Thoughts of Corporate Social Responsibility for the High Management

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1. Company's Leader Social Responsibility = Company's Social Responsibility

This is one of the key concepts of Corporate Social Responsibility: The Company's Social Responsibility is nothing but the reflection of the Social Responsibility of their Leaders.

One time at a Corporate Social Responsibility panel, a person came to me asking how could she convince her boss to adopt initiatives of Social Responsibility, because she was convinced of the benefits that CSR can have on the Company, but she did not know how to explain them to her boss.

In this and in any other case the answer is the same: If the culture in a well-managed company is the reflection of their leaders' culture, therefore, the company's values are the reflection of the entrepreneurial values of their leaders and so on.

In other words, CSR origin is the high Management, and without its absolute support, these initiatives become in pure cosmetic marketing that jeopardize their credibility.

1.1 Definitions and Importance of CSR

Generally, CSR bibliography as well as Companies' CSR areas, define Social Responsibility as: The recognition of the impacts that the company has with its different stakeholders (employees, ownership, customers, ecology, communities, governments, etc), and taking responsibility for those impacts.

Although this is a clear and precise definition, it lacks strategic components that are key to persuade the high management for the need to venture into these issues.

Nestle's former CEO, Helmut Maucher, in its book Management-Brevier says: "Social and Ethical Responsibility of the General Managers consist on achieve lasting success in competitive markets and, thus, assuring the lasting profitability of their Companies".

I rather think on CSR as: The part of the Company's Strategic Management dedicated to protecting and enhancing the main asset we can have as a company or as a person: "Credibility", as well as understanding an managing the risks and opportunities that we could have with our stakeholders.

If we understand, according to this last definition, the impact that CSR can have in our Company, we will see that it becomes in a must for high management, lets see why...

CSR Protects and Enhances Credibility:

Most companies make Money by selling a product or a service, but why can they sell it?

- Because their customers **believe** their product or service will help them to solve a problem or a need during the amount of time they are expecting it to last

- Because their customers **believe** the price they pay goes according to what is being received

- Because customers **believe** that if there is any problem with the product or service, they could go to the company to get their problem solved

To be able to sell its products or services efficiently, as well as to purchase, to produce and to administrate, the company needs to hire employees that will work as a team, but why can the company hire and retain these people?

- Because its employees **believe** the compensation they are receiving in exchange for their work is fair and competitive

- Because its employees **believe** they will receive their payment on the amount and time agreed with the company

- Because its employees **believe** that their working site and conditions are appropriate and they do not represent any kind of risk for their physical integrity

- Because its employees **believe** that their remaining contractual conditions like vacations, mother leave, benefits, and insurance are competitive.

- And, in the best case scenario: Because its employees **believe** that they are better in that company than anywhere else, and that it is there where they can best perform as professionals and persons

To be able to sell its products, the company needs suppliers who provide, or their merchandise in case of retailers or distributors, or their raw materials to be able to make their products, for this, companies require to have a reliable and high quality supply but, why can the company get this supply?

- Because its suppliers **believe** they are doing good business with the company

- Because its suppliers **believe** they will be paid in time and amount

- Because its suppliers **believe** that the company, and consequently their business, will last for long

- Because its suppliers **believe** that the company will not take advantage of them with one sided conditions and contracts

- Because its suppliers **believe** that they could grow with the company

To be able to focus on its business as efficiently and profitably as possible, the company needs the support from the community on which the company has operations, or at least to avoid them to protest against the company's operations or running governmental and media campaigns against the company, but why does the company accomplish this?

- Because the people of these communities **believe** that the company will create positive economic impact for them

- Because the people of these communities **believe,** the company's operation will not affect their personal life with traffic, parking space, noise, pollution, etc.

- Because the people of these communities **believe** that the company will take care, and on its case replace the natural resources that it will use, like water and electricity

- And a long etcetera

In other words, if the company's success depends on its credibility with its stakeholders, and CSR protects and enhances the company's credibility with respect on these stakeholders, then, much of the success of the company depends on CSR.

For all the above, credibility is a very important issue to take it for granted, loosing credibility would represent a risk to high for the company, a risk that needs to be measured and managed, there is where CSR takes place.

1.2 Management's Philosophy

To manage CSR in the company, one must start from the beginning: Why did we create this company? What is its purpose? Many times what we do is to identify several business opportunities, and we try to seize them in a way we could make as much money as possible, which is completely valid, but how can we do this in a sustainable way in the long term turning this business in to a company?

At the end of the day, and from the business (not economic) point of view, money is made by solving problems, or by satisfying needs, the more complex the problem or the need we solve, the more money we could make. Viewed like this, the purpose of the company is no longer to make the biggest possible amount of money, but to solve the most possible problems and needs to the biggest amount of people.

Further more, as been mentioned in our previous thoughts, to solve these problems or needs in an efficient and profitable way; we need the support of different groups of people and companies (stakeholders) who at the same time will se themselves benefited by the operation of the company.

