

BALANCING PRIORITIES

People, Planet and Profits

While critics of corporate social responsibility may have some compelling points, according to the undeniable evidence in today's business community, they are losing the debate.

By Patrick Mellody

Corporate social responsibility, or CSR, is a term that defines good intentions. The idea behind it is for a corporation—as an entity whose mission is to generate profits and join the world's economic engine—to take responsibility for its work and effect on customers, employees, shareholders, communities and the environment. CSR's concept is grounded in improving quality of life for not only a company's employees, but for all of society. Like anything in business today, however, it just isn't that simple.

CSR runs counter to what has been drilled into the minds of executives and the bottom line of corporations: the idea of profits. Critics of CSR will not hesitate to point out that the fundamental role of business is to make money and contribute to the economy. Detractors categorize CSR as nothing more than an attempt at "window dressing" or—as the environmental community refers to those corporations who refuse to back up their words and public relations with actions—"greenwashing." Another argument is the belief that society already benefits by the very existence of business, so CSR, therefore, is not necessary.

In an article she authored a couple of years ago for *Forbes* magazine, Betsy Atkins, CEO of Baja Ventures, a venture capital firm focused on technology and life sciences, criticized the concept of CSR. "Management is charged with making informed decisions to invest corporate assets for uses that will efficiently achieve corporate goals. These include growth, profitability, product innovation and anything else that drives the shareholders' return on investment as measured by the stock price," she writes in "Is Corporate Social Responsibility Responsible?" Atkins, who serves on the boards of Reynolds American, Polycom, Chico's FAS, SunPower and several private companies, believes the use of corporate assets to support causes or for social purposes is irresponsible and deceptive.

While Atkins and other critics of CSR may have their points, according to today's market, they are losing the debate. The corporate scandals of the late 1990s and early part of this decade, combined with the renewed interest in the environment—spawned in no small part by the looming climate change crisis—have provided a perfect platform for corporate social responsibility to become a priority in the current business culture. According to the



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evidence—and there is plenty—it is possible to balance the priorities of people, planet and profits. This is called a “triple bottom line,” and it takes into account environmental and social performance, as well as financial performance.

John Chambers, CEO of Cisco, was recently quoted in *Forbes* as saying, “The most successful in life have an obligation to give back. And it is not just the right thing to do; it is just plain good business.” Like Cisco, some of the most profitable technology companies, including Google, Microsoft and Intel, are also good corporate citizens and have recognized the importance of CSR. And the World Economic Forum is now a platform for how companies can improve people’s lives, communities and the planet.

As the environmental aspect of the triple bottom line continues to receive a lot of attention, one could argue it has almost become “cool” to be engaged in this issue and do one’s part to fight global warming. Ajay Gupta, CEO of Gsecurity, whose logo and Web site prominently display the words “a green technology company,” says, “Consumer pressure and awareness—and genuine interest—in green issues does significantly help corporations and all organizations go green. The media’s efforts to highlight what companies are doing—even the smaller firms that don’t have deep pockets—can serve both as an impetus for other companies to travel this path themselves and as a reward for the firms that have already started down the path.”

The Durst Organization, a builder, developer and asset manager of large New York City properties, is currently constructing the world’s most environmentally responsible high-rise office building—Bank of America’s 2.1 million-square-foot, 54-story crystalline skyscraper located at One Bryant Park. Not only has Durst already made a profit on the project, but the family-owned company is setting an example for other builders. Jordan Barowitz, Durst spokesman and Director of External Affairs, says, “Building a green building not only protects our planet, but adds value to the building, to the tenants, and decreases operating costs. A green building is an efficient building. It uses energy efficiently, therefore saving money; it uses the most sophisticated engineering and design methodologies, therefore decreasing expensive material, such as steel and concrete. Most importantly it increases the efficiency of those people who work in the building by providing a work environment with more natural light and cleaner and fresher air.”

Locally, Gary Pan, President & CEO of Panacea Consulting, Inc., an Arlington-based business that delivers program management, information technology and information solutions to federal, state and Fortune 1000 clients, says his interest in CSR stems from his organization’s core values. “Panacea and [its] associates have been firm believers of the obligation to demonstrate corporate social responsibility since our founding 17 years ago,”

he says. Pan admits to hurdles in achieving CSR. “At times, it is difficult for our associates to balance their individual obligations and our corporate commitment to CSR,” says Pan. “So many associates are busy with their families and personal interests. I believe that it is incumbent as a leader to continue to challenge our associates to work together for a common good.”

