

# Inside CSR: Consensus, Sustainability and Relationships

Or, 'The fly on the wall tells all, with perfect recall'

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*The CSE Group*

*The leaders of today's leading-edge organisations are building their business case on the recognition that their effectiveness in dealing with interactions among diverse interests—building, maintaining and enhancing relationships, both within the organisation and external to it will be critical to their success.*

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### 1. Bridging the divide from responsibility to relationships

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What managers are doing—every day in almost every way—involves relationships with others both within the organisation and outside it. A relationship exists when parties are interacting with each other on some continuing basis, however short or long or for whatever purpose. Because the interaction is recurring, what happens today influences how people conduct themselves tomorrow. Each day the activities and events that are shaping the organisation today and tomorrow are built on what happened yesterday within the fabric of relationships and the networks of interrelationships that characterise the modern organisation. Investing in developing a relationship is to both manage a risk and build an asset.

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**A fly on the wall's perspective.** Inside Company x, a stranger has broached the subject of internal and external relationships with Harry, one of the company's managers. The fly hears only Harry's contribution to the conversation.

—*That's interesting. Whatever. Here's the point. We are in business to make money. Pay salaries. Provide shareholders with returns on the money they give us to work with. We have responsibilities to those people. That is the bottom line. At home, we can do things for other people but here we've got to stay focused. Of course we act responsibly. And now you're telling me that what I have to start thinking about is relationships.*

—*OK, I accept that. There's a lot more to our business than just employees and shareholders. You got me there. I know. We've got customers, suppliers and unions. And, at the*

drilling sites, there are lots of people worried about our activities. And, yes, it is true that there is a little friction developing around some issues with some of the First Nation communities. Yes, it is around a couple of the areas where we have pretty good prospects. But dealing with these things is just part of the real world of doing business. The government's job is to set the rules and we will play by them.

—Look, I trained as an engineer—quite a while ago, admittedly—but I know all about the importance of time and predictability: critical paths are what bottom lines are built on. I guess you're right, in a sense: some of these people could get in the way and throw us off track. But what's called for is just good old 'Getting the Job Done'.

—I agree. Any business wants to have a good reputation. Of course, that only makes sense and that's why we have a good public relations firm always on retainer. You never know when you're going to need those people, but usually it's on short notice and big trouble and, if you don't get off the mark quickly, it's easy to lose your reputation in a hurry. But if things get too wound up we just pull in the lawyers—we've got the best and, once they get going, then they do all the talking to the media. As far as I'm concerned, all the people in our industry that I talk to know us as a responsible company which treats people fair 'n' square.

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## 2. Being good is good but not good enough

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Being good is good but not good enough. You need to be seen to do good. Being good counts, but that is not what gets counted. Saying you are good may make you feel good, but having others say it will create value. In the marketplace, perception drives value. Acting responsibly is one thing. To be seen to have done so is another. (Like justice, it must not only be done but be seen to be done.) How your actions are seen within the context of a relationship is the real barometer of value—all the more so when that relationship has been built

between and among others with different perspectives, interests and values. As the quality of the relationship goes up, so too do the dividends realised from the responsibility index.

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**The fly on the wall's perspective.** Harry has had some examples of recent literature on CSR shoved under his nose.

—Is there a business case for this stuff? That's what the boss will ask. That's what the CEO will ask the boss. And that's what the directors will ask the CEO. This may be nice for these big companies but I don't see this working for our kind of business. I appreciate you dropping by the office to talk about this, but if you don't work inside an outfit like this you really don't understand. I know you've been around with lots of experience, but we do things a certain way here and it's worked pretty darn well for as long as I've been here.

—This word 'responsible' reminds me of people who start every difficult discussion with 'let's be reasonable'. Usually it means that the guy saying it thinks he's reasonable and I'm unreasonable. It's like the bureaucrats talking about 'the public interest', which usually means they get to decide what 'the public interest' is.

—Anyway, what's it going to do for me? My take on all of this is that, if I start prancing around proclaiming this kind of stuff to my guys, it's going to be the beginning of the end of my career. 'A new beginning'—that's just not the way it works around here. But I do need help with this, and quick. Some consultant is coming in the morning. Apparently one of the directors is big on all of this and wants to see us develop policies on corporate social responsibility and sustainability, which as far as I can tell is just a fancier word for 'environmental'. The director is travelling with this guy today. I'm to meet with the boss first thing in the morning before he goes into his meeting and give him my take.