Then we will start with a Company's Mission Statement, which points clearly its purpose, and the positive impact that their stakeholders expect for the company. We believe it is worth saying that General Management involvement in this exercise is imperative, for the reason that the Company's Mission Statement is nothing but the reflection of what their leaders think should be the purpose of it.

Consider the Mission as the destination to which we will take the company, now, what should be the company's people behavior to accomplish the mission while keeping the company's credibility? To do this we need to make a values declaration and a code of ethics. We will discuss the code of ethics on chapter 10th.

For the making of the values declaration, the company's management must identify which are the values that, being perfectly consistent with their behavior and personal philosophy, best help the company to achieve its mission. Congruency at this point is a most, because otherwise, leadership would be sending crossed signals to the rest of the organization, which could become a disaster.

A list between four and eight values should be enough, but it is important to clearly define them, even living examples when necessary.

With this couple of exercised, Mission and Values, we wrote down what the company's leaders think the company should be, ergo, their personal

philosophy. In the case of companies on which management is different to the ownership, they should involve the board on this exercise.

1.3. Is the Company's Growth a Management Obligation?

This is a common question: How much should I grow my company?, Until I get my economic freedom?, Until I can control it?, Until someone comes to buy it?

Lets think about it this way:

Every growth brings a positive impact for the different stakeholders. We are going to have better paid executives and employees, we are going to solve more market needs, our communities are going to be better.

If we really want to recognize our responsibility with respect to our stakeholders, we will see that it is our responsibility, to grow as much as we can, when needed, the owner should step aside to hire a professional general manager with more capabilities, he should be controlled from a board of directors on which the existence of independent directors (without any stock ownership) who protect every stakeholder interests its a must.

1.4 Compliance with the Law

CSR operates at much higher standards than the Law's, this means that the company not only complies with the norms expressed in the law, but that it goes much further recognizing responsibilities and obligations that no Law require, but, that by doing it, creates big reputation and profits.

The above, in turn, generates high expectations from its stakeholders. CSR has a cost, and it is precisely these expectations, there might be unethical practices that may appear normal for other companies, but that when a CSR managed company makes them, its cost is a loss on reputation, and the investment for getting that reputation back could be very big.

1.5 Strategic Positions

Most of the decisions we made, put us in different positions with regard to the parts related to the position we took. Generally, we look tor strong positions on every part: To be owed a favor, minimizing a risk, getting closer to the market than competition, etc.

In CSR we take these positions with respect to our stakeholders, and to strengthen them is necessary to understand which are the expectations on the company from our stakeholders, and what is the risk that in any given moment these stakeholders could represent to the company.

1.6 Expectations Management

We must never create expectations we will not meet, we must remember that our level of service is measured in function of what we deliver against to the expectation that the service receiver had, so every time that we deliver more or better of what had been expected from us, we will be well evaluated, and on the contrary, every time we create an expectation too high, we are running the risk of being poorly evaluated.

Most of the time, when making our products or services offer, or when we promise something, we have the opportunity to set the expectation with respect

of what we are going to deliver, and it will always be better to set mid expectations and overcome, than set expectations to high and fail to fulfill.

1.7 Dialogue (negotiation) with stakeholders

It is always important for every stakeholder to know, and if possible, to agree with the decisions taken in the company that could affect them. For this, we should take into account which are both parties' interests, and which are the points on which every part is benefited.

This is not about sharing confidential information, but rather to make feel those whom might get affected by a decision, that they are being taken in to account, prior of the execution of that decision, and thus winning their support, avoiding at the same time, conflicts derived from disagreements or misunderstandings that could have high costs for the company.

There might be some occasions on which we have to make unpopular decisions, by communicating or trying to negotiate them, we will get the sensibility to the expected reaction, and the size of the risk that we could take.

1.8 Philanthropy and Corporate Social Responsibility

The big difference between philanthropy and CSR is that when cash flow problems appear, the first thing we cut out is philanthropy, on the other hand, if we cut CSR, is like stopping to do strategic management, and it could impact strongly on the company's credibility.

We have nothing against philanthropy, on the contrary, we think there should be more of it, but for business matters, it is about building credibility by taking responsibility on the impacts that the company might have on the different stakeholders.

1.9 Ethical Management of the Company

It is required to define positions on regard to different ethical topics inside the company, for instance:

- Giving and receiving gifts

- Conflicts of interests

- Corruption

- Discrimination

- Gatherings with suppliers and customers

- Human Rights

- And a long etcetera

These positions are to be communicated to the rest of the organization, by manuals, codes, policies and procedures, and monitor its compliance

1.10 Risks and Opportunities

First the opportunities:

- Winning credibility, with all the benefits this implies: growth in sales, employees' loyalty and retention, reliable and efficient supply, business advocacy community, loyal and satisfied customers and consumers, higher return on stockholders investment, and strategic positioning.

- Identifying new areas of opportunity by being open to suggestions of different stakeholders.

- Improved efficiency, working environment and reduced labor turnover.

- Generating financial savings by achieving efficiency in the use of resources.

