

Revitalizing Brands, Customer Interest, and Market Value

Published January 2012
by DonationXchange

THE GOLDEN AGE *of* GIVING



Throughout 2012 DonationXchange will celebrate the growth and evolution of Corporate Social Responsibility (CSR). We will highlight modern and innovative initiatives that connect companies and brands to the communities and causes which they support. The first article of the year examines how CSR is evolving into a comprehensive business strategy that helps companies grow, leverage impact, and stay relevant as business conditions shift.

CSR Adds Corporate Vitality

Recent economic instability has led companies to look for fresh ways to engage their customers and stay profitable and vibrant, and Corporate Social Responsibility (CSR) has quickly emerged as a front-runner among effective new methods.

CSR initiatives have been proven to increase corporate revenue; customers are more likely to patronize an organization that contributes to local or global causes. In a study measuring consumer perceptions of meaningful brands, 51 percent of consumers surveyed said they are “prepared to reward responsible companies by choosing to buy their products,” according to Havas Media. Additionally, 53 percent of consumers said they

“would pay a 10 percent premium for a product produced in a responsible way.” Even more interesting, both measurements increased over 10 percent from the previous year’s results, illustrating the growing link between CSR and brand selection. Consumers are eager to make choices that affirm their values. As such, astute companies promote CSR initiatives to strengthen brands, broaden exposure, and increase revenue. However, consider the important question: How does CSR stimulate corporate vitality *beyond* traditional measurements of profitability?

An emerging benefit of CSR is boosted employee morale. Although the connection between morale and revenue is less linear, it is no less important. In an article

published by the Journal of Marketing, authors Xueming Luo and C.B. Bhattacharya explore how CSR relates to customer satisfaction and market value. They write that CSR may produce “positive ‘moral capital,’” thus improving employee performance and retention. They go on to suggest that companies need to “integrate CSR with [their] business strategy beyond corporate philanthropy,” as “[CSR] initiatives help employees feel pride in the firm which improves customer satisfaction and market value.” Essentially, happy employees make better products, and better products make customers happy.

In addition to the voices of academic and economic scholars, we at DonationXchange wanted to garner first-hand insights from a

Fortune 500 company executive who works to make powerful strides within CSR daily. We spoke with Sandy Pierantoni, Senior Program Manager of Community Relations for CDW. During her 13 years of CSR experience, Pierantoni has seen philanthropy evolve into a key principle of internal culture at CDW. "I think we've come miles from simply being a check-writing organization to one that looks at corporate philanthropy as a whole – such as employee engagement, funding organizations that matter because they're doing things for the right reasons, and because it makes sense for a technology company to do so," said Pierantoni.

Philanthropic activity blossomed within CDW as founder Michael Krasny's personal generosity grew into a core principle of the company's corporate culture. Pierantoni says the "company founder felt it was important for CDW to give back, and he enlisted the help of coworkers to think outside the box of how we might be able to help." Monthly employee giving campaigns have become a staple of working for the company, including the annual "CDW Fun Drive for Children's Miracle Network Hospitals," which is organized and implemented entirely by co-workers who have

raised more than \$4 million for the organization. For each drive, employees have put together car washes, online auctions, chili cook-offs and a list of other fun fundraising activities across all 22 offices in the US and Canada. "It's the very first charitable initiative we ever engaged in as a company," Pierantoni said about the fundraising initiative.

With an emphasis on education, CDW has also raised money to support science, math, and technology programs for organizations such as the YWCA, the Adler Planetarium, and the Museum of Science and Industry. Pierantoni says "[we] always try to align to our business goals and objectives as often as we possibly can." In looking to the future, for CDW and other corporations alike, it is critical to evaluate diverse fundraising, sponsorship, and volunteer activities, and to choose those that best align with a company's industry and mission.

Pierantoni also points out that as a corporation that has successfully increased fundraising dollars by 5 to 10 percent each year, for CDW "CSR is not just about a company's financial results." Rather, it is a way for the company to demonstrate a sincere dedication to its customers,

employees, community, and brand. It is a reinvestment in each.

The effects of CSR on corporate vitality are diverse and robust. Employee productivity, customer satisfaction, market value, and revenue are all co-dependent. A quality CSR program can positively impact each of these components, thus strengthening overall corporate fortitude. As the influence of CSR becomes more widely recognized, it will not only be used to make powerful strides to improve the world, but also to provide a new type of competitive edge in the marketplace.

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Special thanks to Sandy Pierantoni from CDW for sharing her thoughts and experiences with us.

