

# Understanding Corporate Social Responsibility

## A Guide for Arts Organisations

Produced by The SMART Company for Arts & Business  
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THE SMART COMPANY

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## Introduction from Arts & Business

Corporate Social Responsibility, or CSR, has become one of the “buzzwords” of current business practice. But what does it mean, and is it of any relevance to anyone outside the business world?

Despite the ongoing shifts in the way CSR is defined, the role that companies play in contributing to the lives and wellbeing of its stakeholders is, and will continue to be, scrutinised increasingly closely. Arts & Business recognises that the issue of CSR is not going to disappear. For the arts this presents a potential opportunity through which to engage with business. To do this the arts sector must know how to approach businesses on their own terms. This guide aims to provide arts organisations with the knowledge and tools to do this.

These guidelines have been written for arts organisations who want to find out more about CSR and the opportunities it may offer. They explain the background to CSR, what it means in practice, and how arts organisations can use the framework of CSR to initiate and develop partnerships with business, as well as providing some useful case studies and links to further information.

The SMART Company and Arts & Business would like to thank the representatives of Marsh McLennan Companies, Marsh Ltd, City of London Sinfonia, Sky, Chicken Shed Theatre Company, EDF Energy, Provident Financial and the West Yorkshire Playhouse for their help with the case studies in this report.

## About Arts & Business

A&B aspires to be the world’s most successful & widespread creative network. We help business people support the arts & the arts inspire business people, because good business & great arts together make a richer society.



## What is Corporate Social Responsibility?

### *Introduction*

The idea that business should think about its impact on society is not new – the great Victorian industrialists such as Ford and Cadbury are famed for their substantial philanthropic activities and “enlightened” approaches to the treatment of their workers. During the 1970s, particularly in America, other issues came to the fore as people began to protest against the production of chemical weapons and toxic materials, and campaign for equality in the workplace.

More recently, Corporate Social Responsibility (CSR) has become less about particular issues and more about the activities of business as a whole. There is no universally agreed definition of CSR, and indeed there is no single accepted term – corporate responsibility, corporate citizenship and sustainable development are all used in the debate. It is now generally accepted, however, that CSR is about how companies behave in all their activities – from treatment of employees and partners to the steps taken to avoid damaging the natural environment or upsetting local communities. The UK government’s dedicated CSR website says:

*“Essentially, [CSR] is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides.”*

Although there are regulations about how companies should behave, there is a growing expectation that they should go above and beyond simply complying with the law, and should use their skills and resources to make a positive contribution to society.

### *Why CSR?*

This expectation of business has come about for a number of reasons. Multinational corporations are growing in size, and therefore in power and global reach. As activities expand across the globe, corporations no longer remain under the control of a single government – and often have more resources at their disposal than the governments of countries where they are operating. At the same time, communications technology has become so advanced that any corporate activity in any location in the world can be the subject of scrutiny. As people have become more aware of corporate power,

interest has grown in how that power can be used to bring about social change, and this concern has begun to extend to all sizes and types of organisation.

### ***Government actions***

This has been reflected by government activity in the UK, Europe and across the world. At a UK level, CSR rose swiftly up the political agenda during Labour's first term in government and has continued to have a strong presence. In Europe, 2005 is a special European Year of Corporate Social Responsibility, while at a global level, the UN's Global Compact has attracted support from over a hundred companies who have pledged to support a range of human rights, labour and environmental principles through their business practices.

Efforts to encourage businesses to contribute towards meeting social aims have increased in the UK. With the appointment of the world's first Minister for CSR in March 2000, the UK government illustrated its determination to put CSR at the heart of modern day business best practice, and the last eight years have been characterised by an attempt to reach out to business in a way that was unprecedented within previous Labour administrations. Most recently, the government has introduced new legislation regarding companies' Operating and Financial Review (OFR), which is included in Annual Reports. As well as reporting on financial performance, quoted companies over a certain size and registered in England and Wales must now report on the social and environmental issues that have a significant impact on their performance and future prospects.

### ***Investors and Indices***

Apart from the new OFR regulations, CSR remains a voluntary practice in the UK and it seems unlikely that further regulation will be introduced in the near future. What the OFR does recognise is that management of social and environmental impacts suggests that a company is also aware of its risks – something of importance to investors. Even before the OFR, increasing pressures from the investment community mean that for large companies at least, acknowledging CSR has become more compulsory than optional. The investment community sees CSR as an essential component of risk management and good governance, and a company that takes its responsibilities seriously is often considered to be a better option in terms of sustainable success.

In 1998, the Hampel Committee on Corporate Governance put together a code of best practice, which was adopted by the London Stock Exchange as The Combined Code. Building on the work of the

Cadbury Report and the Greenbury Report, the Combined Code requires companies to develop robust systems for the management of non-financial risk.

In providing guidance for Directors on the implementation of The Combined Code, The Turnbull Report has proved to be a major driver in terms of corporate social responsibility. The report, published in September 1999, specifies a range of non-financial risks - including health, safety and environmental reputation - that companies must develop a system of control for and report on. Driven by Turnbull, many UK companies have begun to establish procedures to oversee the management of non-financial risk, to review performance and to consider social and environmental issues as part of the overall focus for corporate governance.

The Association of British Insurers (ABI) issued new investment guidelines on corporate social responsibility on 24 October 2001. The guidelines are designed to improve disclosure by UK companies and increase transparency, without imposing unnecessary new burdens. The guidelines call on companies to confirm in their annual report that they have assessed social, ethical and environmental risks and that they have taken steps to manage these risks in a way that preserves or enhances the value of their business. The ABI will continue regular contact with companies and stakeholders with a view to refining the concept of best practice.

In addition to standard financial indices and ratings, there are now indices to reflect CSR practice – FTSE4Good and the Dow Jones Sustainability Index. Membership of such indices is used by investors and opinion formers as a demonstration of good CSR practice – while companies whose behaviour falls below the required standard run the risk of being excluded from these indices, which can have an impact on reputation.

### **CSR Impacts**

Changing expectations and growing interest has translated into real opportunities for companies, who are starting to recognise a business case for demonstrating their social responsibility. A positive corporate reputation is probably the most valuable asset an organisation can possess – and unguarded behaviour or practice can destroy a positive reputation overnight. Over the past few years, Cadburys, Railtrack and Nestlé, together with many of the world's leading pharmaceutical and clothing companies, have all faced criticism over their social and ethical performance and business conduct.

Consumers have shown themselves to be well informed about corporate activity and willing to switch brands and change loyalties over issues of conduct and reputation. Recent MORI research suggests that 17% of the general public actively boycott products on ethical grounds<sup>1</sup>, while research by the Co-op Bank<sup>2</sup> reveals that ethical consumerism in the UK is now worth £24.7 billion a year and that ethical spending increased by 16% in 2003. BT has calculated that its CSR activity accounts for 25% of its overall customer satisfaction rating.