- Higher control by operating with transparency

Now the Risks:

- There is always the risk of loosing sight of the strategic part of CSR, falling in expensive and unprofitable, but very showy projects.

- Not taking in to account that there is nothing more irresponsible than going against the p&l and cash flow of the company.

- Not giving its proper weight to each kind of stakeholders, giving preference, for instance, to the community over the employees.

2 Relationship with Customers and Consumers

First of all, lets understand the difference between customer and consumer.

Customer: Person or company buying the product or service

Consumer: Person or company that actually uses the product or service

For example: If we have a cookie factory, and we sell the cookies to a supermarket, our customer is the supermarket, and the consumer is the person who buys the cookies to the supermarket, the customer's customer. In some cases, the customer and consumer is the same person.

Therefore, the customer and consumer have different needs, the customer needs proper supply of the product, high turnover, appropriate gross margin, while the consumer needs a quality product or service, which solve efficiently a problem or a need, at the right price.

2.1. Process or Customer Oriented

Many times by trying to improve efficiencies and reducing costs, we create processes that are too rigid, loosing completely sight at the customers' needs, at same time. This is very delicate, because indirectly we are sending the customer the message that for the company is more important its internal processes than customers' satisfaction, which is the reason the company was created on the first place. This could result in a customer loss, and sales reduction.

Therefore, it is very important to have a customer oriented philosophy, which implies having certain degree of flexibility on the processes that enable us to meet customers' needs better than others. However, at the same time, we must always know our customers' expectations, so in case they are higher than our delivery capabilities, we could adjust them by explaining exactly what our offer is.

Few things make the company better than a difficult customer, because when we listen and understand his standards, we can work on them and increase our own standards.

2.2 Problem Solving

As mentioned in the previous chapter, money is made by solving problems, because of this, the product of service that our company offers to the market must solve a problem or satisfy a need. But it does not end there…

What happens with the problems generated after using the product, like maintenance, repairs, pollution, etc?

The company must be prepared to solve either to the customer or to the consumer this kind of situations. This is generally done by call centers, service centers, website instructives, and means of communication and response needed to keep the market's credibility on our product or service.

2.3 Philosophy of Service

Once again, the company's reason of being is the solution of the customers and consumers problems, therefore, the company must be at the costumers' service, in a way it can be aware of the emergence of new needs or problems, which in turn, will represent new business opportunities.

2.4 Transparency in communication and relationship

This topic is completely related to expectations management, when we are clear and transparent with our customers and consumers, they will know exactly what to expect from the company, so we will be always able to satisfy and exceed these expectations.

When communicating to the market the company's offer, it must be done avoiding the creation of expectations that will not be meet, and in a way that assure that the customers and consumers percieves the message that we are trying to transmit.

2.5 Risks and Opportunities

There is nothing of more value to the company than a customer or consumer who believes that the company will solve his problems or that is able to satisfy his needs.

Market credibility makes sales, and these make profits which are indispensable for the company's permanence.

At the same time, there is nothing more dangerous than a customer or consumer who fells cheated with non-fulfilled promises, because it is likely for him to share his experience with other customers and consumers, which could derive in a loss of market share.

3 Relationship with Employees

One of the most valuable and limited resources of a businessman is his time, and due to this lack of time, the businessman needs to create a working team (employees) that help him to fulfill the company's Mission statement.

One of the top challenges for the businessperson, in order to create this working team, is to transmit them the philosophy and values of the company in a way that the employees can see them as their own, so they might be able to interact with other stakeholders according to this philosophy and values.

We cannot forget that when an employee interacts with a third party, he does on behalf of the company, so he is a company representative, and this is true from the guard that gives access to the facilities, or from the message boy that delivers an invoice, to the CEO that makes a presentation to the board.

3.1 The right person in the right position vs discrimination

In his book "Good to Great", Jimm Collins dedicates a complete chapter to first having the right people on the bus and then figured out where to drive it. This tells us that if the businessperson is able to attract the necessary talent to successfully achieve the company's Mission, the same talent could participate in designing the path for achieving the company's Mission.

Because of this, it is one of the highest priorities to have the right persons in the right positions, which implies designed the right structures for the achievement of the company's Mission.

On the other hand we have heard a lot about labor inclusion and non-discrimination, on this respect, the thought is the following: there are positions on which being man or woman, having both legs or not, being homosexual or heterosexual, is secondary to master another language, or having some specialty solving some kind of situations.

Generally, having the right person in the right position implies to have a NATURAL diversity, whish at the same time broadens the focus of important decisions. Nevertheless, this NEVER means that the company must have quotas for Women, Homosexuals, Asiatics, people with moving disabilities, etc, because this kind of quotas could induce that due to its compliance, the company could stop having the right people in the right positions which is what the company really needs on the first place.

3.2 Limits and Frame of Action vs Absolute Trust

It is important that people feel that the company and its leaders trust them, so they can develop their full potential, but at the same time the company needs to have mechanisms to ensure that the team at all times live and respect the company's values and philosophy.

