

Champions for Social Good Podcast

The ROI of CSR, A Conversation with Leor Rotchild, Executive Director of CBSR

Jamie Serino: Hello and welcome to the Champions for Social Good Podcast. The podcast for people dedicated to social impact. I'm Jamie Serino, with the Corporate and Foundation Solutions Group of Blackbaud. I'm here today with Leor Rotchild. Sustainability expert, entrepreneur, and Executive Director at CBSR, which is known as the premier networking in Canada to advance corporate citizenship and sustainability. Welcome Leor.

Leor Rotchild: Hi, Jamie. Great to be on your show.

Jamie Serino: Yeah. It's great to have you. Can you start off by telling us a little bit about yourself, and your background, and about CBSR?

Leor Rotchild: Sure, yeah. So, I've been in the corporate social responsibility and sustainability world for probably about 10 to 12 years now. And I always approach this area with a bit of confusion because I couldn't understand how in some circles I was seen as this tree hugging hippie and another I was a raging capitalist. I figured that I was somewhere in the middle on that spectrum and I was really looking for other people who saw these issues in a similar way, where there was a middle ground. And what I learned was that there was a whole school of thought, and people, very actively working in that middle ground to effect change, and I was really drawn into that. My career really spawned to a number of experiences, both in the not for profit and in the business world. And I worked in international development for a number of years, both in Canada and in developing countries. I spent just about a decade working with large energy companies, so publicly traded companies I have some interesting stories to share from my time doing that work. But, I left that world to start my own social enterprise, and so I've been an entrepreneur for a number of years. And I have been doing consulting work prior to me taking on this new role which is really an exciting platform to mainstream corporate social responsibility and sustainability thinking.

Jamie Serino: Nice, that's great. We came across you through your recent article in Huffington Post, "Does Corporate Social Responsibility Influence Our Stock Price?" And I was eager to read it 'cause I was like, "Oh, this guy really sounds like a tree hugger, so I'm gonna read this thing."

[laughter]

Jamie Serino: Just kidding there. But what a great article that was to...

Leor Rotchild: Oh, thank you.

Jamie Serino: Talk about and shed some light on the notion of the stock price being influenced by what the company does in the social good sector. So, can you talk a little about that? You have some nice anecdotes in there, some nice stats and stuff, and I wonder if you can just talk a little bit more about that article.

Leor Rotchild: Sure. Yeah. And I'm glad to see that it had some traction. I actually had a number of people respond to me about that, obviously, it hit a nerve, so I was glad that it created some dialogue, and that was the intention, really. I was trying to demonstrate that I've been in the trenches, here, and I've worked with these large companies. And when I first approached some of these issues, I came to it, I think probably from a bit of an idealistic place of wanting to do the right thing and use the resources in these large organizations to point towards what I thought was a progressive, value adding thing to do that benefited people in the environment. But what I learned really quickly as somebody who is coming out of the NGO sector and working in the private business world is that, people wanna know how this is actually going to help the bottom line. And I think that that's an interesting kind of meeting of the minds here because I think that some people when they look at corporate social responsibility, they see it as, this is just about doing the right thing. And others are approaching this asking, "What is the value to my business and how will this help us be successful?" And getting it right in both ways is really what I think corporate social responsibility actually is. Having only one half of that equation is a disservice because it will be a program that is tried and then it won't last. The sustainability of the sustainability initiative doesn't last. And so, yeah, I really was looking at some of the research that I was looking at both years ago, and then updating that, and what I'm finding is a really strong growing trend that demonstrates that investors are demanding this. Some of this is really being driven by the investment market, that it really, for companies that, especially those who are going through disruption, if you want some business certainty, it really helps to know where these issues are headed. And some of the research that I've uncovered, for example, is that 75% of all professional investors are really considering a company's ESG or Environment, Social and Governance performance before deciding whether to invest in that stock. So, that's an interesting thing because what that says is, "What are you measuring?" You know, if you're only measuring things in terms of profit and loss, you're not actually giving the market the information that it's demanding. So, it's really a broadening of what's being measured. And then, understanding the issues and understanding stakeholders is a whole relationship building exercise. Well, that's hard to do if your only priority is one core function that the business is rewarding you for. It really requires changing some structures in order to both allow people to have the relationship building time, which does take time, and also to really implement and resource time for the programs that are going to add value both to employees, the people outside of the business, and make sure that the result has a positive impact that can be demonstrated not just through ROI or Return on Investment, in terms of profit, but also a return on the reputation, the relationships, the actual improvement to the social and environmental issues that the company is being told requires improvement.