### 3. Creating an asset: achieving interests, dealing with differences

Partnerships are not based on eliminating differences, but on accepting them. While the potential to more effectively achieve individual and mutual interests jointly rather than individually creates the opportunity, it is finding ways to live with differences that represents the greatest challenge. Effective relationships must have the capacity to respond to changing circumstances, the evolving needs and goals of the parties, differences in values and perspectives, and, inevitably, disagreements. That capacity will exist where each of the partners considers that its own self-interests are best served by understanding and addressing the interests of the other party and where the relationship is seen and valued as an asset that requires ongoing and explicit attention and investment. ‘Success’ is measured in terms of how well the essential needs of the parties are met, and continue to be met

**The fly on the wall.** Harry’s interlocutor is starting to wind him up.

*—I don’t believe I’m still having this conversation! Did you say ‘partnership’? Are you trying to tell me that we should be going into partnership with these groups who are on our case, so to speak. They’re even tracking us in Latin America where we’re starting to develop some exciting potential, but that’s getting all tied up now with some UN types. They were bringing up things about our record based on industry practices ten years ago. Don’t these people know that the world has changed and the technology today is light years ahead of where we were? What are you saying? It sounds to me like you’re on their side. What are you trying to do: slip me over the side?*

*—What do you mean? No, I’m not going to discuss these things with him in the morning. And, yes, it’s true: some of these things could throw a monkey wrench into our timing. But*

*there’s only so much we can control. We’ll just have to wait and see. Stuff might happen. I’ve been at ground zero for a long time in this company and what goes on in the big top is one thing, and down here on the ground another. And, don’t forget, it’s out in the field, not in the office, where the money’s made.*

*—What do you mean? Do I think there might be a road blockade? Might the community demand a public meeting to discuss our monitoring programme? There was one—I guess they may want another. We’ll see. Yeah, it’s probably likely. What am I going to do about it? Well, I guess I should be putting the public relations firm on standby. Maybe I should give one of the lawyers a call and start loosening up his chains.*

### 4. Sustainable outcomes through sustainable relationships

Sustainability challenges us to make decisions of a different nature, to think in different ways about how we make decisions, and to think about whom we should involve in decision-making. It requires us to think both in terms of achieving better outcomes in relation to how we live in and make a living from the natural world, and in terms of the process of decision-making through which we try to reach those outcomes. It is an order-of-magnitude word, like ‘globalisation’ and ‘capitalism’. It pulls together other big-picture words: ‘economy’, ‘society’ and ‘environment’. It is becoming the defining characteristic behind the changing interface between private and public, profits and responsibility. But what gives it energy and reach is its compelling challenge to people and institutions to revisit how they interact and engage with each other and the rest of the natural world. It is about the values that define who we are and about the power that determines what we can do to each other. Ultimately, it is about the networks and relationships—the fabric of interactions—through which we live and work, and about how we inform and make decisions.

**The fly on the wall.** Harry's mind is being exercised by some tough questions.

—Where are we going with all of this? These fancy words you're reading from those papers may be good words for policy statements but this isn't going to help me in my day-to-day work out on the job site. We're a long way from corporate social responsibility, which is what I have to talk to the boss about tomorrow. Don't get me wrong. Some of this has been pretty interesting, but we've got to move along.

—Let's test that, you say. Look, like any good citizen, the company has its obligations, and we have to decide how we can fulfil them in the communities in which we work on some reasonable basis. That's what we need to spell out so it's clear inside and outside the basis on which we make decisions. Can you give me any good ideas on how we can do that? That's what I want to know.

—How will the community's ideas be taken into account? Well, you're right in the sense that there's no use trying to push things down their throat, so obviously we're going to have to discuss it with them. We've got so much money to spend, and whether it goes into, say, a hospital wing or a new swimming pool is really for them to determine. There'll be lots of jobs up there: of course, the men will have to have had training. That's exercising solid social responsibility, as far as I'm concerned. That should help our 'relationships', and enable them to build a 'sustainable community' up there.

—Why wouldn't we ask them their views about the project? Well, it's our project, for starters. OK, you have a point there. If the First Nation issues heat up significantly, it could delay the project. Yeah, it could put a scare into the financial backers. But so could this demand that's coming from some corners of the community that we put in this new air-quality technology, which could put the project at the margin in terms of long-term viability. Lots of people could ask for lots of things. What happens if we have that imposed on us two years after we've put the project in the ground?

Potentially a disaster, you say . . . That's a fair way to describe it . . . I'd say.

## 5. Creating context is critical to building relationships

Many attempts to build and enhance relationships or restore those in difficulty fail, not because of a lack of will or skills, but because the participants have failed to first direct their efforts to reaching common ground on 'why and how' they might do business together before the try to 'do business'. Creating context is to create 'safe places' for people to have difficult conversations—where they are secure enough to talk about the real interests and concerns at stake, not those ostensibly put forward as positions and demands. And it is about the insights and skills to create the context, and then getting on with getting the job done. Sometimes it may require turning foremen into facilitators; and other times it may require the involvement of outside intervenors.

