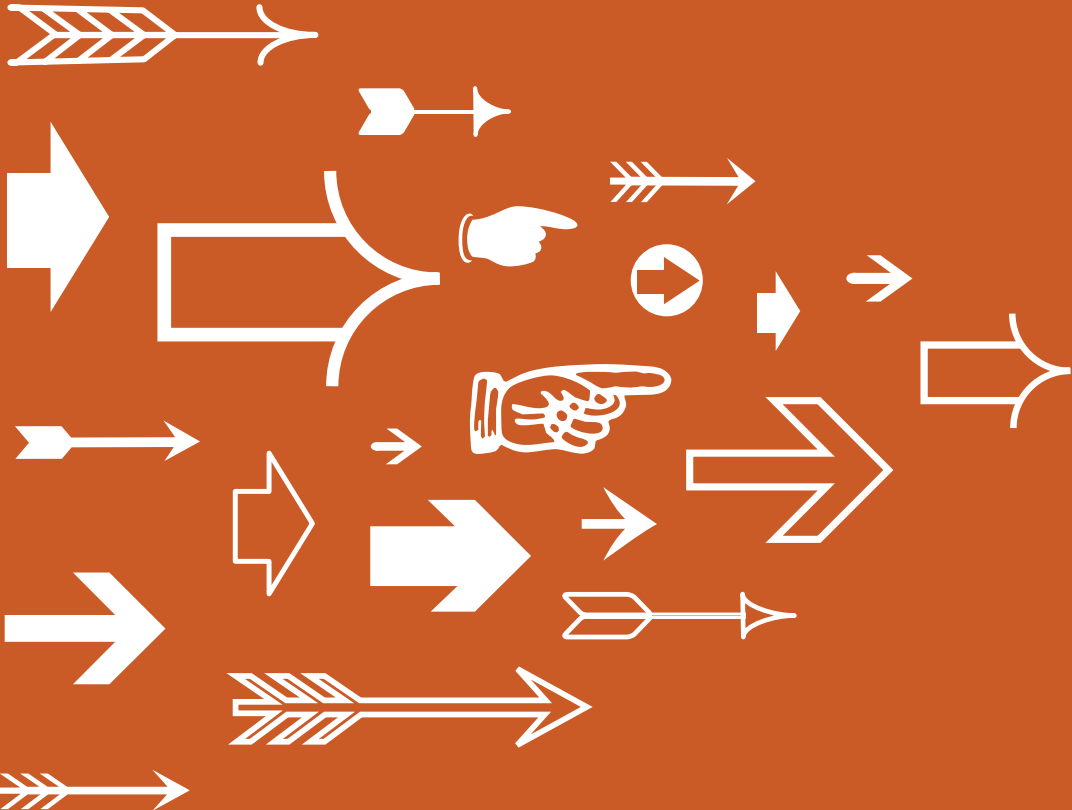
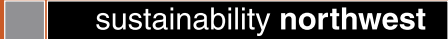


Responsibility Northwest

Businesses working together
for a better Northwest



Acknowledgements

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Responsibility Northwest

Foreword

Geoffrey Piper
Chief Executive of the North West Business
Leadership Team

I am honoured to have been asked to provide the foreword to this progressive report on the state of corporate responsibility in England's Northwest.

Many members of the North West Business Leadership Team have been at the vanguard of corporate responsibility in recent years and are undoubtedly pioneers nationally and internationally.

Despite the existence of leading edge corporate responsibility activity in the Northwest, the region's image remains blighted by its association with the pollution and poor working practices inherited from the Industrial Revolution. Many companies still have a considerable way to go to meet good environmental and social standards. This report demonstrates that there is an overwhelming desire to overcome the barriers and make the evolution to sustainable behaviours.

The report's recommendations on how this transition can be made are ambitious yet essential if we are to safeguard the region's competitive edge and reposition the Northwest as a beacon of responsible business practice.

