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The True Benefits of Reporting

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Yesterday I had the pleasure of "attending" (from the comforts of my desk) Engage CSR 2010: The Growth of Corporate Social Responsibility in a Socially Connected World, hosted by PR Newswire. Bravo to the organizers for putting together a truly fantastic event! The content was great, as were the conversations in the 'exhibit hall' and 'networking lounge' areas. If you missed out, I highly recommend you check out the archived content, available for the next 90 days.

The conference centered around how companies are using digital media to communicate their corporate social responsibility to their myriad stakeholders. Several panels looked at social media specifically as an accelerator of social change and its role in positioning brands as socially responsible. One of the highlights for me, though, was a panel discussion on CSR and sustainability reporting that featured the viewpoints of **Mike Wallace** of GRI, **Michael Muyot** of CRD Analytics, **Elaine Cohen** of Beyond Business, **Maggie Kohn** of Merck, and **Kevin Moss** of BT.

Elaine Cohen shared her three keys to successful sustainability reporting, and what I'd like to focus on are the benefits to a company, both internal and external, shared by fellow panelist Maggie Kohn. Why should a company–large or small–adopt a more rigorous approach to reporting? What's in it for them?

Internal Benefits of Reporting

You manage what you measure. Simply put, if you know the results will be made public and you'll be held accountable, you're more likely to focus your attention on those areas.

It is a catalyst for internal evaluation and goal-setting. There are so many areas that a company can report on, but the key is to focus on those that have the biggest impacts on society and the business. The reporting process makes it easier to see what these key priorities should be.

It raises internal awareness for corporate responsibility. For CSR to be truly embedded into a company, it needs the support of all business units. Everyone needs to be on board with the concept of "creating long-term value for society and shareholders" — and no, these are not mutually exclusive. Reporting (and the process behind it) can go a long way toward creating broad understanding inside a company.

It fosters a culture of transparency. The pharmaceutical industry is built on trade secrets, Kohn said, so there was a lot of fear initially when the company began disclosing things like political contributions and payments made to physicians. But ultimately, the increased transparency has in turn increased things like trust and credibility–which has reversed some of the negative public perceptions of the industry as a whole.

External Benefits of Reporting

It is a launching pad for dialogue. Merck can initiate conversations with stakeholders around the challenges they face. Reporting provides that starting point.

It increases trust. What happens after the conversations occur with stakeholders? Relationships develop, and over time, deepen.

It illustrates a company's good work. OK, finally–here it is…the public relations rationale for reporting. Kohn said reports are a comprehensive repository of all the good works that a company is doing throughout the year, and this can be mined regularly by corporate communications for nuggets to share with stakeholders via different channels.

It reduces outside requests for information. On a very tactical level, reporting reduces the number of surveys and questionnaires that companies must fill out, as the data is readily available on websites and in publications.

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The Continuing Evolution

Sustainability/CSR reports have truly evolved since their early iterations, which were basically corporate communications' literature that shed light only on the good being done. Today's reports are scrutinized by a much large variety of stakeholders (including investors, employees, shareholders, consumers and more). The increasing adoption of GRI standards allow them to be easily compared and contrasted from company to company. Companies like Merck and BT are now using the reporting process more as a performance management tool–engaging external advisory boards, providing more neutral assessments, and aligning sustainability reports more closely with annual reports.

It is now, as Cohen put it, "a delicate balance of transparency, process and PR."

Posted by Julie Lloyd at 4:37 pm Tagged with: CSR, employee engagement, reporting, sustainability

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