As in many organizations—large and small—at Panacea Consulting and Gsecurity, CSR efforts are housed in the CEOs’ office. But to address the challenges Pan is referring to, many companies see the value in charging a specific executive or corporate division with CSR endeavors. Christopher Lloyd, Executive Director, Public Policy and Corporate Responsibility at Verizon, the multi-billion-dollar telecommunications company, says, “Our CR strategy is to link our core competency of building and maintaining wireline and wireless networks to helping solve social issues related to access to technology, economic development, environment and healthcare. By taking this approach we are able to enhance our reputation as a good corporate citizen, gain a competitive advantage, and deliver community and shareholder value.”

Verizon also has created a CR executive council, made up of senior leaders from across all the corporation’s business units, that focuses on championing a corporate culture that delivers shareholder and community value by ensuring a responsible, sustainable approach to business decisions. The council also helps shape the company’s green practices and policies.

Although not every company has a CSR department or executives assigned specifically to CSR initiatives, most recognize the potential benefits of corporate responsibility on different aspects of their companies. The human resources office is often a place where the “feel-good” features of CSR converge with its implementation. In a competitive

world—and especially in the Northern Virginia area—where getting the best talent is a constant challenge, CSR is more and more often employed as a recruiting tool. New graduates looking for their first jobs—not to mention headhunting executives who are seeking solid lifetime placements—are no longer enticed by potential employers that host a few community events a year, nor are they impressed when only a company’s executives are philanthropic. When someone at the Durst Organization talks about his or her commitment to sustainability, it is obvious how it fits—even if it may not be intended—into a recruiting strategy. “The company’s commitment to sustainability imbues every aspect of our operations,” says Barowitz. “In our minds, environmentalism, innovation and efficiency are parts of the same whole. We constantly strive to do better, whether it is designing a building, purchasing cleaning products or implementing our in-house recycling program.” At the same time, it is also easy to see how innocent questions like, “Do you recycle,” or “What is your company doing to reduce waste,” if not answered with some definition of a company-wide program, could discourage a candidate who has other choices.

Gsecurity’s “effort to reduce waste” is the planet pillar of a triple bottom line—according to Gupta, “to reduce unnecessary energy consumption, gasoline consumption, water consumption, paper consumption, etc.” During a prospect’s interview Gupta may cite cell phones as an example. “A cell phone can only store a certain amount of energy, yet they are often left plugged in when fully charged. That is just wasting the energy,” he says. “While we don’t go around monitoring cell phone chargers, we do tell our staff to charge their phones once the battery is low and, when full, to unplug them.” Gupta relates the whole effort back to the planet: “If we all just don’t waste our resources, we may just find that is all the conservation we would need to do to stem the risk of global climate change.”

Deliberate Restraint Forecasts Inevitable Regulations

In his presentation at a recent NVTC Titans Breakfast, Sudhakar Kesavan, Chairman & CEO of ICF International, a global professional services firm, voiced what many other corporate leaders also believe: regulations that will require businesses to curb their greenhouse gas emissions are inevitable. And as legislation to limit CO₂ emissions are “aggressively moving forward at both the state and federal level,” most businesses ex-



Sudhakar Kesavan speaks at a recent NVTC Titans Breakfast.

press a preference for federal regulations rather than “a patchwork of legislation” at the state level. Among the several bills currently being considered in Congress that would require limits to carbon emissions, Kesavan regards the Climate Security Act, co-sponsored by Senator John Warner (R-VA) and Senator Joe Lieberman (I-CT), as the most likely basis for future legislation.

But as consensus grows among corporate leaders, as well as the scientific community, that the earth is warming because of increasing amounts of CO₂ in the atmosphere, more and more companies—ICF International and other NVTC member companies among them—are already “ahead of the pack” in taking steps to control greenhouse gases. As this

issue of *The Voice of Technology* goes to press, ICF International’s 23 offices worldwide will be carbon neutral through a combination of energy efficiency and transportation measures, as well as the purchase of high-quality carbon offsets. Many ICF International offices comply with the U.S. Environmental Protection Agency’s ENERGY STAR® program, and the organization conducted a “Greenhouse Gas Inventory” for its 2006 global operations, which is “a critical building block” in ICF’s climate strategy. In addition to these actions and a resolute commitment to recycle paper, glass, aluminum, computers and cell phones, ICF International has also implemented a “robust telecommuting program” as part of the company’s efforts to encourage ICF employees to “mitigate their own impact on the climate,” according to an ICF environmental policy statement. More than 400 employees currently telecommute full- or part-time, and ICF makes commuter benefits available in several locations to make it easier for employees to use mass transit to get to and from work.

