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LEVERAGING GOOD



Is corporate responsibility a moral imperative or just good business practice? In this exclusive article for Leader, Vicki Gordon, Managing Partner of Atlanta-based Collins Gordon Group and former Senior Vice President of Corporate Affairs for InterContinental Hotels Group, shares the wisdom of intersecting social responsibility, public policy and company business objectives.

Corporate social responsibility, now frequently abbreviated to **corporate responsibility (CR)**, means different things to different audiences and different stakeholders. While most people think of CR in terms of the environment and community engagement, a truly robust CR program also encompasses socially responsible business practices, corporate governance, public policy engagement, and a code of ethical conduct across the enterprise.

Conflicting views

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There are conflicting views on CR. Some would argue that corporations have a moral and ethical responsibility to be socially responsible and good global citizens. Others argue that the overriding responsibility of the corporation is to return value to its shareholders by maximizing profits – period.

In 1994 John Elkington, founder of the think tank SustainAbility, and currently Founding Partner and Director of Volans, a social innovation consultancy, coined the phrase 'triple bottom line' or TBL. A simple explanation of TBL is that companies have a responsibility to stakeholders, not just shareholders. A stakeholder is defined as anyone who is influenced, either directly or indirectly, by actions of the company. TBL is now often thought of in terms of 'People, Planet, and Profits'.

While Elkington remains a proponent of CR and the TBL concept, the renowned Canadian professor and legal theorist, Joel Bakan, in his 2004 book *The Corporation*, states that corporate law actually prohibits companies from being genuinely socially responsible. This prohibition relates to the legal corporate mandate that corporate management put the interests of shareholders above all others. Typically this means a laser focus on maximising profits.

Enlightened self-interest

During the years 2000 – 2008, when I led the Corporate Affairs function for the Americas region of InterContinental Hotels Group (IHG), I came to subscribe to the view that CR absolutely falls within the legal mandate of corporations as long as those CR efforts ultimately benefit the shareholders. To me, it is absolutely clear that strategic corporate community engagement that supports positive social change also burnishes corporate reputation, builds employee and consumer loyalty, and ultimately drives profits. In other words, it is in the enlightened self-interest of the corporation to be socially responsible.

It is important to note my use of the word 'strategic' in reference to corporate community engagement. Too often corporate executives don't truly understand the potentially powerful link between their business issues, public policy issues and community engagement. They fail to see how leadership on social issues can be integrated into the company's overarching business plan and used as a tactic to drive improved business results.

Workforce availability and readiness

Think about this example. If your business is heavily dependent on a large and constant source of entry-level workers, as is the case with most companies in the travel and tourism industry, then workforce availability and workforce readiness are business issues for your organisation. A literate and healthy pool of potential employees is critical to the long-term success of your business. So shouldn't your company be interested in the status of public education and general wellness of the populations in communities where the company operates?

"If your business is heavily dependent on a large and constant source of entry-level workers, then workforce availability and workforce readiness are business issues for your organisation."

If your answer to the question above is yes, then perhaps you're wondering just how a corporation can and should engage on issues like public education and/or health and well-being. There are many ways to engage, ranging from grass-roots political activism, to corporate-sponsored 'good health' programs, to corporate philanthropy and more.

Community Affairs Ambassadors

Let me give a few examples of CR that we employed at IHG that resulted not only in positive social change but also clearly linked to the organisation's business strategy. The first example relates to the company's mission to help develop its employees to reach their full potential and to become the next generation of leaders within the organisation. One of the tools the company uses is the Community Affairs Ambassadors program.

The following is an excerpt from IHG's 2006 Report to the Community. *'What makes a leader? The willingness to be public with one's commitments, the dedication to enroll others in a worthy cause, and the humility to be of service. That definition perfectly describes the individuals who serve as IHG Community Affairs Ambassadors. Through our volunteer leadership program, this committed group has organised and led the participation of IHG employees in more than two dozen fund-raising community activities over the past four years.'*

The report goes on to describe how the Ambassadors serve as leaders to ensure that IHG has a lively, high-profile presence at most of the major fund-raising events in the IHG Americas' headquarters city of Atlanta. Many of the events become family affairs, with employees and



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their children, their extended families and neighbors raising money for causes near and dear to their hearts. In fact, over the course of five years the Ambassadors program has raised hundreds of thousands of dollars for charities.

The IHG Community Affairs Ambassadors program is a simple concept with big results. Employees and their families feel good about the company because the company is supportive of causes that have meaning to the individual employees. This creates stronger loyalty to the company.

"Working through TIAW's microenterprise program, the IHG executives had an opportunity to fund a village bank."