For this, from the stage of recruitment and selection is essential to evaluate the degree of compatibility of the values of the candidates with the values of the company, always thinking that is much simpler, to develop and teach skills, than to change cultures and values.

On the other hand it is always useful to have a code of ethics or conduct, that gives the rules of engagement to people, and that along with the company's values, serve as the frame of reference that puts the limits of people's action,

and that within these limits, people could have absolute trust for their best performance and the best achievement of the company's Mission

This is neither a soft nor a paternalist philosophy, lets see its practical implications: The Company trust you 100%, until you do something that make the company stop trusting you, from that moment on, the company does not trust you anymore, and since it does not trust you, there is no room for you in the company and you have to leave.

And, what can an employee do so the company stops trusting him? Simply breaking the code of ethics or acting against the company's values, which means going beyond the limits placed by the company's values and the code of ethics. An employee can make mistakes; he can even loose some of the company's money if there is going to be an important learning derived from that loss, but for no reason an employee can jeopardize the company's credibility.

3.3 Efficiency
The trust environment generated in the previous thought makes a frank and honest working environment that at the same time makes people happy with the company, and the willingness to do its work the best they can, which lead us to an increase on efficiency.

3.4 Compensation
Compensation of people must be appropriate to their work, while employees should be aware that they cannot get a similar work in an other company for a higher pay.

This does not mean to have overpaid people, because this could bring negative economic consequences for the company; it is about having a fair compensation, and to give the employees a working environment and conditions that allow them to develop their highest potential.

3.5 Training
Training should not only include ensuring being at the vanguard of the company's industry, which is essential, weather not to improve, at least to preserve its competitive position; but it should also include other issues to help the employees to be better persons, such as:

- Food and Eating habits
- Workout routines
- Personal Finance
- Teamwork
- Self esteem
- And a long etcetera.

3.6 Working Conditions
Besides providing the employee with the necessary tools to do his work efficiently, we consider it important to provide the following

- A clean and illuminated workplace in which it be nice to be during long periods of time

- Climate control

- Tools and equipment in good conditions

- Clean bathrooms

- Space for food consumption, clean and in good conditions

- First aid kit, and an emergency phone number

- Appropriate signals, and training on health risks.

- Parking space, if not on the company's facilities, close to them

- Handicapped parking space, and wheelchair facilities (ramps, elevators, etc)

- Facilities locations in a secure neighborhood, with broad access to public transportation

3.7 Life Balance

For a person to give the maximum of his potential at work, he must have satisfied the rest of their needs: Health, Economic, Social, Security, etc.

This will not be possible to achieve, if we expect the person to live in the office. Therefore it is necessary to ensure that the entire team working in the company have balance of life.

For this, among other things, we can do the following:

- Make the day longer, ie make the work schedule in a way that it start and end early, to enable the people to have a good piece of the afternoon to be with their families or do some workout.

- Mandatory vacations: vacations are not an option but a must, many companies, in sectors where this is possible, close operations on the last week of the year, and apply employee vacations those days.

- Mother leave permits, going beyond the law, obviously.

- Permits for finishing College or for attend classes.

- Making of teams for sports tournaments.

- And a long etcetera.

3.8 Engagement

As in any relationship, to achieve the "engagement" or commitment required by the employee to fulfill the mission of the company, it is necessary that the employee perceives that the benefits he receives from the company, are at least equal, and on the best-case scenario, better than the work he delivers in exchange for these benefits.

When the employee perceives a genuine concern on the part of the company towards him, he will be much more likely to have a genuine concern for achieving the mission of the company

Lets think about it this way: it would be a big failure for the company that a person, when leaving the company, departs with the same talents and

capabilities she had when she entered. This would mean that the company was not able to make the person grow in all areas, which should be the company's responsibility.

3.9 Risks and Opportunities

Having the right people in the right positions, with a high degree of commitment to the company, in a way that they could have absolute freedom (self-control) of action within a frame, which limits are the corporate values and the code of conduct, is without a doubt the best tool a company could have to achieve its Mission. This will make that every relationship in the company would be done living its values and respecting its code of conduct, and the work will be perform with total efficiency.

The lack of this could place the company in a position of clear disadvantage over the competition, threatening its permanence.

4   Relationship with Suppliers

This consists about having a reliable and high quality supply of goods and services that at the same time allow the company to make money. Lets not forget that on most of the cases the market is the one who sets the prices, so money has to be made on the purchases.

Therefore, the key consists in achieving a balance between cost vs reliability and quality, in a relationship on which suppliers make money by solving the needs of the company, otherwise the company would place itself in a position of loosing a supplier.

At the same time, it is very important to check that the company's suppliers are businesses with values and philosophy compatibles with those of the company; otherwise we would be jeopardizing the company's reputation and its credibility.

4.1. Mutual benefit… becoming a strategic customer

Lets look at this from the other side of the table and think that we are a company that sells to the industrial market. Now lets thing about the five customers that give us must of our business, ie, our top five customers.