Jamie Serino: Yeah, and what I love about it is that, two things here, that there is a values shift, so investors are looking at that, so they're not just weighing the profit, the loss, as you were saying, but they're looking at other factors and how is this company contributing to society. And that gets back by the fact that by doing good in society, that could actually improve the bottom line. And the other element here is this merging together of two things that it seems like maybe in the past, it was, you know, this is business and that's social good, it's two different areas, and now, it's all just coming together. So, I wonder if you could talk a little bit about those two trends, the shifts there that are happening.

Leor Rotchild: Yeah. I think in business school, they teach you that popular management philosophy of managing by walking around, and the startup world, as well. If you're introducing a

new product, then you need to leave the building, you need to actually have the product or the idea interact with people. I think that what we're seeing is a broadening of that idea to say, this isn't just about your employees, so walking around your building, or even getting out of your building and talking to customers, this is really about understanding how your activities or your business is impacting all of the stakeholders; not just the people that are paying your salaries and purchasing your product, but impacting people, generally. And the issues of impact is becoming a bit more complex. So, that requires actually engaging and understanding those issues, in order to be able to find solutions. And I think that's probably a pretty challenging place for a lot of companies to be in, is we're all in the business of business, but I think the definition of "what is your business" is really expanding. Jamie, if you'll allow me, just getting back to that article that you set up as context, what I tried to do in there was give some really practical examples of things that I found were successful throughout my career and especially in the energy sector. Because I was in an interesting position where I was really doing that external facing with the investment community, and I really saw that growing trend of socially responsible investors who were wanting to talk to the sustainability experts in the company, so I was that contact for them. And they wanted to understand how we're measuring and what are our performance was on a number of key issues. And you could see the trends happening externally based on the sophistication of the questions that they bring to you each year. And so, I could see how climate change was increasing as a business risk, and something that was a really large amount of detail was being asked for. It required us as a company to really develop more systems to be able to take information that was previously in somebody's spreadsheets and really automate that information. So that required a little bit of internal innovation on our part. It also required us to work across silos. Typically, companies are divided into departments and we found that we had to... I actually had to engage 40 people across the company just in order to fill out a survey for the Dow Jones Sustainability Index. This is a leading barometer of which companies are really doing a leading, are real leaders in this area, really doing a bang up job of getting these issues right and summarizing them. So that's really cutting across silos. You're creating a lot of communication within the company but everybody's busy, right? And not everybody understands how filling up these surveys and actually implementing the recommendations that are coming from this process, that might say, "Oh, you know, we need to really strengthen this area." People are gonna ask why, especially if they're really busy, "I don't have time for this stuff." But when I was able to demonstrate that getting a good score, really had a demonstrable impact to our share price when our CEO got an email from a leading investment firm that said, "Hey, congratulations. This is really big news that you are recognized by the Dow Jones Sustainability Index this way." That email that the CEO got became like a magic key. I was able to go around to the company and say, "I know you're really busy but as you could see, this is a priority for the CEO. He's being celebrated because of the responses that you're giving me. So let's sit down and talk about how to improve this area." And it was a great way to open doors, create communication, and be able to work across the company to find solutions.

Jamie Serino: Yeah, that's great. And I love that anecdote from the article. And it brings up a good point here that there are times when you find yourself in an organization, and you're the one that wants to drive this forward, and there might be resistance there, you described. So, until you get that magic key that you just talked about, how do you work across all those different departments and get all those different people together to try to do something like what you did or even just pulling together maybe a volunteering effort, or some sort of CSR effort, what is your advice before getting that magic key to bring these people together?

Leor Rotchild: You know, there's not one way to answer this because I think there's lots of different strategies and that's kinda the exciting part of my new job now at CCSR. I'm working closely with companies who are really sharing the best practices of what's working for them and in their organizations and on different issues. But in my experience, it always comes down to relationship building. If you're taking the time to show people how you can add value to their work, if you can talk to people on a very human level and you're able to create a pleasant experience by working together, whether there is somebody that seen as your superior or somebody that's working in more of the cool facing role, somebody who's out in the field and you need to travel out to see them. Regardless of where they are in the organization, making that effort to talk to somebody face to face, establish trust and just say, "Hey, I'm a human, you're a human. We can do something pretty cool here. And oh, by the way, there's a lot of good reasons to be doing this." I think it really starts at that relationship level.

Jamie Serino: Great. You and I also chatted a little bit about the United Nations Sustainable Development Goals.

Leor Rotchild: Yeah.

Jamie Serino: And so, I wonder if you can circle back on that, tell me a little bit about your thoughts and work that you've done that takes the SDGs into consideration.

