key decision-makers internally and opinion-formers externally, the challenge then turns to retaining that attention and managing those relationships to build upon successes and move the agenda forward.

- A Head of CR for a well-known FTSE 100 retailer commented that, “You need to understand the world of the CR stakeholder and understand the complexity of arguments, which are often multi-dimensional. You must be able to champion your own business very clearly in those spheres and have clear point of view which you can articulate to public stakeholders.”

A sharp and creative intellect and ability to communicate, influence and manage people at all levels effectively, are perhaps the overall attributes of a successful CR Director. An in-depth knowledge and understanding of the business are also pre-requisite. However, whatever the precise skill set of the successful CR Director, there is one key defining goal. This is nicely summed up by one shrewd ex-Director of Corporate Citizenship for a well known FTSE 100 FMCG business:

“I always felt that my objective was to embed CR in my company and enable our community initiatives to be sustainable and so make my CR manager role redundant. I seemed to achieve this last year! ...I am convinced from my twenty years service within one of the ‘usual suspects’ that responsible business is now part of the organisational DNA of those leading companies. Values, policies and codes, public reporting, employee expectation and so on all make it inconceivable that this approach could ever fall off the agenda.”

It remains a matter of intense debate, how many companies have yet really embedded CR into their purpose and strategy. Until we reach that stage, an effective Head of CR is likely to be required to get the agenda off the ground, ensure buy-in and to develop it.

FURTHER READING

The Role of Business in Society: an agenda for action: Niall Fitzgerald KBE and Mandy Cormack; The Conference Board, Harvard University CSR Initiative and the International Business Leaders Forum for the Clinton Global Initiative. Available at www.iblf.org/resources/general.jsp?id=123831

Preparing Tomorrow's Global Leaders: Ashridge, EABIS for UN Principles of Responsible Management Education 2008. Available at www.ashridge.org.uk/globalleaders

Work in progress: Professional competency and standards framework 2009 - Corporate Citizenship: Boston College Center for Corporate Citizenship. See for availability <http://www.bccccc.net/index.cfm?pageId=2025>

Corporate Responsibility Champions Network: A 'How to' Guide. Doughty Centre for Corporate Responsibility. www.som.cranfield.ac.uk/som/dinamic-content/research/doughty/CRChampions.pdf

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