Additionally, the employees build important leadership skills by setting goals and creating plans to achieve those goals, managing teams of volunteers, managing budgets and expenses, and interfacing with community leaders. All while doing something they want to do!

Finally, and very importantly, the Ambassadors raise significant amounts of money to support a variety of causes ranging from medical research, to homeless shelters, to pet rescue and more. While raising money, they become educated about the issues related to their cause. Many of the Ambassadors go on to become advocates for these causes with policy makers and community leaders.

The International Alliance for Women Microenterprise Program – empowering women and economies

Another example of the intersection of social responsibility, public policy and corporate business objectives is a private project that involves IHG senior female executives and The International Alliance for Women (TIAW), an umbrella organization of women's networks worldwide.

This project stemmed from the desire of several IHG executive women to work together to provide a measure of economic empowerment to women in emerging countries. They wanted to use micro-lending as a vehicle for accomplishing this.

Working through TIAW's microenterprise program, the IHG executives had an opportunity to fund a village bank for \$5,250. Ten IHG women contributed personal funds to create a pool of money, knowing they could get the company to match their donations through the IHG Employee Matching Gift program. The executives also knew that there was significant distribution of IHG branded hotels in Mexico, and that Mexico was strategically important to the Americas region of IHG. So they decided to fund a village bank in Mexico.

Involving their employer was important to these female executives. It demonstrated the company's willingness to support a cause that resonated with them. By working together, the employees and the company funded a project that was then communicated to the employees and franchisees in Mexico, thus engendering the goodwill of these additional stakeholders.

Finally, through the company's support of the village bank in Mexico, IHG demonstrated a willingness to address one of the root causes of illegal immigration. Immigration reform, a highly-charged public policy issue in the U.S., is an issue that has direct implications for workforce availability. As previously noted in this article, workforce availability and workforce readiness are critical business issues for companies like IHG that have a constant demand for entry-level employees.

It's easy to see how a company can support CR while also following the corporate mandate to focus only on shareholder value. These two positions can be easily reconciled if executives think of CR in the broader context of their business strategy.

Tips for effectiveness

The following are five tips that can be used to help ensure the effectiveness of CR programs:

- When considering charitable or cause marketing partnerships look for causes that relate to the company's business strategy and related business needs.
- Secure buy-in from senior leadership by getting them engaged in the partner selection process so that they see the CR initiative as a tool to drive improved business results.
- Develop a comprehensive communications plan that addresses all stakeholders. Tell your story!
- Use market research to establish a baseline of stakeholder perceptions of the company as a good corporate citizen. Periodically measure shifts in perceptions. If your programs are relevant and well communicated, there should be positive shifts in stakeholder perceptions.

- Use effective CR programs to burnish corporate reputation.

The most fulfilling role

I'll end this article by sharing a bit of my personal story. It is the story of a personal and professional journey that led me to retire from the hotel industry to start my own firm, Collins Gordon Group, in 2008.

"Use effective CR programs to burnish corporate reputation."

My career in the hotel industry started in 1972 at a 150-room Sheraton hotel in Minneapolis, Minnesota. Over the next thirty-six years I had an exciting, challenging, and rewarding career path that ultimately led to my role as Senior Vice President of Corporate Affairs for the Americas region of IHG, one of the world's largest hotel companies.

Along the way I held positions in sales, consumer marketing, new product development, corporate communications, facilities management, community affairs and government relations. Of all the positions I held, though, it was the role of SVP of Corporate Affairs that was the most challenging and most fulfilling for me.

It was in that role that I came to see that IHG was making such a positive difference in communities where we operated, and I came to realize the impact corporations could have on society. I came to realize the force for good they could be in communities around the globe.

Creating positive social change

So as much as I loved my company and my job, I felt a strong desire to take the knowledge I'd gained over the years and put it to wider use. I wanted to work with more companies that had the willingness and ability to create positive social change by creating business-driven CR strategies.

Today I am an entrepreneur working in an arena that stimulates and challenges me every day. Some of my friends and family call me a 'do-gooder'. Maybe so. But I think of myself as a pragmatic businesswoman who is an unabashed capitalist and supporter of free enterprise – who just happens to believe that one can do well while doing good.

In 2007, Vicki Gordon was named one of the 25 'Power Women' in Atlanta by Atlanta Woman Magazine. She currently chairs the Women in Lodging Council of the American Hotel and Lodging Association. To learn more about Vicki Gordon and the Collins Gordon Group, visit the company's website at www.collinsgordongroup.com. You can contact Vicki on vicki.gordon@collinsgordongroup.com.

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