**The fly on the wall.** Events take a sudden twist.

—I better share something with you. An e-mail from the boss arrived a couple of minutes ago. It's preying on my mind. Apparently the Director took this business consultant from the university up to the drill site I was telling you about. They spent the day walking around town talking to people. They even went out to the First Nation's offices on a 'courtesy' visit. Apparently, they see a lot of potential to discuss these responsibility and sustainability policies in the context of this particular project to 'test and learn' (their words) from this. They have specifically asked if I could join the meeting tomorrow morning, given my experience on the project and in the community. This thing is taking quite a twist—why they would be running around up there is beyond me. That university professor must be behind this.

—OK, OK, I hear you. What do you do anyway? ‘Create safe places for different, often difficult conversations?’ That’s a job? What do you call yourself? Anyway, we can talk about that later. You’re right. They’re not happy with some of the things that have been going on up there. Yes, I guess it would be fair to say that there is some distrust. Well, I guess, a lot of distrust. That public meeting did turn into quite a bloodbath. This all started a few years ago, you know. Well, some of the guys on the early exploration crews got carried away and tore down a bunch of trappers’ cabins out on the traplines. I guess some other ‘events’ happened in town. The guys did a hell of a job, though, in record time. I guess you’re right: if I was in their shoes, I wouldn’t be too keen to come to more meetings like that last one. The mayor seemed like a pretty solid guy. I think the government was on-side; for sure, the guy from the Energy Ministry was, but, thinking back, those guys—one from Federal Fisheries and the other from Provincial Environment—didn’t look too pleased. The Provincial guy spent most of his time talking to those environmental groups, especially that guy that was always coming back to this issue of flaring standards. And how they are supposedly way higher in Texas. I don’t know how he knows so much. He must be in contact with those big environmental outfits out of Washington. That’s all we need up there—some guy like the Kennedy kid up here.<sup>1</sup>

—You should be taking my place tomorrow. What would you recommend? No, you’re right: I wouldn’t want to get on a freeway unless I knew there was a way to get off it. A few rest stations would also be a good idea. So, what you’re telling me is that the only way to get people talking is to make sure they know how they will be able to stop talking? Right. So the first thing we need to do is to get them talking about how they are going to talk, and what assurances they need. In other words, try to get agreement on how we might talk to each other before we try to do any real talking. How do you think I should open that up with the folks in town?

—The bottom line from what I hear you telling me is that we have to start talking to these people, sooner rather than later. There are lots of things we could do together up there. I’m a little worried that, even if—well, I don’t like to put it this way—if we started to do things more responsibly, the way they might see it now, it could look like we’re trying to buy them off. How can we deal with that? I wish we’d got going trying to build better communication up there a lot sooner. I did mention that to the boss some time ago but his sense was that we could just be opening up stuff that . . . Well, anyway, that’s behind us. We have a world-class field under wraps up there. This could put us in the big leagues. The director who was up there is a key factor—his job is connecting us to the money, mainly British money from London markets, and without that we’re going nowhere. Maybe that’s why he was up there.

—Consensus? No way!! We’ll never be able to get everybody to agree up there. At best, maybe we can get the majority on-side. But we’ll never even get all of them in the same room together. We’ll have to talk separately to each group. Look, enough questions. OK, OK, OK. We need to talk about this some more, but not now. I’ve got to get organised for that meeting in the morning.

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## 6. Crossing the divide from self-congratulation to value creation

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Relationships are assets; and assets need to be managed. That is the foundation on which sustainable bottom lines are going to be built, capitalising on opportunities to grow mutual value in what might once have been thought of as unlikely alliances, and managing risk and uncertainty by engaging in different ways externally, and organising differently internally to do so. It will require thinking not only about the right result but the right process. It will involve seeing the world through the eyes of others, and understanding their values. It

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<sup>1</sup> The reference is to Robert Kennedy Jr.

will recognise that better and more enduring results can be achieved by building better relationships. The same competences and capacities used in decision-making, building and enhancing relationships, and dealing with a changing organisational culture required to enable the organisation to advance its sustainability agenda do double service in helping to meet other 'business case' imperatives in managing effectively in a modern context. Sustainability may be the driver, but competitive advantage, the bottom line, and long-term viability are the ultimate beneficiaries.

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***The fly on the wall.*** Harry suspects he recognises his interlocutor.

*—You know, I've seen you around before. I'm sorry, I forget your name. Glenn. OK. Maybe you could leave some of those papers behind—some of the guys writing the policies might want to take a look. Leave a card, too. When you're back in town, give me a call, OK?*

Harry, now alone, has a lot to consider.

*—I wonder what the chief told those guys: he's forceful and pretty persuasive when he gets*

*going. Storm Cloud Community is just downstream from Lightning Bolt Rapids on the Thunderclap River, and that's the only place we have identified where the main pipeline could cross the river. Surely they wouldn't have gone up there? I better keep that PR guy on hold, 'cause he and the chief won't see eye to eye!*

*It would only be right to bring Bill in Exploration and Charlie in Finance into the loop. I'd better suggest to the boss that they be included in the meeting tomorrow.*

The story is far from over . . .



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