ICF International’s environmental policy statement doesn’t cite anticipated regulations as motive for these actions, however. Rather, “consistent with our business mission ... as a professional services firm” and “employee recruitment and retention” top the company’s list of “reasons why we do this.” As Kesavan said to the 500 or so executives who attended the January NVTC event, “Companies that decide to reduce carbon emissions, especially those with ambitious programs to become carbon neutral, will experience an improvement in employee retention and morale, as well as the bottom line.”

—Julie Warren

Verizon has a clear CSR objective complete with mission statements and language that willingly acknowledges its reach and impact on people and the planet. “Ingrained in Verizon’s corporate culture is a commitment to environmental stewardship,” says Lloyd. “Verizon networks are part of a global 24/7 operation that serves tens of millions of people and includes one of the largest private fleets and millions of square feet of real estate. Energy is a large cost for Verizon. The company believes not only is it socially responsible, but it is smart business to conserve energy, find new technology solutions to environmental challenges and recycle.”

As a large company, Verizon’s environmental footprint could work against its efforts to use CSR as a recruiting tool. On the other hand, Verizon has taken quantifiable actions that back up its CSR claims. Verizon’s steps to reduce energy consumption include launching the first major trial of fuel cells at its switching center and office building in Garden City, New York, which is expected to eliminate approximately 11 million pounds of carbon dioxide annually. In January, the company also replaced traditional gasoline-powered vehicles in its fleet with 100 new hybrid sedans, which will reduce carbon emissions by more than 263 metric tons and save 30,000 gallons of fuel annually. Verizon plans to purchase another 100 hybrids later this year. And the company’s comprehensive recycling program is implemented at every level. In addition to an extensive office paper and cardboard recycling program, Verizon also promotes paperless billing and cell phone recycling. To date, customers have paid nearly 100 million bills online and have returned 4.5 million cell phones for reuse or recycling. And if that doesn’t make a candidate want to sign up, Verizon will reduce greenhouse gas emissions by approximately 6.6 thousand tons annually in California by using micro turbines fired by natural gas to generate 50 percent of

the electricity needed to operate its two central offices.

INOVA Health Systems, as its name denotes (created by merging the word “innovation” with the abbreviation for Northern Virginia) is putting together additional innovative programs that may become models for employee recruitment at other health care systems. Potential recruits will have the first experiences with programs that could be used across the country and the world. Randy Kelley, CEO of INOVA Loudoun, has teamed up with Ravi Gupta, M.D., (no relation to Gsecurity’s Ajay Gupta) to establish an environmental program that contributes to a safer and healthier environment for INOVA’s patients, employees and community.

INOVA’s comprehensive environmental program has sustainable and measurable outcomes and goals, including the elimination of mercury through the whole hospital system, the reduction of energy consumption, the creation of an environment of healing, implementation of green construction practices, reduction of the waste stream and use of non-renewable resources, improvement of regulated medical waste disposal, implementation of water conservation measures, and use of irrigation-free landscaping. “All of this does improve employee satisfaction and helps with retention,” says Dr. Gupta. “And quite frankly, it’s the right thing to do” he adds. “We are now a smoke-free campus; 99 percent of the mercury is gone; we recycle; we have joined the EPA ENERGY STAR® program, which has helped us change paper products to meet the EPA’s recommended post-consumer waste content; along with our own ideas we are using the *Green Guide for Health Care™*, a best practices guide for healthy and sustainable building design,

construction and operations for the health care industry; and now we are mulching our garden waste.”

Along with recruitment, employee satisfaction also can be directly related to CSR. Since the money saved can be directed to other places, cost-saving measures—especially energy reduction—can have a positive effect throughout an entire organization. In response to the skyrocketing price of oil combined with the climate change crisis, practically every company is looking at ways to cut down on its power consumption.