CSR also plays a role in attracting the brightest and best of the labour market. According to Business in the Community's Fast Forward 2003 Research<sup>3</sup>, one in seven of the British workforce places responsibility to society, the environment and local communities as one of their top three priorities in selecting a new employer. In the same report, it was shown that 81% of young people have a strong belief in the power of responsible practice to improve profitability over time and see this as being part of what makes an organisation an employer of choice. Furthermore, 88% of the British workforce thinks it is important that the organisation they work for is committed to living its values; but only 45% believe that their employer currently does so.

### ***Ongoing debate***

CSR has undoubtedly become part of the modern day business lexicon, but this does not mean that it is a movement without its controversies. CSR as a concept is still relatively new, and for many companies and organisations, particularly smaller ones, the drivers are not yet strong enough to ensure action. There is a continual challenge to “prove” the business case for CSR, and there are those who argue that CSR is a distraction from the main purpose of business, which is to make profits. The cynical view is bolstered by the lack of a well established framework or set of principles – what passes for CSR can vary enormously, and there have been accusations of “fluffiness”, lack of rigour and CSR as corporate spin.

Consumers are increasingly aware of the practices involved in producing certain products and will act accordingly – the move by certain supermarkets only to stock free-range eggs is an example of changing values. However, this is not to say that consumers will always act on the basis of ethics. Recent research carried out on behalf of global media group WPP found that while customers may

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<sup>1</sup> The First Ever European Survey of Consumers Attitudes towards Corporate Social Responsibility, MORI on behalf of CSR Europe, September 2003

<sup>2</sup> Fourth Annual Co-operative Bank Ethical Purchasing Index, December 2004

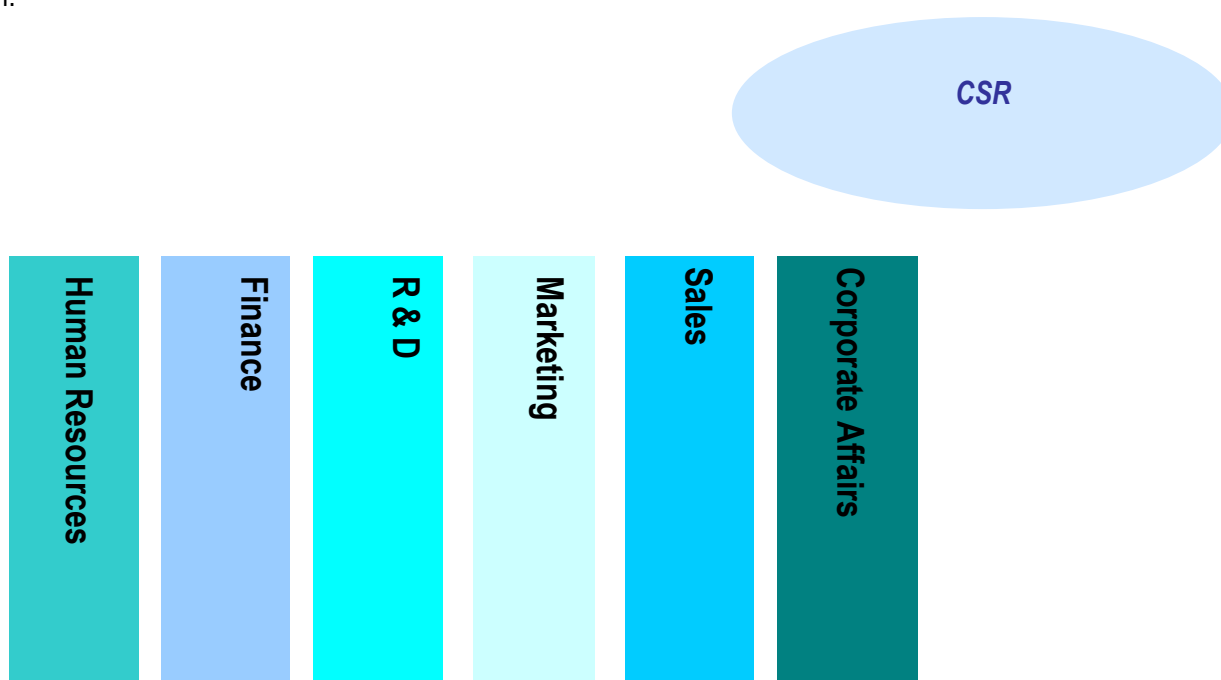
<sup>3</sup> Fast Forward Research 2003 - *Responsibility: Driving Innovation, Inspiring employees*. Business in the Community.

avoid products produced by companies with poor ethical reputations, they will not necessarily make positive judgements and support “good” companies, or consider ethics above price or brand recognition.

### *The future of CSR*

What does this mean for CSR? Despite the confusion, the arguments for companies to think more carefully about their social and environmental impacts remain strong. The majority of consumers may be as yet unwilling to act explicitly on ethical grounds, but recent developments show that companies are changing their practices. The growing debate around obesity is having a major impact on corporate behaviour, as evidenced by the appearance of “healthy” options on the menus of major fast-food chains. Cadburys was forced to amend a CSR programme that provided sports equipment for schools in return for vouchers collected from chocolate wrappers after severe public and media criticism. Many drinks producers now put “please drink responsibly” messages on alcoholic drinks and adverts, while energy companies are providing “green” options to meet customer – and regulatory – demand.

What this suggests is that CSR is becoming part of how companies do business. It is moving from being an “add-on” or optional extra to being a consideration that affects all aspects of the business. What the CSR debate has done, and continues to do, is both drive and reflect changing societal expectations of business. Business continues to operate as before, and the prime motivation is still profit, but the way in which business is carried out, the considerations that need to be made and risks that need to be assessed have changed. This is combined with a more “joined up” approach to addressing key issues. Traditionally, companies have operated in a “silo”, with each function separate and CSR as a new add-on:





Now CSR is becoming more integrated and leading companies take a “holistic” approach, thinking about the impact of actions on all audiences and these as reflecting the company culture:



But what does CSR actually mean in practice – and for other organisations who are interested in working with business? The next section will explore what CSR means and what “good practice” in CSR looks like, before considering what the CSR movement means for business support of the arts.

## Corporate Social Responsibility in Practice

### *Introduction*

CSR covers all aspects of a company's activity – not only the specific CSR or community investment strategies but the everyday detail of how they go about their business. For the purposes of understanding what this means, activity is usually broken down into four main areas: marketplace, workplace, environment and community. These are the key areas covered by Business in the Community's Corporate Responsibility Index. This is a voluntary initiative where companies report annually on their corporate responsibility related activities in a range of areas, and which scores and rates them on their performance against a range of "best practice" criteria. The index, along with other initiatives such as ftse4Good and the Dow Jones Sustainability Index, has become a well recognised benchmark of good CSR practice.