I am delighted to have been actively involved in Responsibility Northwest and applaud Sustainability Northwest (SNW), the Northwest Regional Development Agency and partners for their vision and energy in providing intelligence and clarity on how we collectively address an important priority facing business and the region today.

Introduction

Erik Bichard
Chief Executive of Sustainability Northwest

"A business must be run at a profit, or else it will die. But when anyone tries to run a business solely for profit, it will just as surely die, for it no longer has a reason for existence."
Henry Ford

SNW and our partners believe that, with sustainable development at its heart, England's Northwest businesses will be among the most competitive in the world. However, this would be a hollow statement unless we were prepared to back it up with evidence and deeds.

We have conducted the largest investigation of responsible business practice in the Northwest. We found that most businesses in the region care as deeply about their environmental and social performance as they do about their financial sustainability. They are also very committed to improve upon this performance and would welcome any initiative that will help them to achieve this aim. There is the hunger to raise the standards that lead to the minimisation of risk and maximisation of responsible behaviour. Achieving this across the majority of Northwest businesses will make our region the envy of the world.

I hope you will find the report revealing, and that you will join the growing numbers of businesses that are showing corporate leadership by visibly demonstrating that the way that they do business values people and the planet en route to success.

What's it all about?

Responsibility Northwest is a programme led by Sustainability Northwest (SNW), in partnership with Business in the Community (BITC) and AccountAbility, with the purpose of embedding corporate responsibility (CR) within England's Northwest. Our vision is for a region that is internationally recognised for the contribution made by business to sustainable development. The increase in responsible working practices required to achieve this vision should bring direct organisational benefits and help to increase the economic competitiveness of the region.

CR is about how a business manages its social, economic and environmental impacts on the local community, the people it employs and the rest of its stakeholders. Businesses typically act on issues which increase competitiveness, improve profitability, reduce risks in existing operations or invest in new opportunities. Responsibility Northwest has demonstrated that achieving CR and business success are far from mutually exclusive goals. In fact, when businesses plan for the long term, and when they work collaboratively with other businesses, the overlap is striking.

This report outlines the results of the first phase of Responsibility Northwest's work - researching the commercial world's attitude to CR, the barriers organisations currently encounter when pursuing responsible business and their ideas for overcoming them. It also makes recommendations for how excellent CR practice can be implemented throughout the region.



Discovering the current state of play

Since February 2004, Responsibility Northwest has been consulting with business people, business support organisations and other key regional institutions to understand:

- Organisations' current view of responsible working practices.
- The challenges businesses face in improving their performance.
- The activities that would help organisations effectively implement improved CR practices.

Speaking to businesses on their terms

To stand any chance of determining the assistance that organisations need when considering changes to their working practices, it is essential to find out what obstacles they face, both practically and economically. Views were canvassed from a range of businesses across the region, from the largest to the smallest, from security firms to solicitors, from Lancaster to Liverpool. To assist this process, businesses were approached via the wide range of regional networks they frequently use, such as Chambers of Commerce.

By speaking to businesses on their terms and on their patch, we have been able to build up an idea of the challenges our target audience face and the type of support they need. A study has been undertaken to identify the full range of CR support currently available to Northwest businesses, and the results were compared to the needs identified by business, in order to check that the assistance on offer is appropriate and effectively targeted.

Measuring success

The research identifies that enabling organisations to track and improve their sustainability performance is crucial to motivating good working practices. As a result, a Regional Corporate Responsibility Index has been established by BITC, thanks to funding via the Responsibility Northwest programme.

To ensure that improvements in this area benefit the entire region, work was also undertaken to ascertain the relationship between CR and regional competitiveness, with a view to the development of a Regional Responsible Competitiveness Index. This Index will enable regional CR performance and competitiveness to be measured and tracked on an ongoing basis.

