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**TITLE**

Foreword

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# Foreword

Herman B. “Dutch” Leonard

If you are a corporate leader who is seriously interested in getting your organization to find, develop, and actually carry out successful programs in the domain of social responsibility—programs that actually improve social and environmental outcomes while building business value for your firm—then you have long needed this book.

There are two forms of corporate social responsibility (CSR) programs: the kind where corporate leaders talk a lot about what their firms are doing (but don’t actually do very much or generate much impact), and the kind where socially responsible activities are being carried out on a material scale and significant results are actually being achieved. Sadly, at this stage in our history, there is still far too much of the former—and not nearly enough of the latter.

The reasons for this are not far to seek. First, there *are* some payoffs from just talking about CSR or running low-impact CSR programs—critics can sometimes be mollified and stakeholders reassured if a firm develops and describes a small collection of well-intentioned and plausible-sounding “citizenship” initiatives. Second, *going beyond a few simple, nice-sounding initiatives to develop significant programs that build both business and social value is much more difficult than it might appear.*

Ultimately, the real policies of an organization are not what its leaders say they are; the real policies are what the people in the organization are actually doing. It is easy for corporate leaders to talk about the “business case for social responsibility”—the idea that doing things in a way that improves social and environmental outcomes will also build greater business value (often with the caveat “. . . in the long run”)—but talking about it is a far cry from making it be what is actually happening throughout the firm.

So, if you *do* actually want to make social responsibility be what your firm is doing, what do you need to do? You will need to articulate a combination of business, social, and environmental goals and then build structures, systems, and procedures within your firm that will focus attention on the combined goals—and enact your stated policy by embedding it in the ongoing actions and decisions of the firm. Unless and until the wide range of consequences of business activities—impacts on customers, revenue, markets, cost, social conditions, and environmental outcomes—are viewed at the same time and within the same discussions and analyzed and examined with the same rigor, CSR-related programs will remain sideline, non-strategic, secondary activities.

And that is where this book comes in. In this work, Marc Epstein presents a wide range of tools, methods, and approaches to bring social and environmental results into focus in the same ongoing business processes that drive the mainline business activities of the firm. He begins with an overview of the leadership necessary to animate and organize a serious corporate effort to build social and economic value through social responsibility, and lays out the elements necessary to make such an effort an integral aspect of an overall, comprehensive business strategy. He then examines the organizational structure issues that need to be addressed to create and maintain alignment among the activities designed to address the broader array of corporate goals that result from pursuing an integrated strategy.

The heart of this book—and the centerpiece of its contributions to corporate performance—is the series of sections on how to build and operate the organizational processes that will determine whether the firm is paying lip service to CSR or, instead, is enacting it in its daily operations and work. How can the costs of meeting social goals—and the risks of not meeting them—be factored into capital investment and allocation decisions? How can performance evaluation and reward systems be reconstructed to reflect the broadened set of goals? And how can organizational information systems be constructed to help managers achieve the high performance those personnel systems seek to reward? Both the evaluation systems and the management and learning systems will require metrics to inform them: How can we construct organizational processes that will define, collect, track, and analyze relevant data to provide managerial incentives, drive organizational learning, and guide strategic action across the full integrated panoply of firm objectives? How can the standard corporate processes associated with important business decisions—budgeting, personnel assignments and career tracking, and so on—be modified to include the full array of consequences from financial to social, that the firm now seeks jointly to manage? And, finally, how should firms organize the development of and carry out the internal and external communication of its goals and accomplishments across the full domain of consequences for which it is now taking responsibility?

On all of these subjects, this book provides practical advice grounded in examples drawn from a wide array of businesses. Epstein engages the issues at the frontier of CSR today: the practical questions of how to make it work in practice, in detail, day in and day out, so that what the firm wants its CSR policies to achieve actually turns out to be what the firm is accomplishing.

Many books have been written about why corporations should redefine their intentions and accept greater responsibility for the wide array of consequences that flow from business action. Many others have been written about what CSR strategies should look like in the abstract. This book transcends that rather stilted (and often moralistic) discussion. It assumes that there are good business reasons to pursue social and environmental goals, and then helps business leaders build the organizational processes necessary to discover and develop those opportunities—and to deliver on them.

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