

Sustainable Sourcing: Is CSR worth ditching during an economic downturn?

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I recently contemplated the idea of whether it makes sense to maintain CSR initiatives throughout an economic downturn. The thing is we are facing a blunt reality: business concerns focus on managing cost more efficiently and maximising profitability. As such, CSR is seen more of a luxury than a necessity.

But there are good reasons that encourage the maintenance of CSR regardless of the challenging economic environment and I further argue that there is at least one example where actions can be taken that address cost pressure and CSR matters in tandem.

Consumer Demand: We often underestimate the power of that consumers have in driving the CSR agenda. You may have read about the outraged Apple customers who delivered petitions to the Grand Central store in New York and other Apple retail stores around the world calling for the company to respond to widespread criticisms of conditions in its suppliers' factories and to commit to creating an "ethical iPhone 5". In other product categories, such as food, we have seen that the demand for green products has not been affected by the recession that started in 2008. Some consumers are even willing to pay a premium for green products.

Reputation: Demonstrating corporate citizenship helps build and protect a company's brand value and reputation. Getting caught for serious unethical behaviour during an economic downturn comes is highly inconvenient to say the least. Did you hear that BP settlement for the Gulf of Mexico oil spill victims alone was recently estimated at US\$7.8 million?

Cost Savings: Using eco-efficiency measures in your business, from reducing packaging in products, promoting video conferencing versus travel, all the way to installing efficient office building lighting will save money in the long-term, and require relatively little effort. This can be largely accomplished through the use of Demand Management.

Innovation: CSR programmes are typically subject to the criticisms that they don't deliver tangible results but they can equally provide opportunities for companies to deliver products and services in new ways. You may have heard of eBay's new data centre in Phoenix that runs at temperatures as high as 115 degrees. Given that data centres are typically cooled, eBay is trying to prove that it can reduce cost and power by using the lower-temperature air outside the data centre.

During a period of economic distress and contraction, the importance of CSR should not be overlooked. In fact, now may be a good time to map CSR initiatives based on risk and other priorities, build business cases and start allocating resources.

Link to original article: <http://www.procurementleaders.com/blog/my-blog--margarete-slowik/sustainable-sourcing-is-csr-worth-ditching-during-an-economic-downturn>