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Retailers need corporate social responsibility strategy

BY GEORGE MINAKAKIS, VANCOUVER SUN MAY 25, 2012

When the American retail giant Target opens its stores bearing the distinctive red circle in Canada next year, the bar for the country's retail sector will have been raised - but not in the way most people may think.

In the United States, Target has employed a corporate social responsibility (CSR) strategy since its founding. I expect that once it enters Canada, it will do the same here. CSR, through which a company incorporates social, environmental, and ethical aspects into its business model, has become integral to long-term growth and success.

Businesses that embrace CSR show through their actions that they value their people and communities. The benefits of CSR to retailers are many - from enhanced reputation to loyal consumers to a more committed workforce. Through CSR, retailers can enhance recruitment and retention rates and strengthen their bottom line. In fact, there is growing evidence that companies with CSR strategies outperform their counterparts.

However, as more U.S. retailers enter Canada, I believe that CSR will become more important for both consumers and retailers, compelling U.S. and Canadian retailers to develop distinct Canadian-focused CSR strategies. When aligned with our Canadian values and culture, CSR can help achieve not only financial success but also reputational success - a critical differentiator as many new businesses are attracted to Canada. Retailers that fail to incorporate CSR into their strategies at this transformative time in their industry do so at their peril.

A strong CSR strategy goes beyond corporate governance. It crosses over into managing different cultures, opening into new markets and appreciating the differences in diversity. In Canada, cultural dynamics are critical. We share a common language with the U.S., but our values and beliefs reflect our unique Canadian identity. Because something has worked in this U.S., it does not predict success here, particularly in Quebec and other diverse regions of Canada.

In Canada and abroad, I've noticed CSR in the retail sector trails that of many other industries. However, brands that make CSR a priority are showing great business success, such as Canada's own Lululemon, and Walmart, with its Sustainability Index and commitment to creating zero waste. Target invests in the career development of its 355,000 "team members" (its employees), and encourages them to volunteer thousands of hours each year to education and community projects.

So how does a retailer move from talking about CSR to living it within the organization?

1. Start with leadership: CSR must be embraced by senior leadership at the top. The founder or the CEO and his/her board must first clearly articulate the particular brand and values of the organization, incorporate them in its CSR strategy then institutionalize it companywide.

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2. Embed CSR values throughout the entire supply chain: Business has a responsibility to ensure that its products have been sourced responsibly. Retailers exert much power on the supply side, and CSR lets them use that influence responsibly.

3. Engage employees as brand ambassadors: The employee, like the consumer, wants to know that what they sell has value that extends beyond the product or service. If the non-monetary values of employer and employee fail to mesh, turnover can be high. That can get expensive in an industry that already suffers from high turnover rates.

These actions might make lesser-sized retailers balk at the notion of incorporating CSR within their own organizations. And yes, a CSR policy requires significant investments of money, time and careful thought.

But in the end, it's worth it. The right CSR strategies can turn a retailer's employees, customers, suppliers and other stakeholders into its advocates so that the brand stands out in what's becoming a crowded marketplace. The value of that is immeasurable.

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