### *Areas of activity*

What sort of things might be expected of companies in each of these key areas? Business in the Community defines **Community** activities as those that "relate to the interface between business and society which can be both positively or negatively affected by a project, product or investment on a local or global level." Companies' commitment to community is usually reflected through activities like volunteering, fundraising and charitable support. It also covers how companies communicate with local people over issues that might affect them, such as the closure of a branch or factory, or the construction of a new building.

**Environment** refers to the world's ecosystems and natural resources that can be affected directly and indirectly by a company's operation, products and services. Some companies have very obvious environmental issues, such as those who use non-renewable resources (energy companies) or those whose activities have the potential to cause serious pollution (heavy manufacturers). But all companies have some impact on the environment, and are therefore expected to have systems in place to manage things like energy and water use, recycling and transport.

Responsibility in the **Marketplace** is about maintaining the highest standards of business practice when developing, purchasing, selling and marketing products and services. This covers relationships with customers as well as with partners and suppliers. Increasingly companies are expected to consider activities that happen in their supply chain as part of their approach to CSR – for example clothing labels are under pressure to make sure that factories that produce their garments treat their workers

fairly and do not use practices like child labour. To address this, companies are introducing agreements with suppliers and partners to make sure they meet the company's own CSR standards.

Responsibility in the **Workplace** is the creation of a working environment where personal and employment rights are upheld. This means treating people reasonably and fairly, avoiding discrimination and providing a safe and healthy working environment. Other issues that might be considered include the level of training and development opportunities provided for employees, and the level of flexibility in working practices, reflecting concerns about work-life balance and the responsibility of carers.

### **Community Investment**

Community investment is different from sponsorship, which should only refer to commercial sponsorships from which the business receives a tangible benefit such as brand or product promotion. Companies will support the arts through sponsorship as part of a marketing strategy, but will also be engaging with arts organisations as part of their “corporate community investment” responsibilities which form part of their overall approach to CSR. It is therefore helpful to consider how the nature of corporate community investment is changing, what best practice in corporate community investment currently looks like and how this might be affecting corporate involvement with the arts.

Corporate community investment has developed significantly over recent years. Particularly over the last ten years, there has been a shift away from pure corporate philanthropy to a more strategic approach. In other words, there is a recognition that the most effective programmes are ones where a company can make a real difference to social needs – and bring benefit to its own business. These tend to be projects where companies can contribute with more than just money - by giving relevant skills, time and expertise and often leveraging additional support from clients and customers as well as employees.

Despite this shift to a more ‘strategic’ and focused approach there are still causes that a company may need to support for other reasons – for example historical commitments, the need to acknowledge employee interests or a need to compensate for having a negative impact on a particular community (eg through closing a major factory or branch).

There has also been a huge shift towards getting employees involved in community activities. This can cover a spectrum of activity from one-off volunteering or team challenges to more structured development opportunities that link to professional development targets. In addition, there has been an

increase in matching and supporting Give As You Earn contributions and other forms of staff fundraising. Heart of the City reported in 2002 that a third of City companies now have community programmes involving 27,000 staff and providing voluntary support valued at £337 million.

### ***Measurement and Evaluation***

Measurement is becoming ever more important in community investment, and companies are under pressure from shareholders, investors and opinion formers to demonstrate the value of their activity. The London Benchmarking Group (LBG), which provides a model to help companies measure their total contribution towards community investment, including cash, employee time and gifts in kind, lists many leading companies amongst its members. Models like this mean companies can report a much bigger overall spend, which can be reported on websites, in corporate responsibility reports, in annual reports and through indices like the annual Giving List. BT, for example, reported its annual community investment contribution at about £15 million a year before using the LBG model. Applying the model enabled more detailed analysis and BT's total contribution was reassessed at around £27 million in 1997/8.

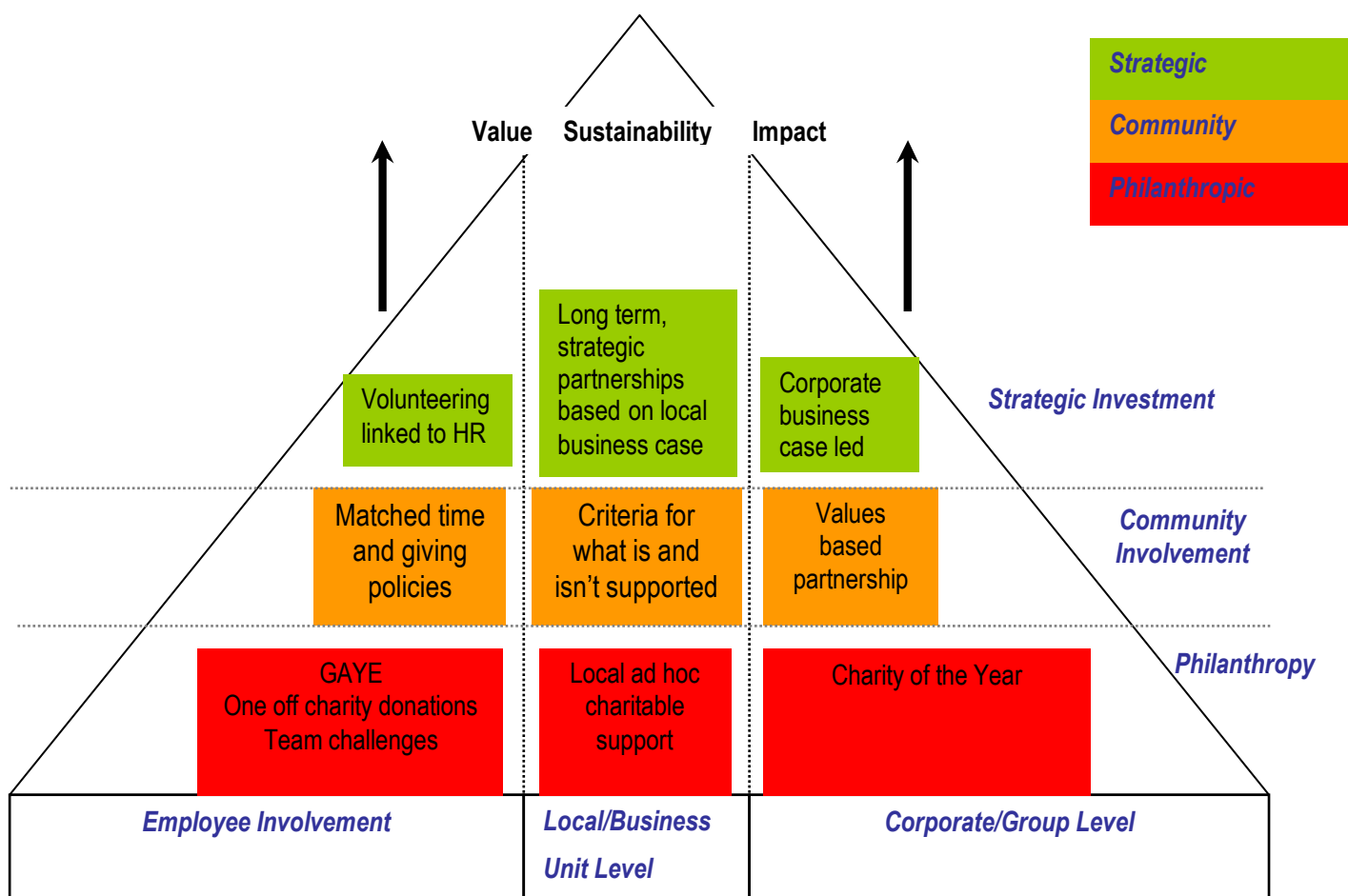
As well as measurement of investment, there is a growing expectation that companies should measure impact. This means setting clear objectives for a programme, putting indicators in place to reflect key areas where the programme should have an effect, and undertaking regular monitoring and review.