If we go deeper in our analysis, we might realize that our top five customers are not necessarily the ones we sell the most to, because in order to get those volumes we had to sacrifice margin, and the sales to this big customers end contributing less than the ones to other customers with less volume but better price.

If we also consider in our analysis the financial costs that implies to follow these customers credit policies, as well as the administrative costs that implies to fulfill every requirement some customers demand to receive our invoices, and the time we spend to collect these invoices, we would probably erase more customers from our list.

At the end of this exercise, we will find out that our best customers would be the ones that with a significant and constant purchasing are able to make money by buying our products at full price, paying on time within a reasonable term. These are our strategic customers that we cannot afford to lose for any reason, for them, we will be able to do whatever it takes to be considered a reliable and high quality supplier with whom they can make money.

In the exact same way, to achieve its Mission, a company needs to have a reliable and high quality supply of products and services that allow the company to make money from suppliers who consider the company a strategic customer.

We must always have in mind that not all supplies are strategic, there are little purchases of generic goods or temporary services on which would be unpractical to become a strategic customer.

4.2. Credit terms… Whose is the Money?

There is a huge difference in asking a supplier for credit, than to indicate him that as payment policy, the company pays at net 30, 60, or 90. In this regard, the thought is as follows:

Once a supplier delivers a product or a service at a previously accorded price, the money the company is not paying him is no longer the company's, it is the

supplier's, and the company has no right to keep that money without previous consent of the supplier, hiding behind a company's term policy.

This reminds me a peddler who sold candies outside my school, when some one asked him "give me a piece of candy and I will pay you tomorrow", he always answered, "I will sell it to you tomorrow".

There are times on which for cash flow reasons, or for administrative procedures, it might not be possible to pay when we receive the product or the service, but it must be the supplier the one with the right to accept the term, and not the company to impose it.

4.3. Supplier Selection

In addition to ensuring a reliable and high quality supply with the company could make money, it is important to go deeper in our supplier knowledge to assure to avoid that our relationship with them bring us reputational problems.

These problems could emerge because when we make money for the supplier we are directly funding all his operative practices, among which may include the following:

- Forced labor
- Child labor
- Unhealthy working conditions
- Corruption
- Discrimination
- Pollution
- Human Rights Abuses
- Fraud to suppliers, creditors and loaners

4.4. Risks and Opportunities

The biggest opportunity is the establishment of a win – win relationship that ensure the commitment of the supplier in supplying products or services of the highest quality, in a timely manner, at a cost that allows the company to make money.

The main risks are, first, the lack of commitment from the supplier to the company, derived from conditions set unilaterally from the company that make it difficult for the supplier to make money, so the company ceases to be an attractive customer for the supplier. And on the other hand that the company becomes an accessory to the supplier's bad practices by funding its operations by the company's purchases.

5. Relationship with Communities

The operation of the company not only affects the ones who are directly related to it (customers, employees, suppliers, government and shareholders), but it also affects, in a positive or negative way, the people and communities that live or work on the company's area of influence.

Therefore, we must be aware of those positive and negative affections to, by increasing the firsts and lowering the seconds, the company could take economic and social advantage from these communities.

On this regard there is a concept called "social license", with is nothing more that the agreement from the community to have the company on its environment, given its perception of receiving more benefits than harms. Not having this social license, demerits the company's relationship with the community, which, additionally to the possibility of bringing operational problems to the company, can drive to a loss of credibility, especially when the problems reach the press.

5.1. Impact assessment of the Company in the Communities

It consists in understanding how the company's operation affects the life of the communities that surround it. Although this affectation could be negative, like the lacking of parking space, which makes the employees to park in front of the neighbors' properties, it could also be positive, like the neighbor who opened a convenience store or a small restaurant for the employees of the company, or the business next door who became a supplier of the company.

Here it is very important to see the whole picture and to understand if the company's balance with the community is positive or negative, as well as to understand the different groups that could be affected by the company.

It is important to clarify that it is not the company's responsibility, to perform city's duties like garbage collection, paving, lighting, security, etc, because it could place the company on a position on which the community may think that it is the company's responsibility, and on the long run it can have cost on credibility.

It could be, when the city's authority fails to do certain small tasks that the company being solidary, asks the person who swipes the sidewalk to swipe a bigger piece, but it is necessary to define limits.

It is also important to assess to which point is convenient for the communities to become dependent from the company, because in these cases, the company would have to involve or at least to listen the opinion of the communities' leaders on the company's decisions that could impact those communities.

5.2. Identification of Leaders and Decision Makers

Once we identified the groups of the communities that may be affected by the operation of the company, it is important to find the leaders of each group, understand what their interests are, and how they can become potential allies of the company.

In case of dialogue with them, it is important to establish that as it is not the company's function to take advantage of the community, it is neither to work for

them, but this might be one of the outcomes of working in reducing the negative impacts that the company's operations could bring to the community.