INOVA has set a goal of reducing its energy consumption by as much as 30 percent. And Durst’s Barowitz says, “The demand for green buildings in New York City is growing. The last four large commercial buildings in New York to be built have all been green buildings, and now tenants demand that new construction be green construction.” Gsecurity’s green priorities, along with the reduction of waste, are to reduce energy consumption and gasoline consumption. And Verizon, as an information communications technology company, is poised to enable energy efficiency and environmental protection. According to a study by the American



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Council for an Energy-Efficient Economy (ACEEE), for every extra kilowatt-hour of electricity consumed by information and communications technology (ICT), the U.S. economy’s energy savings has increased 10 times.

Verizon’s Lloyd believes there is a bigger role companies like his can play in the energy reduction effort. According to the ACEEE study, ICT has played a role in reducing energy waste and increasing energy efficiency throughout the economy. Evidence suggests, however, the full range of efficiency opportunities that ICT can deliver has not been optimized. In another study by the American Consumer Institute, research suggests that broadband networks can reduce U.S. dependency on foreign oil by 11 percent over the next decade and eliminate more than one billion tons of greenhouse gas. Furthermore, a recent report prepared by Hewlett-Packard and the World Wildlife Fund for the World Economic Forum indicates that while the ICT industry is responsible for approximately two percent of global emissions, ICT solutions have the potential to be an enabler to reduce a significant part of the remaining 98 percent of the total CO₂ emitted by non-ICT industries and the public.

Panacea initially procured hybrid vehicles to demonstrate the company’s support of clean fuel alternatives. More recently, however, the company got more serious about reducing carbon emissions by using some ICT companies. “We have addressed the transportation issue and the goal to achieve carbon neutrality by establishing an organizational operating environment

based upon the ‘Virtual Now,’” says CEO Pan. “This approach moved the operations of the company to an online collaborative environment permitting our associates to work from anywhere. All of our corporate personnel now work remotely or from their homes, dramatically reducing the need for commuting and local travel.”

Most CSR programs incorporate telecommuting as part of their plans. Ajay Gupta sympathizes with all of Northern Virginia, and says he might have a solution to the miserable morning commute with CSR. “We have also reduced the number of miles driven through our 100 percent telecommuting policy and carpooling efforts. This undoubtedly increases employee satisfaction and helps with recruitment,” he says.

Lloyd has no trouble touting the triple bottom line benefits of broadband to telecommuters. “Broadband facilitates videoconferencing and teleconferencing,” he says, “which help individuals and businesses share information and ideas more efficiently without emissions-intensive physical travel.” According to a joint report by World Wildlife Fund and the European Telecommunications Network Operators Association, telecommuting just one or two days per week could decrease rush hours, resulting in less emissions polluting the air in cities worldwide. In addition, the report found that 10 million flexi-workers could yield savings of more than 11 million metric tons of CO₂ emissions, and 30 million telecommuters could achieve more

than 34 million metric tons of savings. In Australia alone, a recent Telstra report found that energy and travel cost savings for businesses and households brought on by telecommunications networks could reach approximately \$6.6 billion per year through a five percent reduction in greenhouse gas emissions by 2015.

Ajay Gupta advocates a telecommuting tax credit with the next Presidential administration. “For example, even a 10 percent reduction in the payroll taxes for an employee who telecommutes would be significantly helpful,” he points out.

Without citing specifics, most people involved with CSR remain optimistic about its future as a new Presidential administration looms. However, most would agree with Barowitz, who says, “The industry is far ahead of the federal government in sustainable development. We welcome their entrance into the discussion.”

With its emphasis on high tech—especially telecommuting—CSR offers some unique advantages to Northern Virginia and its corporate citizens. As the Iroquois proverb says, “In our every deliberation, we must consider the impact of our decisions on the next seven generations,” (from *The Great Law of the Iroquois Confederacy*) so a well-thought-out CSR policy helps companies recruit and retain employees, reduces cost through more efficient energy use and—most important for Northern Virginia—cuts the number of cars on the road and helps ensure a healthy planet for future generations. **nvtc**

Patrick Mellody is a former COO of a renewable energy company in Northern California. He has worked at NASA, the U.S. State Department and as a political consultant to numerous national campaigns.

For more information on CSR, visit www.csrwire.com. The Global Reporting Initiative has developed guidelines to enable corporations and NGOs to comparably report on the social impact of their organizations.