These changes reflect the growing trend of CSR reporting. Of the UK's top 250 companies, 145 now report on their CSR performance – up from 132 a year ago. There is growing pressure, especially from the investment community, for these reports to focus on hard data and facts which can provide tangible evidence of how a company is addressing its key issues.

### ***Best practice community investment***

Community investment has traditionally been the starting point for CSR for many companies, providing an expression of charitable and philanthropic support. As CSR has become more integrated into business practice, community investment has also developed and projects now provide a vehicle for companies to express a full range of CSR commitments, from environmental responsibility to employee support.

This is reflected in the model below developed by SMART, which shows how the level of corporate engagement with community investment changes according to how strategic the programme is:



The SMART Company Community Investment model 2005

These trends mean there is an ever greater movement away from old-school philanthropy towards business focused, strategic CSR – which may provide challenges for arts organisations. The arts has long been a favoured area for corporate patronage and sponsorship – but with a need for companies to demonstrate a business case for investment and a real social impact of their activities, can the arts compete with areas such as education, environment and financial literacy?

## Corporate Social Responsibility and Arts Organisations

### CSR trends

Research carried out amongst CSR managers and marketing managers looking at how CSR is impacting on the arts suggests the following trends are emerging<sup>4</sup>.

First, businesses are looking more favourably on arts activities that engage the community or address social problems. CSR professionals are more interested in funding community-based art and, concerned about charges of patronage or elitism, are moving away from traditional forms of corporate hospitality. Marketing professionals indicated a sensitivity to the emerging CSR environment and see the reputation benefits of including a community element to major arts sponsorships. Second, CSR has changed thinking in terms of evaluation. This move to greater transparency is forcing companies to prove the *value* of their spend on the arts – but the direct impact of the arts on society is often harder to prove than other ‘good causes’.

Research shows that the arts sector faces stiff competition for funding from community budgets. Companies consider arts organisations to be less good at evaluating impact, and without the evidence for how arts activities directly benefit communities, it is hard for companies to justify significant funding. Even companies who are favourable to supporting the arts are unlikely to spend more than 25% of their community investment budgets on arts activities. Companies are concerned about how to present support for the arts in corporate social reports, as CSR professionals are wary that the public perceive support for the arts as elitist.

Arts as a cause does not register within CSR circles as strongly as other causes, and some companies have recently pulled back support from the arts in favour of investing all their community budgets in one single issue. The arts compete with initiatives that appear to be far more pressing in terms of social need, and advocates for the arts do not seem to have penetrated CSR circles in the way that other sectors such as sport have.

However, there is recognition among CSR professionals that arts activities can offer specific benefits when compared with other causes. If you are from an arts organisation and are interested in the

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<sup>4</sup> Research carried out by The SMART Company on behalf of Arts & Business, 2004

potential of CSR, the best way to make the most of these opportunities and to start addressing the challenges is to be clear about what type of organisation you are, and what sort of support you need.

### **Sponsorship**

Some arts organisations will be focused on “pure” arts activity – that will be their “raison d’être”. If you are engaged purely with the creation and/or production of art, it is unlikely that you will be able to access funding through corporate CSR schemes. It is not impossible to find funding from CSR budgets for “pure” arts activity - there are many examples on a range of scales, from Unilever’s sponsorship of the Tate Modern through to Innocent Drinks’ involvement with the “Fruitstock” festival. However, companies are more likely to view such activity as an opportunity for sponsorship and marketing – although there could be an element of CSR consideration involved in that.

If you are applying through a sponsorship or marketing channel you might therefore improve your chances by offering an element of “added value” to a proposal. Areas identified by CSR managers as ones where arts organisations are well placed to make an intervention include employee training and encouraging creativity, and marketing professionals will be sensitive to these needs. If you are making a proposal to a company for sponsorship, it is worth considering whether you can offer additional benefits to the company beyond branding and hospitality opportunities, for example:

- Encouraging creativity and new ways of thinking
- Addressing issues like diversity in a different way
- Helping employees develop skills in areas like communication
- Helping the company be more innovative in addressing its challenges

### **Case Study / Provident Financial & West Yorkshire Playhouse**

Provident Financial had provided sponsorship to the West Yorkshire Playhouse for a number of years, when they realised that both organisations faced similar challenges in promoting diversity. WYP organised and hosted two one-day workshops for senior and middle managers from both organisations, using arts-based diversity training specialists. As well as helping them to address their diversity issues, the workshops helped the two organisations to create stronger links and find different ways of working together.

Case study taken from Creativity in Human Resources by A&B

### ***Accessing CSR***

CSR activities tend to have particular motives and objectives. These might be addressing a specific social need that makes sense to the business, or engaging with an identified segment of the community. Either way, CSR and community programmes – and therefore the activities of the organisations they support - do need to have a purpose beyond the programme itself.

If your arts organisation *is* engaged with social issues, CSR offers a real opportunity. The next section provides guidelines and advice on all stages of working with companies – from identifying potential partners to finding the best way to work together.



## Engaging with Business on Corporate Social Responsibility

There are many issues to consider when contemplating seeking business support for a project. It is important that before you begin, you are clear about what a business partner's expectations might be right through the project, from the kind of approach you make to how a partnership might come to a conclusion. The following guidelines are designed to help you work through the process and to provide practical advice for each stage. These issues will be the same for all organisations seeking support, but because of some of the challenges facing the arts and the wariness of some companies to get involved, you will need to be extra careful about building your case, targeting your approach and acknowledging the importance of evaluation and impact measurements.