What Northwest business told us

While business leaders were not shy of explaining their difficulties with CR, many offered possible solutions that would help them integrate responsible working practices into their daily business reality. The main issues and suggestions are summarised below:

Recurrent problems

- Off-putting, dull and technical language associated with CR obscures the importance of the issues and reduces the involvement of businesses, particularly small and medium-sized enterprises (SMEs).
- There is a lack of appropriate information geared to real business situations, that would help organisations to understand the issues, the steps to improved performance and associated resource implications.
- Businesses want to be able to access assistance on CR easily, through their existing networks. As assistance is not often easy to locate, many tend to avoid taking action on CR due to concerns about doing things wrong or ineffectively.
- Supply-chain and procurement issues were identified as key areas where organisations want to improve their CR performance, but businesses are concerned that significant management time and effort would be required without clear benefits.
- A lack of management time and short-term planning horizons gets in the way of changing established business practice.

Suggested solutions

- Building business support professionals' CR skills and capacity, so that CR assistance can be delivered effectively through the networks that businesses already use and trust.
- High quality signposting and provision of specialist CR support so that any organisation can easily find the assistance it requires.
- Developing tailored materials that make CR issues and solutions real for individual organisations. These should be targeted specifically for business clusters, SMEs and other business groupings.
- Providing assistance on managing CR in the supply chain.
- Developing easy ways for organisations to benchmark their CR performance.

Findings from the research

As a result of our year-long research programme, Responsibility Northwest has formed the following conclusions:

- 01** Although there is some cutting-edge CR practice among large businesses in the Northwest, and most are committed in principle to improving CR performance, the majority are still not managing it effectively.
- 02** Whilst some SMEs are carrying out CR-related activities, these pursuits are not always recognised as being part of the CR agenda. By more clearly defining what CR is, many more SMEs would be encouraged to improve their performance in this area.
- 03** CR also needs to be redefined in terms of risks and opportunities. This would encourage businesses to assess impacts over longer timescales and so help them realise the benefits to be gained from managing their key social, environmental and economic issues.
- 04** It is more viable and attractive for SMEs to manage their CR impacts if they are empowered and enabled to work together.
- 05** There is demand from both large and small businesses in the region for more targeted CR products and services. The Northwest already boasts a number of organisations and networks offering CR assistance. Responsibility Northwest has identified the need for effective signposting to these support bodies, and for delivery of a range of additional products and services, from benchmarking tools to sustainability reporting.
- 06** The region offers a range of good networks and expertise that could be brought together to develop and deliver appropriate products and services.
- 07** Businesses clearly believe that their CR behaviour affects the prospects and image of the region. They are interested in benchmarking their organisation's performance and in measuring regional CR and its link to competitiveness.
- 08** There is enthusiasm for ensuring that cutting-edge practice in the Northwest is disseminated more widely and gets a higher public profile.
- 09** Generating improvements across the region will involve a range of partners and will require activities to be incorporated into existing structures in order to have a real impact on both business competitiveness and sustainable development.

Taking into account all of the above, Responsibility Northwest recommends putting in place a complementary 'menu' of activities, products and services to raise Northwest CR performance. This should be delivered by a coalition of partners and tailored to the specific needs of businesses of different sizes and different sectors.



Recommendations: A chance for business transformation

The Responsibility Northwest research has led to the identification of a comprehensive programme of activity that will help mainstream CR management excellence in England's Northwest.

Target markets

Larger businesses

There are about 1,400 organisations employing more than 200 people in the Northwest, which together account for 30% of the region's employment. Some of these are internationally recognised leaders in CR and most have easy access to a range of support services. The key focus with these businesses will therefore be to:

- Inspire even more effective CR management by promoting best practice, encouraging constructive rivalry through participation in the Regional Corporate Responsibility Index and working with research organisations and policy makers to demonstrate the links between CR and competitiveness.
- Involve business leaders in peer learning and mentoring activities.
- Make use of organisations' existing expertise by working with businesses to distil and share best practice.