5.3. Looking for the "sweet spot".

When bargaining with the communitarian leaders is required a clear definition for the company's and the community's interests on regard to the topic of negotiation, and always look for an agreement located on a territory on which both interests could be satisfied, this is not always easy and require willingness on both sides. But once achieved, it greatly strengthens the relationship

5.4. Risks and Opportunities

A positive impact of the operation of the company in the communities in which it participates, creates credibility and loyalty, to the point that the leaders of these communities come to the defense of the company in cases of abuse of authority and other situations

On the other hand, a negative impact would make resentments and desires to the company to move somewhere else, and be ware because this desires could become actions.

6. Relationship with Future Generations (Ecologic Impact)
6.1. Understanding the Company's Impact
The company is a wealth generator entity, but in order to generating wealth it is necessary the consumption of natural resources, the key here is in controlling this consumption, and that the ecologic footprint that the company could leave, would never be greater than the wealth generated by the company.

The main aspects of the ecological footprint that a company could leave are the following:

- Use of electricity which production, in most cases needs fuel burning, deriving in CO_2 emissions

- Air conditioned that implies use of electricity

- Transportation of Merchandise, that also implies fuel burning

- Transportation of employees

- Visiting other cities or countries, some times implies taking planes

- Use of non environmental friendly packages

- Use of paper and computer supplies

- Batteries, computers, and equipment that quickly becomes obsolete

- Water

- Garbage and waste

- Industrial waste

- Noise

- And a long etcetera

In this regard, it is important to measure the ecological impact of the company to be able to detect and address the main areas of opportunity

6.2. Search for financial benefits by reduction of ecologic impacts
Having clearly identified the areas of opportunity, the company can implement energy and fuel saving projects, and by doing this, the company could have significant savings on electricity bills, travel expenses, packing material,

Furthermore if these kind of ideas are considered when planning expansion of facilities, the company can save millions.

6.3. Risks and Opportunities
The main opportunity from the business' point of view that taking care of the environment represents is financial: by generating costs savings the company profitability will increase, which could be use to make greater impacts on the stakeholders.

Besides the inefficiency and waste of money, that generates the lack of care on this issue, a pollution problem could jeopardize the continuity of the company.

7. Relationship with Government and Authorities

This topic is related with understanding both the playground and the rules of the game. The strategy would depend on the specific situation of each company, there are companies on which is more convenient to keep a low profile, and try to go unnoticed to the authorities, while for others it is important event to have a good relationship with senior government officials.

7.1. Compliance and understanding of the Company's Obligations

Whatever the strategy regarding the relationship with the government (high or low profile), it is very important to understand the laws and regulations that the company is obligated to comply, because even when we have mentioned that being Socially Responsible goes well beyond compliance of the law, there might be local regulations that we ignore, and the fact of ignoring them does not relieve us of complying them.

7.2. Taxes

No one likes to pay taxes, in other languages the exact translation of their word taxes to English is imposed, and the reason that they are called this way is because other wise they would be voluntaries.

In the part 1.3 of this paper, we concluded that growth is an obligation of the company, because the bigger the company, the bigger the positive impact to its stakeholders

Two things are needed for a company to grow: profits and cash generation; profits increase equity and are the first row of the cash flow statement (cash generation).

Unfortunately we find many companies (few of them big for obvious reasons) which strategy is to make the less possible amount of money, or even to lose it in order to pay the lower possible taxes. By doing this, they are not only hurting all the stakeholders, but they are going against the stockholders' equity (many times these stakeholders are the ones that are making this decisions), and condemning the company to a permanent mediocrity.

7.3. Risks and Opportunities

The opportunity lies in the company focusing on making the biggest possible profits, regardless of the taxes that these profits could bring, so it will be a better company, and its positive impact towards his stakeholders will be greater.

On the other hand, when the company worries so much on the taxes, it will lose the focus on the business opportunities and will be destined to mediocrity.

8. Finance and Social Responsibility

Taking care of the company's finances, does not mean only to take care of the company's owners interests, but to the other stakeholders' as well, because of this the company is morally obligated to keep the solvency and profitability that will allow it to fulfill to all its obligations.

8.1. Profits and Cash flow Importance

Profits are the company's growth driver, and cash is the means by which a company can operate, so there is nothing more Socially Irresponsible that going against profits and cash flow.

8.2. Projects of Corporate Social Responsibility

The base for decision of these projects should be the same than any other: Payback period, Internal Rate of Return, and Net Present Value. Otherwise we are talking about philanthropic projects and not CSR.

This kind of projects require more creativity by seeking financial profits by solving social, community, environmental, labor, suppliers problems, etc.

8.3. Rich Owners, Poor Company

Who wants to make business with or work for some one that, while getting late in paying the payroll, and having its suppliers close to bankrupt because his lack of payment, and falling behind of his company credit payments, goes around showing off his new car, is still eating in luxury restaurants, and takes expensive vacations?

On difficult times, the first expense to cut is the owner's income, by doing this they put example and win credibility with the remaining creditors, and with that credibility the company can access the possibility of restructuring its liabilities.