### *Meeting needs*

It is vital that before making an approach, you think carefully about how to match your needs with those of a company. This will help you make a *targeted* approach – one which shows you have thought carefully about the partnership and how it will benefit both parties. Untargeted approaches – ones that you could have sent to any company – are not likely to attract support, and particularly so for arts organisations who need to work harder to demonstrate that their projects can have a real impact on social issues.

You therefore need to think about what your organisation achieves through its work, and what it can offer to a corporate partner. There are two ways in which companies are most likely to assess the appropriateness of a potential community investment project. First, they may be interested in connecting with a particular audience, which could be the community living adjacent to a site, or certain sections of the population like young people or ethnic minority groups. Second, they might want to address a specific social need, such as financial literacy or community regeneration.

The research with CSR managers revealed two areas where arts organisations are most likely to have success in terms of gaining funding:

### *Local Relationships*

As discussed above, community investment covers relationships with communities at all levels, from local neighbours to the population at large. Local community arts activities tend to have a high profile because there is usually a “public” end point, such as a performance or exhibition. Companies do often need to make an impact at a very local level – they might need to attract more employees, or gain

approval for a planning application. Companies with these needs are likely to welcome the opportunity to support locally focused arts projects.

### **Case Study / EDF Energy & Devon Arts in Schools Initiative**

When EDF Energy wanted to purchase some art for its new Customer Service Centre in Exeter, Arts & Business put them in touch with Devon Arts in Schools Initiative. The resulting project paired professional artists with local children to make original art around the theme of human and natural energy. Six schools became involved and EDF Energy volunteers provided support. EDF Energy was so pleased with the results that it developed a similar scheme for its new headquarters in London

Case study taken from *Creativity in Corporate Social Responsibility* by A&B

### ***Young People***

Companies recognise that the arts are particularly successful in engaging young people, especially those who are disadvantaged or at risk of exclusion. Companies also tend to be very keen on projects with an education element – returns from London Benchmarking Group members show that education and health are the most popular themes for community investment. Arts organisations who can demonstrate a way to engage young people are therefore in a strong position to win corporate support.

Areas of focus will of course differ from company to company – the important thing is to be clear about the issues your organisation is best placed to address, and then carry out research to find companies whose needs fit with your own. This will help you to identify appropriate partners and help them to see why they should offer support. One thing to beware of, however, is “communitising” your work. If your work does *not* have a specific social or community element, it is vital to be open about that and not try to adjust your programme to fit with corporate expectations.

### ***What do you want from business support?***

If you are confident that your organisation has something to offer to a company’s community investment programme, you then need to consider what you want from business support. There are a whole number of ways in which a business might be able to help you, for example:

- Collaborative working to meet shared goals.
- Providing direct cash funding and grants
- Employees offering volunteering time either on a one-off “team” basis or on an ongoing regular basis

- Professional expertise in things like marketing, accounting and legal issues
- Gifts in kind which might include space for meetings and events as well as items like computers
- Profile raising and leverage - a credible well-respected partner can often encourage others to get involved.

You may want to seek a partnership that provides you with all these means of support, or there may be one area that is of particular use to you. Your needs will depend on what you are seeking support for – is it a one-off project or a long term partnership? Think about where a company is likely to be most helpful to your needs.

### ***What does business want from community investment?***

Corporate community investment is not the same as sponsorship – the company is not doing it for a specified outcome. It will, however, have certain expectations about what it hopes to gain from any form of community support. Potential benefits include:

- Raised profile with key audiences, which could include anyone from the local community to MPs and ministers.
- Improved reputation through recognition of the company acting in a responsible way towards local communities and causes
- Improving employee morale by providing opportunities to get involved in things that “make a difference”
- Active demonstration of corporate values and commitments

You will not always be able to anticipate what a company is looking for from a partnership, but it is important to be aware of these general expectations and think about how working with you could help a company to meet those objectives. You can also think about added extras you might be able to offer. Does your organisation specialise in working with hard to reach or traditionally excluded groups, for example? Your skills in such areas could greatly benefit a company that has particular aims and objectives it needs to fulfil, so don't forget to think about the added value you might bring to a partnership that a company may not have thought of.

### ***Identifying partners***

Once you have clarified your own aims for corporate partnership, and thought about what you can offer a partner, you need to identify appropriate businesses who might be able to provide support. It can be

difficult to know where to start as there are so many companies involved in community investment. A good starting point is a geographical one – are there businesses located near you who might be able to offer support? Often companies have two levels to their community support – a national “flagship” programme centred around one main theme, and smaller, local level initiatives which reflect their presence in a particular community.

When you have identified companies in your area, you need to do careful research to find out whether they are likely to provide support for your project. The company website is often the best starting point and larger companies will usually have at least one page on their website devoted to CSR activities. Some companies provide specific guidelines about what they will and will not provide funding for. Others may mention general themes or give case studies which will help you to identify whether they might be an appropriate partner. There are also many other sources where you might find information – the media, other organisations like yours, annual reports – and you should try to access as much of this as possible so that you can develop a good understanding of the company’s aims and objectives.

If you are planning to develop a partnership, it will be essential for your organisations to share similar values and goals. As the partnership develops you will be able to build shared goals; however it is helpful to start from the same place. When researching companies, look for evidence of what they support and value – they may have statements of values, mission statements or objectives set out in their literature or on their website.

### ***Making an approach – building the business case***

Having identified possible companies to approach, you can start to build your case for partnership. The most important thing is to target your application according to the company’s requirements – making an application that does not fit their needs or their criteria will not help your reputation.

Remember to think carefully about what you can offer, and to emphasise the fit between the work of your organisation and the priorities of the company. As an arts organisation, consider what your particular strengths are and how these might differentiate you from other organisations.

Companies are increasingly looking for longer term, sustainable partnerships rather than one-off initiatives. It is recognised that such a partnership is likely to have more tangible, measurable impacts that will help the company in demonstrating the value of its community investment. When thinking about

asking for corporate support, it is worth thinking about how your particular project could develop over the long term and to demonstrate that you recognise the value of partnership.

Some companies will provide specific guidance about how to approach them for funding, but many will not. You need to make sure you put forward a clear, accessible proposal that sets out what sort of support you are looking for, what it will help you to achieve and what the outcomes will be for both parties. Length should be kept to a minimum – remember that companies will receive many applications for support and will often have limited resources to deal with them all.

### ***Developing and maintaining a partnership***

Moving from the stage of making an application to developing a partnership can take a long time and may involve several stages. If you are successful in obtaining corporate support, there are a number of things you can do to make sure the partnership is successful.