Small and medium-sized enterprises (SMEs)

There are around 6,500 organisations with between 50 and 200 employees, which together account for around 21% of regional employment. A further 31,000 organisations, employing between 10 and 50 people, account for a similar percentage.

These SMEs are the organisations which have the most urgent need for targeted services from existing business networks. In addition, Responsibility Northwest has identified the need to increase the numbers of SMEs collaborating with each other to address social, economic and environmental issues, and to increase the timescales over which they plan to take account of CR issues. This programme of action will need to reach a large number of businesses if it is to have a significant impact. However, this is where CR activities will undoubtedly yield the greatest improvements in competitiveness and generate significant environmental and social benefits.



The proposed programme of activities

Building on what already exists

Nothing upsets business more than the appearance of yet another 'new' initiative. The most effective way of providing CR support services to SMEs is to integrate them into services they already use. Responsibility Northwest recommends that work is now undertaken with a range of support services and existing business networks, such as ENWORKS, Business Link and Chambers of Commerce, in order to build their skills and capacity and enable them to provide an effective CR service to their members.

Work also needs to be undertaken to establish forms of joint working on CR, either through extending the remit of existing initiatives, such as Green Business Parks, or by creating new ones. This will enable SMEs to share learning and work collaboratively to tackle the CR agenda.

Monitoring the performance of key sectors

Few business clusters in the Northwest are systematically aiming to improve the CR performance of their members. To address this, work needs to be undertaken in conjunction with the Northwest Regional Development Agency and sector organisations to develop a tailored programme of support aimed at raising awareness of CR issues, and the steps they could take to improve their CR standards. This would be complemented by a system for monitoring the overall performance of each cluster.

It is also recommended that a CR mentoring scheme should be developed in partnership with the North West Business Leadership Team to build on its track record of advising small businesses.

Helping Northwest businesses win Northwest contracts

Responsibility Northwest recommends that a range of facilitated events are organised with public and private sector buyers to help them integrate CR criteria into their procurement requirements in a manner that their suppliers, particularly SMEs, know how to react to. SMEs also need to be helped to respond effectively to buyers' CR demands.

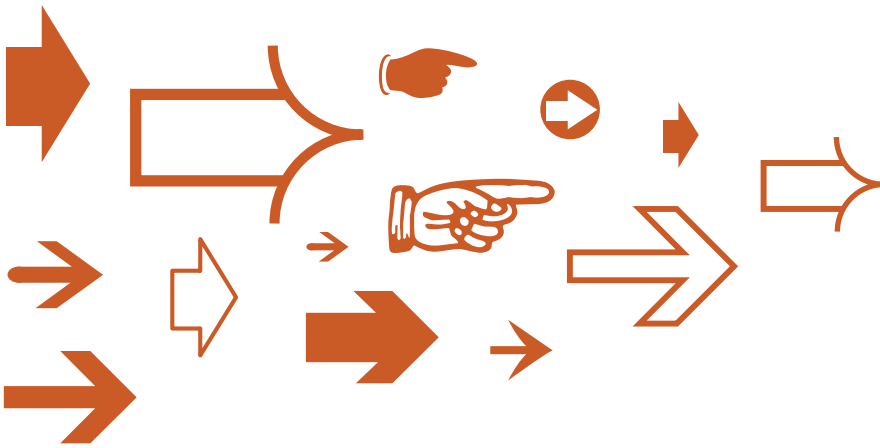
Signposting and providing specialist support

Our research highlighted two particular business support needs:

- Help in accessing existing services.
- New services to fill the gaps in current CR service provision.

A 'one-stop-shop' website was identified as an effective means of providing accessible information on CR issues. The website should be researched and designed to include inspirational examples of how to implement CR and provide an easy-to-use route-map to finding specific services, such as links to the ENWORKS programme for business support. The provision of a telephone signposting service for specialist CR providers is also recommended.