Leor Rotchild 16:51: Yeah. It's an interesting thing. I've been kinda monitoring the rise of credibility of the Sustainable Development Goals. And I think that perhaps, there was a healthy level of skepticism when these global goals were first introduced because I heard people say, "Oh my gosh, there's 17 of them. Can we just narrow them down to three?" But you know like, "Wow, 17 goals that kind of unlocks the answer for how to do really important things in the world, like ending poverty and bringing clean water to people around the world." And I think while some people saw it as just, "Well, that's just for developing countries." Actually no, there's a really clear line of showing how these are global goals that are relevant both internationally, as well as, domestically. And so, I like that about these particular goals. But more importantly, what I've seen is that the language around this stuff has changed. Both because getting back to the investment community, I think they're seeing it as something that they can work with and that they're seeing that the companies who are aligning their reporting and business practices around these 17 goals, it creates something measurable for the investment community to look at, so that's interesting. I think also that, in so many industries, perhaps all industries right now are in disruption mode. And when you're looking for certainty, well, having something that 193 countries around the world have signed off on, well, there's a level of certainty of what the world will look like in 15 years, it will look like the achievement of these 17 goals. So, aligning to them makes some sense. And then, here's the part where I have a bit of a plug for my organization because, I think that the challenge is still operationalizing these 17 goals. So they are quite broad, although you can drill down and teach the 17 goals and find some real meat in there, which is good. But I think there's still a need for organizations like CCSR to develop the "How". We have the "Why" and the "What", we need the "How". And so, developing practical tools for companies to really implement and operationalize these broad global goals into their core business is a lot of what we're about and I'm seeing that companies are finding value in that. And whether you're in Canada, the US, or anywhere else in the world, this is something that we're all speaking with the same language about. And I think that those are all good things.

Jamie Serino: Yeah. Can you talk a little bit more about measurement? You touched upon using the same language, like a library of terms or an agreement on what to look at, like what does success look like. Did you any work there with advising on using the SDGs for measurements, using the common language, the agreed upon targets there to be able to say, "This is our progress toward it, this is what success will look like."

Leor Rotchild: Yeah, it's a great question you're asking about measurements, 'cause that's an important component. I have to say that, I think that that's in some ways, and maybe this is the bad news, but in some ways that's the part I think that's still evolving. I know that there's organizations, for example, an organization called Sustainalytics which is a CCSR member that's developed a really helpful tool for the investment community to look at how to measure, whether a company is aligned with these goals and then whether they're being successful in meeting at least the spirit of them. So that's the measurement area, I feel like there's probably still some evolution there. The part that we're obviously putting a lot of time and effort into right now is the operationalizing. Some of that is kind of customized, working closely with companies to show them how they can implement this. And on a more basic level of measurement, it partly comes down to understanding who your stakeholders are, what are their priorities. And your stakeholders are the ones that are gonna be telling you whether you're being successful or whether you're failing. And so, part of that is really developing the systems to be able to listen to that feedback and constantly be improving.

Jamie Serino: You and I also discussed that you feel pretty passionately about redefining CSR.

Leor Rotchild: Yeah.

Jamie Serino: And can you talk a little bit about why you think we need to do that and what direction do you think we need to head in?

Leor Rotchild: Yeah, yeah. This is the part that I feel, in some ways, a lot of energy, the most amount of energy for because I find myself, as a new Executive Director for an organization that really helped to define corporate social responsibility in Canada, 22 years ago when this organization was started. And I think since then, this whole field of thought has evolved a lot, but in some ways has really stayed in the world of specialists and academics. And so, I think there's a real important opportunity to mainstream sustainability thinking and CSR concepts. But I also think that on some level a healthy cynicism, and on another level an unhealthy skepticism around what this stuff actually is. Some people I think have seen the term CSR, Corporate Social Responsibility, as synonymous with greenwashing. I believe that that's a fundamental misunderstanding of what this is. I think that CSR is really about, yes, it's about doing the right thing, but it's also about unlocking new business opportunities, and it's also about mitigating risks. And so, if it's only a philanthropic, if it's only a feel good kind of project without the other elements built in, then like I said before, you're risking the sustainability of your sustainability initiative. But I think that we need to really mainstream the understanding of what it is that we're talking about when we're using these things. But I think also, we've done a disservice to ourselves by in the past using a lot of technical jargon, and I would love to see this whole area of corporate social responsibility really move to the language of just talking about what good 21st century business leadership looks like, and I think that that's really where it's going next. And that's one of the main pieces of work that we're working on through CCSR is launching a major public engagement campaign that talks about 21st century business leadership,

this idea of how it can be aligned with global goals and global thinking and demonstrating that leadership.

Jamie Serino: Could you talk a little bit more about that?