The most important thing is to agree your objectives at the beginning. You should make sure that both your needs and your partners' needs are going to be met. A good way to set objectives is to have a workshop or brainstorming session right at the start, to help you think creatively about what you can both achieve. When you are clear about your objectives, you need a strategy to ensure that progress will be regularly monitored and reviewed, so that activities can be adjusted if necessary. It is vital to be open and honest about objectives – be clear about your resources and what you can achieve. It is much better to have realistic objectives and then exceed them than to set yourself unachievable targets which won't be met.

You should agree an exit strategy from the outset. How long is the partnership going to last? What are the overall objectives? For how long can the company commit funding and support? This will help you to focus on the project, be clear about what you need to achieve, and plan for the next stage which might involve renegotiating the partnership for a second term.

It is important that staff in both organisations should feel involved, and internal communication is important to help people understand how and why the partnership has come about and what it is designed to achieve. A common complaint from company employees is that they don't know what their employer is doing to support a chosen charity – or indeed why the charity is being supported at all. Arts organisations have a real opportunity to be proactive here, and to encourage corporate partners to involve employees in creative activities to help communication and break down barriers. This is

particularly important at the start of the partnership so that a relationship can be built from the outset. If employees understand why their company is supporting an organisation and what the outcomes will be, it is more likely they will want to become involved and greater benefits will be realised for both parties.

At the beginning of the partnership between Sky and the Chicken Shed Theatre Company, Sky employees were invited to participate in a dance workshop instead of the usual visit and tour of the theatre. This different approach enabled Sky to get an immediate insight into how Chicken Shed works, and created a feeling of trust between the two organisations from the outset, which is a valuable foundation for the future.

### *Involving Employees*

Finding innovative ways to involve employees will not only enhance your partnership, but will provide added value to your corporate partner. Companies are becoming more and more interested in seeking out volunteering opportunities for their employees. Research shows that helping employees get involved in community activities can help raise morale, build new skills, and by improving commitment and motivation potentially affect productivity rates.

While companies want to get employees involved in initiatives, they can find it difficult to understand exactly how this might work, and are often drawn towards one-off activities like “team challenges” rather than more sustainable programmes. Voluntary organisations have an opportunity to help companies think about more innovative and useful ways to involve employees in community investment work which will benefit both parties. When thinking about volunteering opportunities within your own organisation, look at your organisation as a whole rather than at the exact focus of what you do. You may be an organisation focused on arts in education, but you still need to deal with finances, HR, marketing and legal issues. These are areas where company expertise can offer real benefit, and where volunteering opportunities could add significant value to the company’s professional development activities.

Remember that all companies will have a range of expertise too – if you need help with financial services, you do not necessarily need a financial services company to help you with this. Most large companies are a good source of a wide range of skills, so think creatively about how you can work together.

### ***Evaluation and measures of success***

Evaluation is becoming a vital part of CSR and community investment in particular. The expectation that companies will report on their social and environmental performance is increasing – and expectations of the reports themselves have also changed. Companies are expected to address their “material” issues – those that matter most to the business – and to provide evidence to support their claims of CSR performance. This means that measurement of inputs, outputs and impacts will increasingly be built into CSR and community programmes, so it is important to be aware that your corporate partner might want to put these measures in place. Although evaluation can seem complicated, once a system is in place it should be straightforward to follow, and will bring benefits to both your organisation and your business partner. Having evidence to show what you have achieved through your work will put you in a much stronger position to understand your impact, innovate and improve and gain further investment and support in the future.

### ***Where to start***

There are different ways of approaching evaluation, and your partner may have a particular method in mind. However it is important at the outset to agree a system that will work for both of you and deliver the information that you need. A simple evaluation system will probably be based around the following key questions, which should provide the basis for discussions at the beginning of the project.

1. What are the overall objectives for the project?
  - What is the project designed to achieve?
  - What does your organisation want to get out of it?
  - What does your corporate partner want to get out of it?
  - What audiences do you both want to reach?
  
2. What activities are needed to meet the objectives?
  - What are the different elements of the project?
  - Where will responsibility lie?
  
3. What resources are required to complete the activities and meet the objectives?
  - What will your organisation contribute – time, specialist knowledge, funding, resources etc
  - What will your corporate partner contribute - time, expertise, funding, volunteers etc
  - What other resources can you or your corporate partner leverage from other sources?

4. What indicators will you use to assess the achievements of the programme against the overall objectives?
  - What are the intended **outputs** – the direct products of the programme’s activities?
  - What are the intended **impacts** – the changes that will occur as a result of the programme?
  
5. What are the targets for these outputs and impacts?
  - Outputs might cover number of people involved, number of training courses delivered, amount of press coverage etc
  - Impacts might cover difference in skills or abilities as a result of participation, difference in attitudes and perceptions
  
6. How are you going to measure performance against these targets?
  - Outputs can usually be measured using quantitative methods
  - Impacts are less tangible and therefore more difficult to measure – they usually will need a system of assessment over time involving qualitative methods like interviews and stakeholder dialogue

It will often be important to test awareness and perception of the community programme and the partners involved amongst key audiences. In this case, you might use the following sources:

- Amount of coverage in local and national press
- Number of mentions on local and national radio
- Stakeholder questionnaires – annual surveys of employees, customers, partners, volunteers, funding organisations
- Testing of general community awareness eg through stakeholder focus groups
- Opinion former awareness – mention in specialist journals eg Corporate Citizenship, nomination for awards like Business in the Community awards, testing through opinion former focus groups

You and your partner may also wish to see how the programme compares with others by undertaking a benchmarking exercise comparing several similar organisations.



Using these methods will help you to gain a different perspective on your programme and may provide new ideas for how you can develop your work.

7. When are you going to measure performance?

- You need a realistic time period to meet your objectives, but also regular measurements to make sure progress is on track
- Regular assessment will help you to judge how things are progressing and whether any adjustments are needed
- Regular measurement also provides you with data that you can use in communications with your key audiences

Evaluation systems will need to be tailored to your individual programmes, but working through these questions will help you think clearly about what you want to achieve and how you can go about it. The most important things to remember are:

- Build strong partnerships from the outset. Make sure everyone is involved and their views are being taken into account.
- Learn as you go along. Review how things are going and if it's not working, make changes.
- Communicate – everyone will welcome open and honest feedback.
- Ideally set your evaluation framework when you create your programme – but remember it's never too late! It's better to set indicators and evaluate half way through than not to do it at all.