While capacity is being built into business support organisations, Responsibility Northwest proposes that work should be undertaken with existing partners to offer initial CR assessments free of charge to interested SMEs.



continued...

Shouting about success

Almost everyone we spoke to felt that organisations are most inspired and encouraged by learning from each other. In addition to the 'one-stop-shop' website, Responsibility Northwest recommends the production of a biannual publication celebrating good CR practice in the region (to be available in print and online). This publication should focus on innovative practice from leading organisations, together with case studies of creative approaches to CR adopted by small, medium and large businesses across a range of sectors.

It is proposed that an annual conference should be held to celebrate best practice and enhance learning on specific topics. As more and more organisations come up to the standards of our existing CR leaders, it is important for everyone to know about them, to celebrate their success and enhance the image of the Northwest. Furthermore, Responsibility Northwest recommends developing a mechanism to effectively feed success stories into national and international conferences, with the aim of ensuring that these events highlight good practice in the region.

Learning from others

Responsibility Northwest advocates the development of a range of inspirational material and events, tailored to particular business needs, designed to shift organisational attitudes from scepticism to enthusiasm and to help translate this new understanding into action. This learning will be most effectively delivered via the existing business networks and through encouraging face-to-face debate. It is vital that supporting information can be easily accessed, and the proposed website would provide the focal point for this.

One proposition for the website is the inclusion of a 'CR Virtual Organisation' - a fictitious small business which is trying to improve its CR performance in the real business environment faced by Northwest-based organisations. This interactive online organisation would illustrate the reality of implementing CR improvements, thereby encouraging real businesses to take action.

Benchmarking organisational CR performance

Having confirmed that a large number of organisations are interested in benchmarking their performance, it is hoped that further funding will enable BITC to continue to deliver the Regional Corporate Responsibility Index. Additional work is recommended to further encourage effective benchmarking between the region's small businesses.

Measuring and reporting success: The Regional Responsible Competitiveness Index

The Responsible Competitiveness study has already set out a framework for measuring regional CR performance and how it relates to competitiveness. A partnership approach is now required to develop the data collection systems needed to track regional CR performance and its links to competitiveness.

Finding out more

To find out more about Responsibility Northwest, please contact Rob Lawson at Sustainability Northwest:

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Sustainability Northwest (SNW) is an independent company and charity that aims to drive forward the agenda on sustainable regional development in the Northwest of England, through the formation of close partnerships with all sectors in the region and beyond.

Our mission is to spread an understanding and belief in sustainability by offering compelling arguments in an engaging and inspirational manner; to move organisations and the region from understanding to achieving sustainable development using practical solutions and a growing body of evidence; and to be a key organisation of influence. We share this mission with our sister company, the not-for-profit consultancy, The National Centre for Business and Sustainability (NCBS).

SNW's work is made possible through the backing of our core sponsors: BNFL plc, The Co-operative Bank, The Environment Agency, the Northwest Regional Development Agency and United Utilities plc.

Further information on Responsibility Northwest's partners:

AccountAbility
www.accountability.org.uk

Business in the Community
www.bitc.org.uk

ENWORKS
www.enworks.com

Government Office for the North West
www.go-nw.gov.uk

Liverpool Chamber of Commerce
www.liverpoolchamber.org.uk

Northwest Regional Development Agency
www.nwda.co.uk

North West Regional Assembly
www.nwra.gov.uk



Northwest
REGIONAL DEVELOPMENT AGENCY



sustainable solutions for economic development

Improving business performance in order to secure economic growth is a high priority for the Northwest Regional Development Agency (NWDA). Sustainable development is at the heart of this vision.

As the major sponsor of the Responsibility Northwest study, the Agency recognises the powerful and far reaching impact our businesses can have on the environment and local communities.

Improvements to business productivity and competitiveness cannot be sustainable unless emphasis is placed on responsible business practice. We will continue to play our part to ensure that key partners in the Northwest work together to support businesses in meeting this challenge.

www.nwda.co.uk

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