If in addition to the above, it is possible to make the sacrifice to keep intact the payroll, the employees will do everything at their reach to make the company a success.

To downsize in difficult times: If the company is able to do the same with less people, why did it had more people than required on the first place? If these people was working on projects that were suspended, if the projects were suspended was because they were not strategic for the company, therefore Why to work in non-strategic projects? Even worse, if the company had the right people in the right positions… Why making the decision of making them go? Are not they the ones who will get the company out of trouble?

In other words, watch out with the cut of expenses, because when it is possible, in most cases mean that the company was working on levels of inefficiency, sacrificing profits, which is highly irresponsible from any point of view.

8.4. Your biggest Asset… Credibility

There is a profit ratio which is called Return on Assets, it consists on getting the quotient from Net Profit / Total Assets, and reads as the financial return that the company's assets yield in a given year.

Unfortunately in Finance, when we talk about Assets, we refer to tangible assets (goods and rights), and we lose sight of the biggest asset… Credibility

If we would like to get a Return on Credibility, the result would be simply the possibility of the company to exist, because as mentioned in chapter 1, credibility is the element through which the company can make business.

8.5. Leverage, Risk is not only for the Company

Leverage, from the financial perspective, is the part of the assets or company's investment which is founded with third party's resources, ie, that are owed to someone… debt.

Many times the company borrows money to finance some project, with the idea that the cash flow that the project will make will be enough to pay for the credit and its interests. When thinking like this and having no other source of payment over the project that is being funded, who takes makes the decision of taking the risk, makes it thinking that what is at stake is his own equity.

This, as we have seen above is not necessarily true, the things at risk among many others are the following:
- The income of the families of the company's employees
- The business of the suppliers
- The satisfaction of the customers' needs
- The positive impact on the community
- The taxes that are financing the country's projects
- Etc

This does not mean that a company should never take debt, but that it is irresponsible to take positions that could jeopardize the continuity of the company.

8.6. Risks and Opportunities

Opportunities:
- Having a solid financial position, profitable, cash generator, with a prudent leverage which give the company access to low rates loans, with which it can finance its growth

- Keeping the expenses at high efficiency levels, assuring that in bad times, the same employees would be the ones that take the company out of trouble and put them again in the path of profits.

Risks:
- Taking positions too risky that could jeopardize the continuity of the company

- Not being congruent with the situation of the company in bad times would difficult debt renegotiation, and will make a magnet to lawsuits and actions against the company

- Downsizing in bad times could mean to take out of the company the source of solution for the problems

9. Legal Framework and Social Responsibility

We mentioned previously that Social Responsibility goes beyond the compliance of the law, and that sets the company to a higher standard, thus the stakeholders expect more from it than from other companies.

What is intended to do in this chapter is to think about certain interactions whether in contracts as with legal representatives from our stakeholders.

9.1. Justice and Law

The words Justice and Law are very far from having the same meaning; justice is linked to fairness, and it refers to give everyone what corresponds, when law refers to the compliance of certain obligations written in some code, weather fair or not.

If because of all benefits previous mentioned that CSR bring to the company, we decide to respect all stakeholders' rights, even the ones not included in the law, it is our duty to demand from all these stakeholders to respect the same rights from our company, always respecting the laws that apply on every situation.

In other words, it is about making a commitment with justice within a legal frame.

9.2. Trust lowers transactions' costs

In a scene from the movie Other People's Money, Danny de Vito in his Larry Garfield character, after critizicing lawyers in general in front of his competitor's lawyer, he got questioned by her of having a lot of lawyers for some one who hates them. He answer the following "They are like nuclear warheads, they have them, I have mines, when some one push the button is the end of the world".

The point here is not criticize lawyers per se, but to point out that lots of times for lack of trust, a transaction that could be done in minutes with a handshake, becomes in months of review of contracts for both parties' legal departments, and both charge, and some times by the hour, so its on their legal departments best interest to delay the transaction for several months. Then comes the bonds and contractual penalties, and so on.

This is not about completely trusting every person with which we are going to make a transaction, but to try to understand his human side, his values, his background, who he has done business with previously, his company's social responsibility policies, and his company's solvency… This, as seen before, makes credibility, and credibility builds trust.

It is always important to watch our position in regard to the other party, as well as the risks that the transaction implies, because as seen in the previous chapter, the risk is not only for the company.

9.3. Contracts… On which position do you place yourself?

The thoughts here are like the previous, many big company's legal departments, when contracting with smallest companies, use "by policy" the same contract format, which includes that the contractor must waive some of his rights, in addition of paying bonds, and contract penalties that if applied will jeopardize the permanency of contractors company.

This is not acceptable in any case, the contractor must demand fair terms in his contracts, and understand the risks that signed this kind of contracts implies.

9.4. Risks and Opportunities

The opportunity lies in the bargaining power that this principles give to the company.

The risk is to take positions that may make the company disappears.

10. CSR Management
It consists in the definition of Corporate Social Responsibility philosophy of the Company, in controlling its compliance, and in communicating its results to the different stakeholders.