## Case Study - Sky and the Chicken Shed Theatre Company

### *Introduction*

In 2004, Sky launched its Make it Big campaign. It was seeking an organisation for a three year partnership, and advertised for partners. Of the 160 charities who applied, 10 were shortlisted. Each charity made a film, supported by the Media Trust, and these were broadcast on various Sky channels for viewers to vote for. To decide between the final two, Sky's panel of judges went on site visits, and eventually chose the Chicken Shed Theatre Company. Sky will provide Chicken Shed with support to the value of at least £1million over the next three years. The partnership is an excellent example of good practice ideas in community investment.

### *Matching Needs*

There is a good match between the focus of the two organisations. Chicken Shed is about drama and entertainment – and Sky seeks to be the number one entertainment choice. Both organisations also take a very inclusive approach. Sky's range of channels offers something for everyone; a philosophy which is reflected in the work of Chicken Shed who welcome everyone to their company.

Catherine Armstrong, Sky's Senior Community Investment Manager, emphasises that finding a charity whose values and activities reflected Sky's aims and ambitions was essential. Sky's community policy focuses on young people, and this is still important, but the opportunity for this partnership was to reflect Sky's core business, which is all about entertainment and choice. David Balcombe, Chief Executive of Chicken Shed, also stresses this as one of the key lessons for other organisations seeking support from companies. He says it is important to work out what a partner might want and to make a pitch on that basis – when pitching to Sky, this meant recognising what the company was about, and showing how Chicken Shed could help in achieving Sky's business objectives.

### *Sustainable Success*

It is a partnership over the long term, allowing a relationship to be built and real impacts to be felt. This was important for Sky, who felt that traditional one year partnerships came to an end just as the relationship was truly getting started, and that there was limited opportunity to add real value in a relatively short space of time. Sky also wanted a partner for whom they could make a significant difference. By choosing a smaller charity, Sky felt it could use its influence and power to greater effect, providing a "springboard" for Chicken Shed to develop a national presence and become a "charity of

choice". This means that after the partnership finishes, Chicken Shed will be in an even stronger position to attract new funding and partners.

Evaluation is essential if this objective is to be realised, and the two organisations are working with evaluation specialists to develop a framework of indicators to measure the programme's impact on key audiences. Regular tracking of progress and evaluation of Chicken Shed's activity is one of the success measures of the partnership, and is described by Catherine Armstrong as one of the cornerstones of the partnership's objectives. Sky already evaluates its community investment activity, but engaging in this process will enable the company to assess its role as an enabler and facilitator by measuring the impact of its involvement on Chicken Shed. Evaluating impact will help Chicken Shed to build empirical evidence to show how its work makes a difference to participants. In turn, Chicken Shed hopes this will lead to leverage of more funding.

### ***Building Relationships***

Chicken Shed took an innovative approach to building the relationship with Sky. At the start of the partnership, Sky visited Chicken Shed to learn more about the theatre company. The participants had breakfast, watched a video and then in the afternoon did a dance workshop. This helped break down barriers, start to build trust and gave everyone an immediate insight into how Chicken Shed works.

### ***Adding Value***

Both partners also hope that Chicken Shed will be able to bring added value to the partnership. The company has been working with Sky's CSR team, which has a very strong brief to encourage people to think more positively about CSR and the community. Chicken Shed will be helping to achieve this aim by facilitating workshops, bringing different people together to get different perspectives on things. Chicken Shed is also able to offer hospitality opportunities to Sky and its clients. This offers Sky the chance to do something different, while at the same time raising the theatre's profile with new audiences.

### ***Lessons for others***

As a final point, David Balcombe of Chicken Shed emphasises the importance of organisations being clear about what they want from a corporate partnership. If you just try to do whatever it takes to address a funder's needs, there is a chance that you could end up doing things that do not fit with your organisation's objectives. Clear communication and good relationship building from the outset will help

you and your partner to understand each other's needs and to develop a programme which benefits both of you.

*Links*

Sky

[www.sky.com](http://www.sky.com)

Chicken Shed Theatre Company

[www.chickenshed.org.uk](http://www.chickenshed.org.uk)

### ***Case Study - City of London Sinfonia and Marsh McLennan Companies***

(compiled by Lynette Shanbury, Arts & Business)

This case study looks at the collaboration between City of London Sinfonia (CLS) and Marsh McLennan Companies (MMC), as a good practice example of an arts organisation working with a company through CSR.

The relationship between MMC and CLS goes back to the 1980s when the company granted CLS use of office space for free. This led to the sponsorship of various events and concerts and further developed in 2001 when MMC became Principal Sponsor of CLS, contributing £1 million over four years. In 2004 the relationship was extended to 2007. Part of the 2001 sponsorship was allocated to supporting some of CLS' existing community programmes, and this part of MMC's sponsorship has grown to be of significant importance to CLS and MMC.

#### ***Background to the Music in the Community Programme***

The Education and Community Programme of CLS was founded in 1988, with the aim of making music accessible by taking live music into the community. In the original 2001 agreement CLS offered MMC the chance to collaborate on the community work they were doing in local schools. Both CLS and MMC recognised that by collaborating in community work it would add value to their sponsorship in a variety of ways. Through creating 'Music in the Community', MMC employees are able to take part in the music through schools in their local communities as well as accessing the hospitality opportunities the concerts bring. In addition, the community element of the sponsorship has made it easier to raise the media profile of the partnership and the two organisations involved.

The 'Music in the Community' programme has been operating since 2002. It brings musicians from CLS and employees from MMC into schools in various locations across the country, bringing the inspiration of live music into the community and extending the life and value of CLS' national concert programme.

Successful feedback from the first 'Music in the Community' pilot project in February 2002 convinced MMC of the benefits of this type of collaboration with CLS. This has resulted in an increased commitment to CLS Education and Community Programme by MMC, not only through the growth of 'Music in the Community', but through the addition of other projects such as family days for MMC employees and arts based training activities.

### ***Management Issues***

The community investment work forms part of a diverse package available to MMC as their Principal Sponsor. However, the development of the community investment work involves collaboration and commitment from both organisations involved. Quarterly steering group meetings are held with key representatives from the relevant CLS and MMC departments, including Communications, Community Relations and Events. These meetings provide a platform to discuss the direction of the sponsorship, in particular the location of community projects are identified to ensure maximum impact. In addition these meeting review progress of the sponsorship to date, sharing good practice and identifying areas for change.

Planning begins approximately 8 months in advance of project start dates. The development of good individual working relationships between key people at MMC and CLS is essential, as they must regularly be in touch to ensure smooth set-up and delivery of the project. Both CLS and MMC understand that they must invest significant time in a project of this type in order for it to run efficiently and effectively.

Sarah Lovett, CSR Manager at Marsh says, 'It is important for arts organisations to have an idea of how businesses work...they need to be focused, business-like and professional in order to deliver the project as well as having the enthusiasm and passion'.