Leor Rotchild: Yeah. Well, this kind of gets into something that, I think is a little bit of... It capitalizes a little bit on the name of our organization. So our organization is Canadian Business for Social Responsibility, and while of course, this is important for the American listeners and for many others, as well, I actually think that Canada, in some ways, plays a bit of a special role in this conversation, especially right now. I think that a lot of the world is looking to North America for some global leadership, especially when it comes to successful business thinking. And I think that there's a real spotlight on Canada at the moment, and what we do that is really important. So I'm working with a number of folks to launch a major national campaign that demonstrates who are the leading business thinkers and movers in Canada who are talking about the important issues; issues of developing strong relationships with indigenous communities, and integrating energy efficiency, and having equal representation of women on boards, and a number of other issues that I think represent the modern CSR and sustainability issues of our time. But talking about them just as... This is just what leadership looks like. If you wanna be a successful business, if you're not aligned with the global goal, if you're not working on these issues as part of your everyday business, then you're in danger of being irrelevant as an organization. And so, I think it's a bit of opportunity for Canada to flex some pride which is a little bit unusual for Canadians. I think we typically reward each other for being as modest as humanly possible, but I think that we do have a lot of really good things happening, and I think this is a little bit of an opportunity for Canadian businesses to step out and say, "We think the world needs more Canada. We think the world needs more of this kind of thinking, and we're gonna shine a light on the organizations that are doing it really well."

Jamie Serino: That's fantastic and great advice. And just a little add on, do you have advice for a company that is maybe normally modest, but should be talking about the great things they're doing. And you bring up greenwashing, and I think, so of course, your advice basically is to make sure that you have a true program, a genuine program. So make sure your program isn't hollow, then you don't have to worry about being perceived as greenwashing. But what about the company that does have a genuine program, but yet, maybe they're worried about talking about it too much 'cause it's gonna look like they're greenwashing? Do you have advice for the company that's normally modest or does not wanna appear to look like they're greenwashing?

Leor Rotchild: Yeah, I do. Be bold. I think that the days of hiding in the shadows are behind us. We need people to really step up and take leadership. And I think that so many of the problems are really complex. We're talking about issues like climate change, which I recognize can be really polarizing in some people's networks. But we're talking about systemic challenges, we're talking about really broad level of changes. Things that one company can't possibly do on their own, so it requires a lot of collaboration and it requires some risk taking. And so often I think, especially when we communicate about these issues, we're afraid that somebody is going to be a critic and that that will be seen as failure, and I think that we need to be bold, I think that we can't be afraid of failure. There's a really popular business mantra right now around failing forward. And so, you put a trial balloon out there, you listen to the feedback, if it doesn't work, you learn from that, you move on, you course correct. Waiting for something to be perfect before you can share it publicly, I just think that's really timid and business moves so much faster than that these days. We have to be bold, we

have to talk about how we're managing and measuring these issues. And then, if your critics come out, you take your lumps, you learn from that, then you come out with something that is even bolder than what was there before. And I think that's really what's going to push us forward in this area.

Jamie Serino: That's great. It's a great advice. So, in wrapping up, I wanna make sure to mention that you also have a podcast.

Leor Rotchild: Yeah, I do.

Jamie Serino: Can you tell us a little bit about that?

Leor Rotchild: Thanks for the opportunity to give a little plug. I am pretty new to it, so I really love this medium. But I started a podcast called Pipelines and Turbines, and it deals with a lot of energy and environment issues all over North America. And so, I host the program with two friends and colleagues. All three of us have energy industry experience, but one of them is a guy named Jason Switzer who works for a leading environmental think tank and non-profit organization. And the other's a gentleman by the name of Dan Zilnik, who's an economist who works, who does consulting with a lot of companies, not just in the energy business but a lot of energy companies. And my role is really to be a provocateur to bring really relevant news and issues forward, and demonstrate how business environment, politics, economic issues, all collide on things that are normally seen as a bit divisive. We explore some of the different perspectives, and we talk them through but in a way that we're having fun doing it. So Pipelines and Turbines, you can find it on iTunes.

Jamie Serino: That's great. Yeah. Well, Leor, thank you so much for joining us today. It was a real eye opening and interesting conversation. I really appreciate you taking the time to join us.

Leor Rotchild: Well, thank you. And I also wanted to just say to your listeners that we'd love to hear from you, certainly, whether you're in Canada, the US, or elsewhere. We would love to be connected to you and involve you in our work, in our resources and research. And the best way to stay in touch is to go to cbsr.ca, and sign up to our newsletter from there.

Jamie Serino: Fantastic. And you can also follow them on Twitter @cbsrnews. So check that out.

Leor Rotchild: Yeah, thank you. It's great.

Jamie Serino: So, for our listeners, I hope you enjoyed this episode of Champions for Social Good. In addition to following CBSR, you can follow Leor on Twitter @PlanetLeor, fantastic Twitter name there.

Leor Rotchild: [chuckle] Thank you.

Jamie Serino: And please make sure to subscribe to our podcast, so you don't miss an episode. You can keep up with the conversation between episodes by following us on twitter @JamieSerino and @blackbaud. Thank you for listening.