10.1. Code of Ethics
The Code of Ethics is a document that along with the values of the company, gives the general guidelines to fulfill the mission of the company.

It is also useful as a point of reference in regard to the company's principles.

It contains the behavior and conduct standards of the people that work for the company in their relationships in or out of it.

It summarizes the key policies and principles that control and guide the business.

When in doubt, it helps as a guideline for decision-making.

It sets the company's positions on different subjects like:
- Corruption
- Relationship with Customers
- Relationship with Suppliers
- Relationship with Competitors
- Conflicts of Interests
- Care of the company's assets
- Care of the company's information
- Labor coexistence
- Equality of Opportunity
- Health and Safety
- Child and Force Labor
- Relationship with the Community
- Care for the Environment

It is important for every employee to know the Code of Ethics, as well as having clear mechanisms for complains and demands of non-compliance of it.

It is convenient to have it on the company's website, so it can be known by the different stakeholders, so they can also access the mechanisms of complains and demands.

10.2. Manuals, Policies and Procedures
They are a series of internal documents that define with greater deepness how to comply with the Code of Ethics. There is generally a CSR manual which includes the policies and procedures.

Policies are general criteria that establish the guidelines for decision-making on their respective subject.

Procedures are documents that point out the steps to follow to do certain process.

It is important for every person working in the company to know the CSR manual, and to look out for its compliance.

10.3. Performance Indicators

We only achieve what we measure, so in order to get into a continuous improvement process of CSR, we need to set goals that are perfectly aligned to the strategic objectives of the company, and then we need to turn these goals into performance indicators, and to keep track of these indicators.

This process should be carefully implemented. It is always necessary to perform a cost-benefit analysis of what managing these indicators implies, because many times it is required a functional area on the company's structure to attend this kind topics, which priority, once having the compliance of the Code of Ethics and of the CSR manual under control, could be secondary for the fulfillment of the company's Mission, and as we know resources are always limited.

I am aware that must of the CSR linked community disagrees with the previous paragraph, but lets be aware that this work is not made for them but for their bosses or their bosses' bosses. On this regard kindly consider that not every company neither have more than 1,000 employees nor have more than a hundred million in sales.

10.4. Publication of Results

Once we made the decision of managing and controlling the performance indicators, the least we can do, is to inform our improvements and our areas of opportunity to our stakeholders.

For this purpose, we need to write a "sustainability report", and share it with our stakeholders.

It is very importance to take care not to disclose any confidential information in this document, because even when CSR promotes transparency, sharing industrial secrets would be suicide.

10.5. CSR Credentials

There are many initiatives worldwide that help us to have a better CSR management, and being part of them give us certain degree of credibility with other companies and stakeholders which are familiar with these initiatives; among others there are for example:
- United Nations Global Compact
- Global Reporting Initiative (GRI)
- Norm ISO 26000 (non auditable)
- Ethos Indicators
- Norm SA8000
- Principles AA1000
- Among others

The key here is to understand the cost-benefit of each one, before making the decision of entering them.

10.6. Risks and Opportunities

The opportunity lies in having a management system to document and communicate the company's philosophy and positions on regard to its different stakeholders, and that also controls its compliance, becoming a risk and credibility management tool.

The risk is the possibility of allocating the company's resources in structures that will not add value, to comply with some CSR initiative… I say it again: "Nothing is more Socially Irresponsible than going against the profits and cash flow of the company".

11. The future of CSR

As sensed in the previous chapter, CSR management tend to be an elitist concept targeted to companies that can afford an area which only function would be exclusively to execute projects, keeping track of indicators and making sustainability reports.

Putting it quite simple: How many hours involves filling out a GRI form? And what is the cost of the hour of someone with the capabilities to do it?

This problem should be originated by the lack of specific standards to manage CSR worldwide, and the ones that exist are more qualitative than numeric.

With the creation of these standards, the management of the CSR performance indicators would turn into a standard information system, and it could begin being accessible to any company, because almost any establish company in the world are legally obligated to have an information system which inform its financial situation... Accounting.

If we integrated both systems, and gave the measurement and report (not the project execution) function to the accounting department, which is a lot cheaper than the CSR area by the way, we could keep record not only for every economic transaction, but for every social and environmental transaction as well, getting an output in a much cheaper than the current way, what in CSR terms is known as the Triple Bottom Line, which is a Profit and Loss Statement that also includes a social and an environmental result. Furthermore we could take this information to a balance sheet and to a cash flow statement, which would take us to turn financial analysis into triple analysis.

Lets think in only one application: Credit theory tells us, in order to give a loan to someone we need to answer two questions: 1) Does he want to pay his loan? 2) Can he pay his loan? If we gave to the bank audited financial, social and ecological statements, in which in addition to looking at the cash flow, financial cycle, and solvency ratio, they could look at the "CREDIBILITY RATIO", risk management would become cheaper, and it would be possible to lend money to companies which currently have no access to credit.