It is important that a relationship exists between MMC and a local school when choosing the location of a Music in the Community workshop. MMC, in particular Marsh Ltd, has a large community investment programme that operates in its UK office locations, involving employees. Through this programme colleagues work with local schools and voluntary organisations to provide support in their local community. The Music in the Community programme is sometimes used to create new partnerships within the community but more commonly it is used to strengthen existing relationships. Relationships can be sustained by MMC's other community involvement schemes after the CLS project is ended.

### ***Employee Involvement***

The involvement of MMC staff is key to the success of the 'Music in the Community' programme. Participation enables colleagues to feel real ownership of the MMC & CLS partnership and gives them a sense of giving back. Employees are entitled to a minimum of one day a year to take part in this and other Marsh volunteering programmes, with further time off at the discretion of managers. The in-kind

support given by MMC, by way of departmental collaboration, skills sharing and volunteer hours, is a fundamental addition to the monetary element of the CLS sponsorship. On an individual level some MMC employees have maintained their relationship with the schools they have volunteered in, coming back to help out of their own accord and also with later CLS projects. Through the involvement of MMC's employees the company is able to see first hand the value of their work, while the CLS musicians can feel their sponsors are truly interested in what they are doing.

### ***Evaluation***

Continuous evaluation is essential to both CLS and MMC in order to highlight opportunities to develop future projects and assess the impact of the sponsorship on all stakeholders. As Sarah Lovett says, 'we need to know that we're not just doing something "nice", but we're achieving an impact'.

As the community investment side of MMC's involvement with the CLS has grown, the focus has shifted from having a high number of short one-day projects, to investment in longer and more in depth projects. The long-term relationship between CLS and MMC is important not only to both partners but is also beneficial to the people who partake in the community work.

### ***Impact on CLS***

CLS thinks of itself as a 'friendly orchestra', increasing accessibility to its work by providing a range of informal events and information sessions beyond simply playing a concert. The programming of community work is designed to be integrated with the main programme. Being socially responsible not only applies to the business partner of this relationship, but also to the arts partner, demonstrating true collaboration towards a shared goal.

Sophie Brown, Education Manager for CLS says, 'Each project is tailored to meet the specific needs of the school or community group with whom we are working. As well as hoping to develop children's interest and skills in music, we are also very aware of the transferable skills that can be developed through musical activities: children grow in confidence and learn to work together as a team through projects like these. That's a passion we share with MMC.'

The involvement of musicians in projects is not only important to the success of projects, but provides an opportunity for their own professional development. While musicians who are experienced in this type of work lead projects, less experienced musicians are given the opportunity to assist and so enhance their skills. MMC also offers expertise in other areas of community investment work that CLS

is yet to explore. In the same respect, MMC staff are able to draw on the experience of CLS employees, providing a mutual learning opportunity.

The demands of this type of collaboration mean that at any one time approximately three days per week of a member of staff's time at CLS is dedicated to dealing with community investment projects supported by MMC, as well as the time of the Education Manager. This rises to a full time dedication during projects when other staff are also involved, especially on the days when the project is taking place. However all staff at some point come into contact with work that arises from the MMC sponsorship.

### ***CSR and the Arts***

Since working with MMC, CLS now always includes opportunities to enhance the CSR agenda of the business it is approaching for support. CLS' Education and Community Programme, as well as its arts based training work, offers added value benefits to sponsors which differentiates them from other organisations.

Sarah Robbins, CSR Executive at MMC says, 'It is important that any organisation we work with understands our CSR objectives and can think creatively about the concept of business benefits...branding and hospitality opportunities are not enough any more – sponsorship is more sophisticated than that.'

### ***Links***

Marsh McLennan Companies  
[www.mmc.com](http://www.mmc.com)

Marsh Ltd  
[www.marsh.co.uk/community](http://www.marsh.co.uk/community)

City of London Sinfonia  
[www.cityoflondonsinfonia.co.uk](http://www.cityoflondonsinfonia.co.uk)





## Useful Information and Resources

### Business in the Community

[www.bitc.org.uk](http://www.bitc.org.uk)

Business in the Community (BITC) is a UK based movement of 700 member companies, who are committed to the continual improvement of their impact on society. The BITC website provides a wide range of CSR related resources, including best practice case studies, news updates and detail of the “CR Index” which rates participating companies on their corporate responsibility practice.

### UK Government website on CSR

[www.csr.gov.uk](http://www.csr.gov.uk)

This website explains what CSR is, outlines the Government’s commitments to promoting CSR and provides a wide range of links and resources for further information.

### International Business Leaders Forum

[www.iblf.org](http://www.iblf.org)

An international educational charity set up in 1990 to promote responsible business practices internationally that benefit business and society, and which help to achieve social, economic and environmentally sustainable development, particularly in new and emerging market economies. The website provides a “CSR roadmap” to explore the subject in more detail, as well as extensive links to other organisations focused on CSR.

### CSR Europe

[www.csreurope.org](http://www.csreurope.org)

A non-profit organisation promoting CSR, with 65 member companies, providing CSR facts and figures, research, news services, best practice updates and tools and other resources.

### The London Benchmarking Group (LBG)

[www.lbg-online.net](http://www.lbg-online.net)

The London Benchmarking Group is a membership group of companies who use the LBG model for the management and measurement of corporate community involvement. The group has 92 members; however many non-member companies also use the model’s principles as a basis for measuring their community investment inputs and outputs.

### Heart of the City (HOTC)

[www.theheartofthecity.com](http://www.theheartofthecity.com)

Heart of the City is a joint initiative launched in 2000 by the Bank of England, the Corporation of London and the Financial Services Authority to encourage companies based in the City of London to become more involved in the community. HOTC has produced a number of publications on community involvement including “Engaging with Business – a good practice guide for community organisations” which is available on the website.

Volunteering England

[www.employeevolunteering.org.uk](http://www.employeevolunteering.org.uk)

This site giving details and resources on all aspects of employee volunteering, as well as information and case studies about CSR.

UK Evaluation Society

<http://www.evaluation.org.uk>

Provides resources, training and good practice guidelines on all aspects of evaluation.

Ethical Corporation

[www.ethicalcorporation.com](http://www.ethicalcorporation.com)

A subscription website and journal providing news service covering all aspects of CSR worldwide, providing articles, case studies, analysis and special reports. Free weekly email newsletter on latest CSR developments.

Corporate Register

[www.corporateregister.com](http://www.corporateregister.com)

A searchable directory of published corporate social and environmental reports. Reports available for download as PDFs or to order in hard copy.

## About The SMART Company

The SMART Company is a consultancy specialising in corporate responsibility (CR), community investment and related public policy issues. We provide strategic advice and practical support on all aspects of CR to clients across the private, public and voluntary sectors.

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